Emory International Law Review

Volume 25 | Issue 1

2011

The Cuban Conundrum: Proposing an International Trademark Registry for Well-Known Foreign Marks

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THE CUBAN CONUNDRUM: PROPOSING AN INTERNATIONAL TRADEMARK REGISTRY FOR WELL-KNOWN FOREIGN MARKS

INTRODUCTION

> *[A]voidance of consumer confusion is the ultimate end of all trademark law.*[1]

Wealthy tourists who possess an affinity for slot machines, blackjack, and roulette may be familiar with the Casino de Monte Carlo. Since 1863, the casino, operating under its namesake trademark,[2] has promoted the allure of Monaco. The casino's trademark is registered in Monaco, but not in the United States.[3] Seizing upon the lack of a U.S. trademark registration, operators of online gambling websites developed software that exhibited pictures of the Casino de Monte Carlo's interior and exterior and alluded to Monte Carlo's distinctive geographical location, relying on the casino's noteworthy features to advertise their own online products.[4] The owners of the Casino de Monte Carlo trademark challenged this use of the mark when they became aware of these potentially infringing web sites.[5] In *International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, the Fourth Circuit determined whether a foreign trademark unregistered in the United States could still receive protection from infringement.[6]

In analyzing the dispute, the Fourth Circuit reasoned that, for the use of an unregistered mark in foreign trade to merit Lanham Act protection,[7] the mark must be distinctive among U.S. consumers.[8] The court determined that, even

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1 Int'l Bancorp LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco, 329 F.3d 359, 381 (4th Cir. 2003).

2 *Id.* at 361.

3 *Id.*

4 *Id.*

5 *Id.*

6 *Id.* at 385 ("Until today, every court to address this issue has held that use of a *foreign trademark* in connection with goods and services sold *only* in a foreign country by a foreign entity does not constitute 'use of the mark' in United States commerce sufficient to merit protection." (emphasis in original)).

7 The Lanham Act governs trademark law in the United States. 15 U.S.C. §§ 1051–1141 (2006). The test for trademark infringement is codified in 15 U.S.C. § 1125(a).

8 *Int'l Bancorp,* 329 F.3d at 363 (citing Sara Lee Corp v. Kasyer-Roth Corp., 81 F.3d 455, 464 (4th Cir. 1996)) (finding that the degree of protection received by a mark is directly related to its level of distinctiveness).

without a demonstrated connection to use within the United States, a foreign mark deemed "famous" should be protected because trademark laws are designed to minimize consumer confusion.[9] Accordingly, the Fourth Circuit held that the online gambling websites infringed the Monte Carlo casino's trademark because the use of similar domain addresses and pictures of the actual casino would cause confusion among ordinary consumers.[10]

In an analogous fashion to how Monaco's noteworthy casino has helped bring fame to the principality, Cuba has achieved renown for its popular brands of rum and cigars. While Cuba's products are distinctive among the cigar-smoking and rum-imbibing segments of the public, the U.S. court system has failed to provide Cuban trademarks with the same protections as the Casino de Monte Carlo in Monaco.[11] The reason for this dissimilar treatment may be that Monaco possesses an open trading relationship with the United States,[12] while Cuba has been considered an adversary for five decades.[13]

The lack of protection for well-known Cuban marks stems from the trade embargo between the United States and Cuba.[14] Both nations are members of treaties that embody international intellectual property principles,[15] but U.S. courts have consistently ruled that U.S. domestic law codifying the embargo outweighs the treaty obligations of the United States in conforming to international intellectual property law.[16] Realizing that Cuban marks tied to Castro's communist government face strict restrictions in the United States, companies such as Bacardi and General Cigar have seized on this opening in

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9 *Id.* at 381.

10 *Id.* at 381–82.

11 *Compare* Empresa Cubana del Tabaco v. Culbro Corp., 399 F.3d 462 (2d Cir. 2005), *with Int'l Bancorp*, 329 F.3d at 381.

