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UNITED STATES PATENT AND TRADEMARK OFFICE  
Trademark Trial and Appeal Board  
2900 Crystal Drive  
Arlington, Virginia 22202-3513

NLO/AKL

Mailed: March 13, 2003

Opposition No. 91116754

HAVANA CLUB HOLDING S.A.

v.

JIMMY BUFFETT

Before Quinn, Walters, and Drost,  
Administrative Trademark Judges.

By the Board:

Jimmy Buffett ("applicant"), seeks to register the mark HAVANAS AND BANANAS on the Principal Register for "menu items, namely, prepared alcoholic cocktails."<sup>1</sup> Havana Club Holding, S.A. ("opposer") has opposed registration on the grounds that the mark: (1) is primarily geographically deceptively misdescriptive under Section 2(e)(3) of the Trademark Act because the goods do not originate from Cuba; (2) disparages and suggests a false connection with opposer within the meaning of Section 2(a); and (3) dilutes opposer's HAVANA CLUB

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<sup>1</sup> Application Serial No. 75/720,955, filed November 30, 1999, reciting February 4, 1999 as the date of first use and first use in commerce.

trademark<sup>2</sup> in violation of Sections 43(c) and 13. Applicant, in his answer, denied the salient allegations of the Notice of Opposition.

This case now comes up for consideration of applicant's motion for summary judgment. The motion has been fully briefed. In his motion, applicant argues that opposer lacks standing in this proceeding and cannot make a sufficient showing to establish the essential elements of any of its claims that applicant's mark is primarily geographically deceptively misdescriptive, disparages or falsely suggests a connection with opposer, or dilutes opposer's HAVANA CLUB trademark.

Summary judgment is appropriate in cases where the moving party establishes that there is no genuine issue of material fact which requires resolution at trial and that the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). An issue is material when its resolution would affect the outcome of the proceeding under governing law.

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<sup>2</sup> Opposer, through its predecessors-in-interest, claims ownership of the mark HAVANA CLUB for rum manufactured exclusively in Cuba, and owns Luxembourg Registration No. 032424 (dated May 13, 1971) for same. Opposer also claims ownership of two pending applications in the United States Patent and Trademark Office (USPTO) which were filed under Section 44(e) of the Trademark Act: (1) Serial No. 74/673,898 for HAVANA CLUB for "rums produced exclusively in the Province of La Havana, Cuba"; and (2) Serial No. 75/409,541 for HAVANA CLUB and design for "rums produced exclusively in the Province of La Havana, Cuba." Action on both applications is currently suspended.

*Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A fact is genuinely in dispute if the evidence of record is such that a reasonable fact finder could return a verdict in favor of the nonmoving party. *Anderson*, 477 U.S. at 248. Under Fed. R. Civ. P. 56, the nonmoving party must be given the benefit of all reasonable doubt as to whether genuine issues of material fact exist, and the evidentiary record on summary judgment, and all reasonable inferences to be drawn from the undisputed facts, must be viewed in the light most favorable to the nonmoving party. See *Opryland USA, Inc. v. Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992); *Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542 (Fed. Cir. 1992).

In support of his motion for summary judgment, applicant argues that opposer lacks standing to bring the instant opposition because opposer's claims to the HAVANA CLUB mark are void in the United States as a matter of law. Specifically, applicant alleges that due to the existence of the Cuban embargo imposed by the United States government in 1963 and the finding of the court in *Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 53 USPQ2d 1609 (2d Cir. 2000) ("*Galleon V*"), opposer has no claim to the HAVANA CLUB mark. Further, applicant asserts that, despite ownership of its Luxembourg registration, opposer's attempts to claim standing through ownership of its two pending U.S. applications under

Section 44(e) are invalid under U.S. law because these applications are for marks that are the same as or substantially similar to a mark that was used in connection with a business that was confiscated by the Cuban government.

Opposer contends that its two pending applications filed under Section 44(e) of the Trademark Act provide standing in this proceeding because they were filed prior to the application being opposed herein. Opposer also contends that, pursuant to the law of the case doctrine, the Board "implicitly decided the issue of standing in favor of opposer" when it denied applicant's previous motion to dismiss under Fed. R. Civ. P. 12(b)(6). Additionally, opposer asserts that because it is a Luxembourg corporation, and not a "designated national" under statutory law, it is not subject to the Cuban embargo prohibitions found in U.S. law. Moreover, opposer argues U.S. law expressly invests opposer with the right to file and prosecute applications.

In reply, applicant argues that the Board never reached the issue, nor entered a decision regarding opposer's standing in this matter and, hence, the law of the case doctrine is inapplicable. Applicant recounts that the Board merely denied applicant's motion to dismiss following the submission of opposer's amended notice of opposition and applicant's lack of objection to the amended pleading. Also, applicant asserts that opposer "hopes to out-fox this Board" into believing that

it does not fall within the purview of regulations implementing the Cuban embargo by claiming it is "...merely an innocent Luxembourg corporation...."

Applicant's contention with regard to the court's ruling in *Galleon V*<sup>3</sup> is essentially a claim that res judicata, in particular, issue preclusion, is appropriate in this case.

Under the doctrine of issue preclusion (collateral estoppel), once an issue is actually and necessarily determined by a court of competent jurisdiction, that determination is normally conclusive in a subsequent suit involving the parties to the prior litigation. *International Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 220 USPQ 1017 (Fed. Cir. 1984). The underlying rationale is that a party who has litigated an issue and lost should be bound by that decision and cannot demand that the issue be decided over again. *Mother's Restaurant Incorporated v. Mama's Pizza, Inc.*, 723 F.2d 1566, 221 USPQ 394 (Fed. Cir. 1983).

In order for issue preclusion to apply, the following requirements must be met: 1) the issue to be determined must

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<sup>3</sup> See also *Havana Club Holding, S.A. v. Galleon, S.A.*, 961 F. Supp. 498 (S.D.N.Y. 1997) ("Galleon I"); *Havana Club Holding, S.A. v. Galleon, S.A.*, 974 F. Supp. 302 (S.D.N.Y. 1997) ("Galleon II"); *Havana Club Holding, S.A. v. Galleon, S.A.*, 49 USPQ2d (BNA) 1296 (S.D.N.Y. 1998) ("Galleon III"); *Havana Club Holding, S.A. v. Galleon, S.A.*, 62 F. Supp. 2d 1085 (S.D.N.Y. 1999) ("Galleon IV").

be identical to the issue involved in the prior litigation; 2) the issue must have been raised, litigated and actually adjudged in the prior action; 3) the determination of the issue must have been necessary and essential to the resulting judgment; and 4) the party precluded must have been fully represented in the prior action. *Polaroid Corp. v. C & E Vision Services Inc.*, 52 USPQ2d 1954 (TTAB 1999); *Mother's Restaurant, supra*.

Issue preclusion is applicable in the instant proceeding. The ownership rights of opposer to the HAVANA CLUB mark was an issue actually litigated in *Galleon V*. This issue was raised, litigated and actually adjudged in that case and opposer's ownership rights to HAVANA CLUB were necessary and essential to the resulting judgment of the Second Circuit. Moreover, absent any reason to assume otherwise, we find that opposer was fully represented in the prior action. Accordingly, we adopt the following factual findings of the Second Circuit Court of Appeals regarding opposer's mark and assignments as recited in *Galleon V*.

Prior to the Cuban revolution, Jose Arechabala, S.A. ("JASA"), a Cuban corporation formed by members of the Arechabala family, produced HAVANA CLUB rum and owned the trademark for use therewith. JASA exported the rum to the United States until 1960, when Fidel Castro's government

confiscated JASA's assets, including the HAVANA CLUB mark.<sup>4</sup> In 1963, the United States government imposed an embargo on Cuba.

Beginning in 1972, Empresa Cubana Exportadora De Alimentos y Productos Varios ("Cubaexport"), a Cuban state-run organization established by the Cuban Ministry of Foreign Commerce, exported HAVANA CLUB rum to Eastern Europe and the Soviet Union. This state enterprise registered the HAVANA CLUB and design mark with USPTO in 1976 under Registration No. 1,031,651.

Following an effort to reorganize, Cubaexport became Havana Rum & Liquors, S.A. ("HR&L") in 1993 and entered into a joint venture agreement with the French company Pernod Ricard, S.A., an international liquor distributor. An agreement between these entities in 1993 created the opposer herein, Havana Club Holding, S.A. ("HCH") and Havana Club International, S.A. ("HCI"). HCH is a Luxembourg corporation and HCI is a joint-stock company organized under the laws of Cuba.