12 The principality of Monaco encompasses less than one square mile, but became known for Hollywood glamour after actress Grace Kelly married Prince Rainier in 1956. *Principality of Monaco*, NATIONS ONLINE, http://www.nationsonline.org/oneworld/monaco (last visited Mar. 17, 2011). Monaco also was known as a tax haven where clients could place their assets to evade taxes in their home country, but the principality recently adopted international standards for banking openness after pressure from the United States and Europe. *See* David Jolly, *As Tax Havens Acquiesce, Monaco Adopts Standards*, N.Y. TIMES, Mar. 15, 2009, http://www.nytimes.com/2009/03/16/business/worldbusiness/16haven.html.

13 The Cuban Asset Control Regulations, 31 C.F.R. § 515 (2011) (codifying the trade embargo against Cuba).

14 *Id.*

15 *See* discussion of the Paris Convention and Trade Related Aspects of Intellectual Property Rights, *infra* Parts II.B.1, II.B.2.

16 *See, e.g.*, *Empresa Cubana del Tabaco*, 399 F.3d at 476–77 (finding that granting the injunctive relief sought would effect a transfer of property rights to a Cuban entity in violation of the embargo, and that this limitation on judicial authority applies to Lanham Act and Paris Convention claims).

the marketplace and trademarked their own versions of Havana Club rum and Cohiba cigars.[17] When the United States lifts the trade embargo with Cuba, trademark questions regarding several of these disputed marks will remain.[18]

The analysis of the U.S.-Cuba trademark disputes can provide guidance for the future in weighing how a country should balance its international politics with its obligations under intellectual property law. This Comment argues that countries set a dangerous precedent when they rely on temporary political considerations to block well-known foreign trademarks or interfere with internationally agreed-upon intellectual property rights. This Comment searches for a feasible solution that would prevent a country from violating international intellectual property treaties by registering its own version of a well-known foreign mark—thus leading to consumer confusion about the source and origin of the mark—simply because a political relationship has deteriorated between the country of registration and the country of the foreign mark's origin. Because avoidance of consumer confusion is the ultimate purpose of trademark law, this Comment advocates for an international, centralized registration system for well-known foreign trademarks. This international registry would provide protection for well-known foreign marks in a worldwide marketplace and not subject the marks to retaliatory actions during wars, embargoes, or other conflicts.

First, in Part I, this Comment analyzes relevant trademark law in discussing how a mark achieves the "well-known" status that entitles it to enhanced protection under international law based on intellectual property principles. The Comment also examines recent attempts to provide well-known marks with greater international protection and describes the European Union's innovative trademark approach. Next, Part II explores the two most famous trademark disputes of the past decade between the United States and Cuba. The analysis explains how U.S. courts relied on domestic law rather than on international intellectual property treaties in ruling on the disputes—a decision-making process that could be the subject of scrutiny once the current trade embargo between the two nations ends. In Part III, this Comment addresses the implications of applying a separate standard to well-known trademarks

[17] *See id.* at 476 (focusing on the dispute over registration of the Cohiba mark for cigars); Havana Club Holding, S.A. v. Galleon S.A., 203 F.3d 116, 119–22 (2d Cir. 2000) (discussing the history of the disputed Havana Club rum mark).

[18] *See* Will Weissert & Michael Felderbaum, *Trademark Wars: US Goods Carry Famous Cuba Brands*, MIAMI DAILY BUS. REV., Aug. 28, 2009, http://www.dailybusinessreview.com/PubArticleDBR.jsp?id=1202465773636&hbxlogin=1.

originating in Cuba, and discusses how this approach places the United States at odds with other countries. Finally, this Comment assesses how adding a proposed amendment calling for international trademark registration to the Trade Related Aspects of Intellectual Property Rights ("TRIPS") agreement[19] would affect the ongoing U.S.-Cuba trademark controversy.

I. WELL-KNOWN MARKS: LEVELS OF PROTECTION AT HOME AND INTERNATIONALLY

A. An Exception to the Territoriality Principle Within the United States?

The territoriality principle serves as an important tenet of trademark law by providing that a trademark maintains a separate existence in every country where it is registered.[20] The doctrine allows each country to determine its own statutory scheme for applying trademark rights.[21] In the United States, exclusive trademark rights can be claimed only through priority of use under the Lanham Act, which means that the mark must be used in conjunction with the sale of goods or performance of services within the United States's borders.[22] Foreign use generally is not sufficient to establish priority of use within the United States.[23] The priority of trademark rights in the United States, therefore, does not rely on priority of use anywhere in the world.[24]

The well-known marks doctrine, however, serves as an exception to the rule that only priority of use establishes trademark rights within the United States. In his treatise on trademark law, Professor J. Thomas McCarthy defines the well-known marks doctrine as follows: "If 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."[25]

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19 Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, 33 I.L.M. 1125 (1994) [hereinafter TRIPS].