In 1994, Cubaexport assigned U.S. Registration No. 1,031,651 (for the mark HAVANA CLUB and design) to HR&L, and in a subsequent agreement HR&L assigned this registration to

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<sup>4</sup> On October 15, 1960, Cuban Law No. 890 ("Law No. 890") was issued, expropriating for the Cuban government the physical assets, property, accounts and business records of JASA. See DX 573A ("Law No 890") ("Nationalization is ordered by the forced expropriation of all industrial and commercial corporations, as well as the factories, stores, warehouses and other assets and rights of same and the properties of the following natural persons or companies").

HCH. After the reorganization, upon application by HCH in June 1996, the USPTO renewed the registration of the HAVANA CLUB mark for a term of ten years. In 1995, the Office of Foreign Assets Control ("OFAC") of the U.S. Department of Treasury issued a license to Cubaexport approving the assignments from Cubaexport to HR&L and from HR&L to HCH (opposer). These assignments were nullified, however, when OFAC revoked the license in 1997, pursuant to Section 515.805 of the Cuban Assets Control Regulations ("CACR"), 31 C.F.R. Part 515.<sup>5</sup>

The Second Circuit in *Galleon V* affirmed a holding of the lower court that HCH (opposer herein)<sup>6</sup> did not have standing to assert trademark rights in HAVANA CLUB against another rum producer because the specific license to assign the mark to

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<sup>5</sup> On April 17, 1997, OFAC issued a Notice of Revocation stating that "as a result of facts and circumstances that have come to the attention of this Office which were not included in the application of October 5, 1995, License No. C-18147 . . . is hereby revoked retroactive to the date of issuance." See *Havana Club Holding, S.A. v. Galleon, S.A.*, 974 F. Supp. 302, 306 (S.D.N.Y. 1997).

<sup>6</sup> Opposer acknowledges that it was in the position as plaintiff in *Galleon* through the following statement: "...the reason why Opposer amended its Notice of Opposition was to interpose paragraphs 4 and 5, thus providing a Section 44(e) basis for standing that is independent of Opposer's old registration of the HAVANA CLUB mark, whose assignment to Opposer was rejected in the Galleon decision." Opp. Brief, p. 5.

opposer was nullified by OFAC's revocation of the license and because the Cuban embargo did not authorize the assignment.<sup>7</sup>

Turning to the issue of standing before us in this case, we note that standing is a threshold inquiry directed solely to establishing a plaintiff's interest in the proceeding.<sup>8</sup> The purpose in requiring standing is to prevent litigation where there is no real controversy between the parties, where a plaintiff is no more than an intermeddler. *American Vitamin Products, Inc. v. DowBrands, Inc.*, 22 USPQ2d 1313 (TTAB 1992). To establish standing, it must be shown that a plaintiff has a "real interest" in the outcome of a proceeding; that is, plaintiff must have a direct and personal stake in the outcome of the opposition. See *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999); and *Jewelers Vigilance Committee, Inc. v. Ullenberg Corp.*, 823 F.2d 490, 2 USPQ2d 2021, 2023 (Fed. Cir. 1987) ("it is in the pleading stage of the opposition proceeding that the opposer must plead facts

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<sup>7</sup> *Galleon V*, 53 USPQ2d at 1611. The Board notes that as a result of the *Galleon V* decision, the recordation of assignments of U.S. Registration No. 1,031,651 from Cubaexport to HRL and from HRL to HCH have been invalidated by the Commissioner for Trademarks. Current PTO records indicate that ownership of said registration remains with Cubaexport [i.e., the original registrant]. See Trademark Assignment Records, Reel 2398 Frame 0855.

<sup>8</sup> Section 13 of the Trademark Act, 15 U.S.C. § 1063, sets forth the foundation for establishing standing in an opposition proceeding, stating in relevant part:

Any person who believes that he would be damaged by the registration of a mark upon the principal register ... may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office.

sufficient only to show a personal interest in the outcome of the case beyond that of the general public").

As a preliminary matter, we determine that applicant is correct in stating that the Board never reached the issue of standing, nor entered a decision regarding opposer's standing in this matter. Hence, the law of the case doctrine is inapplicable.

The most common way to demonstrate standing is by proving ownership of a relevant U.S. trademark registration or a common law mark. Opposer's standing may be rooted in enforceable rights despite the existence of the strictures of the Cuban embargo and the relevant regulations surrounding its implementation.

The CACR, 31 C.F.R. Part 515, implements the U.S. embargo against Cuba.<sup>9</sup> Unless authorized, the embargo prohibits, with respect to property in which a Cuban national or entity has an interest, (1) "all dealings in, including, without limitation, transfers, withdrawals, or exportations of, any property . . . or evidences of ownership of property by any person subject to the jurisdiction of the United States"; (2) "all transfers outside the United States with regard to any property or

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<sup>9</sup> The CACR was implemented in 1963 under Section 5(b) of the Trading with the Enemy Act of 1917, as amended, 50 U.S.C. App. 1-44. The Cuban Liberty and Democratic Solidarity Act ("LIBERTAD Act"), Pub. L. No. 104-114, 110 Stat. 785 (1996), was passed by Congress in 1996, which subsequently codified the regulations implementing the embargo.

property interest subject to the jurisdiction of the United States"; and (3) "any transaction for the purpose or which has the effect of evading or avoiding any of the prohibitions [above]." *Id.* at Section 515.201(b) and (c). The embargo defines "property" to include trademarks. *See id.* at Section 515.311.

In the *Galleon V* decision, the court found that the party who is opposer herein has no rights to U.S. Registration No. 1,031,651 for the mark HAVANA CLUB and design because the specific license granted to Cubaexport to assign the mark to opposer was nullified by the OFAC's revocation of the specific license and because CACR does not authorize the assignments. Thus, opposer cannot have standing based on that registration.

Similarly, opposer's standing based on claims of ownership of the Luxembourg registration for the mark and its two pending United States applications fails as a matter of law. Opposer is explicitly barred by statute from bringing this opposition based upon a trademark that is the same or substantially similar to a trademark used in connection with a business that was confiscated by the Cuban government. We note that on October 21, 1998, Congress passed Section 211 of the Department of Commerce Appropriations Act 1999, as included in the Omnibus Consolidated and Emergency Supplemental Appropriations Act 1999 [hereinafter "Section 211"]. *See Pub. Law 105-277, 112 Stat. 2681.*

This statute limits the registration and renewal of, and the assertion of trademark and trade name rights in, marks that were used in connection with property confiscated by the Cuban government. The statute, in relevant part, provides:

(2)(b) No U.S. court shall recognize, enforce or otherwise validate any assertion of treaty rights by a designated national or its successor-in-interest under sections 44(b) or (e) of the Trademark Act of 1946 (15 U.S.C. 1126(b) or (e)) for a mark, trade name or commercial name that is the same or substantially similar to a mark, trade name, or commercial name that was used in connection with a business or assets that were confiscated unless the original owner of such mark, trade name, or commercial name, or the bona fide successor-in-interest has expressly consented.

Opposer argues that because the Board is not a "U.S. court," we are not bound by the restrictions of this provision. We disagree. While it is true that the Board is not a "U.S. court," it is also true that any judicial review of our decision will be to a "U.S. court." See Section 21 of the Trademark Act. If opposer would be barred from asserting its rights in that court, it would not have standing to assert them before the Board. It would make no sense to ignore opposer's statutorily imposed inability to assert its rights in any judicial review and render a decision that opposer could not appeal or defend on the merits.

Opposer also contends that it does not fall within the parameters of subsection (b) of Section 211 because it is not by definition a "designated national or its successor-in-interest." We again disagree. Section 211 states:

The term "designated national" has the meaning given such term in section 515.305 of title 31, Code of Federal Regulations, as in effect on September 9, 1998, and includes a national of any foreign country who is a successor-in-interest to a designated national.

We turn to 31 C.F.R. Section 515.305 which defines a "designated national" as "Cuba and any national thereof including any person who is a specially designated national." A "specially designated national" is defined in 31 C.F.R. Section 515.306 and includes "any partnership, association, corporation or other organization which on or since [July 8, 1963]<sup>10</sup> has been owned or controlled directly or indirectly by the Government or authorities exercising control over a designated foreign country or by any specially designated national."