20 *See* Grupo Gigante S.A. de C.V. v. Dallo & Co., Inc., 391 F.3d 1088, 1093 (9th Cir. 2004); 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:2, at 29-7 to -10 (4th ed. 2008).

21 *See* MCCARTHY, *supra* note 20, § 29:3, at 29-12 (citing Person's Co. v. Christman, 900 F.2d 1565, 1568–59 (Fed. Cir. 1990)).

22 *See* Buti v. Perosa, S.R.L., 139 F.3d 98, 103 (2d Cir. 1998) (holding that mere advertising of a foreign trademark in the United States did not constitute use in commerce under the Lanham Act).

23 MCCARTHY, *supra* note 20, § 29:3, at 29-11.

24 *Id.* § 29:2, at 29-7; *see also Person's Co.*, 900 F.2d at 1568 (finding that relying on use of a mark in Japan in an attempt to support a claim for priority of use in the United States does not establish priority of use because foreign use has no effect on U.S. commerce).

25 MCCARTHY, *supra* note 20, § 29:4, at 29-14.

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. This Subpart contrasts two recent cases where courts gave more credence to the well-known marks doctrine with the typical determination that the doctrine does not exist under federal law.

1. *Protection for Well-Known Foreign Marks*

Two recent cases have shed new light on the well-known marks doctrine, as both holdings oppose the majority rule that the well-known marks doctrine does not exist as a matter of federal law. In *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*,[26] the plaintiff used its trademark for more than a century in connection with the diamond business, adopting the slogan "A Diamond Is Forever" for advertising purposes.[27] The plaintiff alleged trademark infringement when the defendants registered thirty-four Internet domain names that included the words "De Beers" and also registered the namesake mark for use in purchasing diamonds.[28] The defendants argued that the plaintiff had not used the mark in commerce in the United States;[29] however, the plaintiff asserted that the mark had achieved the requisite level of fame within the United States to be entitled to the protection of the well-known marks doctrine.[30] The plaintiffs alleged that, under the Lanham Act Section 43(a), the defendants' use of the mark served as a "false or misleading" description of fact that would be likely to "cause confusion, or to cause mistake, or to deceive . . . as to the origin, sponsorship or approval of . . . goods."[31]

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26 De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc., No. 04 Civ. 4099 (DLC), 2005 WL 1164073 (S.D.N.Y. May 18, 2005).

27 *Id*. at *1.

28 *Id.* at *2.

29 *Id.* at *6. De Beers had failed to establish itself in the United States because of a decades-long antitrust case where the diamond producer was accused of price-fixing and other anticompetitive conduct. *See* Stephen Labaton, *De Beers Agrees to Guilty Plea to Re-enter the U.S. Market*, N.Y. TIMES, July 10, 2004, http://www.nytimes.com/2004/07/10/business/de-beers-agrees-to-guilty-plea-to-re-enter-the-us-market.html. After facing antitrust cases brought by the U.S. Department of Justice in 1945, 1957, and 1974, De Beers left the American market and resorted to using intermediaries to bring its diamonds into the country. *Id.* Because the company based its operations overseas, the Justice Department had no jurisdiction and was unable to continue its price-fixing prosecution. *Id.* However, in July 2004, De Beers agreed to plead guilty to criminal price-fixing, a move that could potentially pave the way for the company to return to the United States. *Id.*

30 *De Beers*, 2005 WL 1164073, at *6.

31 *Id.*; *see also* Lanham Act, § 43(a), 15 U.S.C. § 1125(a) (2006).