Opposer is a Luxembourg corporation, but it is 50% owned by the Cuban entity HR&L, and therefore, is a "designated national."<sup>11</sup> Because it is half owned, and therefore indirectly controlled, by a designated national, under Section 515.306, opposer is a specially designated national. As a specially designated national, opposer is validly deemed a "designated national" for purposes of Section 211. Consequently, because opposer's pending Section 44(e)

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<sup>10</sup> This is the "effective date" established under 31 C.F.R. Section 515.201(d).

applications are for the same or a substantially similar mark as the mark confiscated by the Cuban government and because opposer has not provided any evidence of any express consent by the original owner of the mark, opposer's claimed rights to the pending applications at issue cannot be recognized, enforced, or validated under U.S. law. Opposer's rights to ownership of these marks in the United States, therefore, fail despite the fact that these applications were filed before the mark being opposed.<sup>12</sup>

Additionally, we note that under 31 C.F.R. Section 515.528,<sup>13</sup> designated nationals are precluded from filing and prosecuting any applications for blocked trademarks.<sup>14</sup> Thus, opposer's contention that the Cuban embargo regulations

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<sup>11</sup> We note that the relevant restrictions of the Cuban embargo apply to a Cuban national or entity regardless of the degree or amount of ownership interest involved. 31 C.F.R. § 515.201(b).

<sup>12</sup> This decision has no practical effect on these pending applications because they are not within the Board's jurisdiction. Our consideration of these applications falls only within the context of determining the issue of standing in this opposition proceeding.

<sup>13</sup> 31 C.F.R. Section 515.528 reads, in relevant part:

- (a) The following transactions by any person who is not a designated national are hereby authorized:
- (1) The filing and prosecution of any application for a blocked foreign patent, trademark or copyright, or for the renewal thereof;
  - (2) The receipt of any blocked foreign patent, trademark, or copyright;
  - (3) The filing and prosecution of opposition or infringement proceedings with respect to any blocked foreign patent, trademark, or copyright, and the prosecution of a defense to any such proceedings....

"expressly" invest opposer with the right to file and prosecute applications and "thus with the precise predicate for standing" in this proceeding also fails as a matter of law given opposer's status as a "designated national."

Although Section 13 of the Trademark Act<sup>15</sup> establishes a broad class of persons who may be considered proper opposers, we find that no material issue exists as to whether opposer falls within said class as a person capable of filing an opposition in this instance. With regard to opposer's claim, under Section 2(e)(3) of the Trademark Act, that applicant's mark "HAVANAS AND BANANAS" is primarily geographically deceptively misdescriptive of rum drinks not originating from Cuba, it is clear that opposer has no standing to pursue this claim just as it had no standing to pursue its false designation of origin claim under Section 43(a) in *Galleon V.* The Second Circuit affirmed the District Court's holding that opposer had no standing because the Cuban embargo prevented opposer from selling its rum in the United States, and thereby

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<sup>14</sup> 31 C.F.R. Section 515.528 states that the term "blocked foreign patent, trademark, or copyright" as used in the section means "any patent, petty patent, design patent, trademark or copyright issued by any foreign country in which a designated foreign country or national thereof has an interest, including any patent, petty patent, design patent, trademark, or copyright issued by a designated foreign country."

<sup>15</sup> Section 13 of the Act, which provides:

Any person who believes that he would be damaged by the registration of a mark upon the principal register may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefor....

from suffering commercial injury because of Bacardi's actions; and quoted the District Court, as saying: "Any competitive injury plaintiffs will suffer based upon their intent to enter the U.S. market once the embargo is lifted is simply too remote and uncertain to provide them with standing." *Galleon V* at 122; *cf. The Joint Stock Society v. UDV North America*, 266 F.3d 164, 60 USPQ2d 1258 (3rd Cir. 2001).

As to its claim of dilution, the absence of a proprietary right to the HAVANA CLUB trademark weighs against standing. Section 43(c)(1) states that "[t]he owner of a famous trademark shall be entitled...to obtain such...relief as is provided in this subsection." Because opposer has no ownership rights to the mark, any attempt to calculate the dilution to said mark is unwarranted.

Similarly, with regard to the its claim involving Section 2(a), opposer's attempts to assert that applicant's use of the HAVANAS AND BANANAS mark may disparage or falsely suggest a connection with opposer's persona or identity is ill founded. Opposer's lack of proprietary rights to the HAVANA CLUB mark having thus been established, we are aware of no reason why the creation of a name or identity brought about by the mere addition of an entity designator (Holding, S.A.) to a trademark owned by another should, in effect, confer standing on opposer in this instance.

Opposer cannot demonstrate any real interest in the outcome of this proceeding and lacks standing to assert the claims alleged in this proceeding. Accordingly, applicant's motion for summary judgment is granted and the opposition is dismissed.<sup>16</sup>

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<sup>16</sup> In view of our finding regarding opposer's lack of standing we need not address the issues with respect to opposer's substantive claims.