In its decision, the District Court for the Southern District of New York noted that a split in authority existed as to whether the well-known marks doctrine applied in U.S. federal courts.[32] The Second Circuit has not yet recognized the well-known marks doctrine, as the court has read the federal statute to require "use in commerce" for an unregistered trademark in which a plaintiff claims a protectable interest.[33] However, the District Court decided to apply the well-known marks doctrine in the *De Beers* case, calling the doctrine "a narrow but justified exception to the territoriality principle."[34] The court cited policy implications in holding that the doctrine should be applied in the *De Beers* case as long as the mark had achieved an appropriate level of fame.[35] The court saw the need to protect a legitimate foreign-owned business from having its trademarks usurped by "pirates" who rush to register an existing mark on their own goods.[36] According to the court, this usurpation of goodwill could pose a particular problem as international commerce increases. The court stated: "Recognition 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."[37]

In *Grupo Gigante S.A. de C.V. v. Dallo & Co., Inc.*, the Ninth Circuit became the only federal circuit court to apply the well-known marks doctrine.[38] The Ninth Circuit examined whether the mark "Gigante," which a chain of grocery stores in Mexico used for several decades,[39] had achieved a sufficient level of fame among Mexican-Americans in California to give the mark protection in the United States.[40] Although the Mexican store's mark had

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32 *De Beers*, 2005 WL 1164073, at *8 ("There is little case law on the famous marks doctrine from federal courts generally, and the cases that exist vary in their conclusions . . . . Only one federal circuit has applied the doctrine to date.").

33 *Id.* at *7 (citing *Buti*, 139 F.3d at 102–03) (applying the use-in-commerce inquiry to a foreign entity seeking trademark protection in the United States and finding that, under Lanham Act Section 43(a), a party must establish prior use and ownership to prove its trademark is entitled to protection).

34 *De Beers*, 2005 WL 1164073, at *8.

35 *Id.* at *8–9 (holding that it remains a question of fact whether De Beers's namesake trademark has achieved the requisite level of the fame in the United States to qualify as a famous mark and merit protection).

36 *Id.* at *8.

37 *Id.*

38 Grupo Gigante S.A. de C.V. v. Dallo & Co., 119 F. Supp. 2d 1083, 1083 (C.D. Cal. 2000), *vacated and remanded on other grounds*, 391 F.3d 1088 (9th Cir. 2004); *see also* ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 159 (2d Cir. 2007) ("The Ninth Circuit Court of Appeals is the only federal appeals court to have recognized the famous marks doctrine as a matter of federal law."); *De Beers*, 2005 WL 1164073, at *8.

39 *See Grupo Gigante S.A. de C.V.*, 391 F.3d at 1091. The court stated that Grupo Gigante had almost 100 stores in Mexico by 1991. *Id.*

40 *Id.* at 1091–93.

never been used in commerce in the United States,[41] the store asserted its trademark rights under the well-known marks doctrine when a San Diego-based store attempted to use the same "Gigante" mark.[42] In holding for the plaintiff, the court ruled that, to qualify as a well-known mark, a trademark must have obtained more than just "secondary meaning" in the relevant market; instead, the mark must be recognized by a substantial number of persons within that market.[43] In explaining the well-known marks exception to the customary rule of territoriality, the Ninth Circuit held:

> While the territoriality principle is a long-standing and important doctrine within trademark law, it cannot be absolute. An absolute territoriality rule without a famous-mark exception[44] 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.[45]

According to the holdings in *De Beers* and *Grupo Gigante*, a trademark from a foreign country—regardless of use within the U.S. borders—can be enforced within the United States if the mark reaches well-known status due to its reputation and established goodwill, even if the mark has never been used in commerce or registered within the country.[46] In *Grupo Gigante*, the Ninth Circuit expounded on other factors that courts should consider in determining whether a mark is well known. The court considered whether the defendant intentionally copied the mark and the likelihood of consumer confusion in the United States if a reasonable number of consumers expected they were buying the product connected with the mark's foreign owner rather than the new domestic product.[47] However, acceptance of the well-known marks doctrine as an exception to the territoriality principle as a matter of federal law remains primarily limited to the foregoing cases.

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41 *Id.* at 1091.

42 *Id.* "Gigante Market" opened two locations in San Diego, the first in 1991 and the second store in 1996. *Id.*

43 *Id.* at 1093–94.

44 Courts often refer interchangeably to the "famous marks" doctrine and the "well-known" marks doctrine. MCCARTHY, *supra* note 20, § 29:61, at 29-204.

45 *Grupo Gigante S.A. de C.V.*, 391 F.3d at 1094.

46 *Id.* at 1094–95; De Beers LV Trademark Ltd. V. DeBeers Diamond Syndicate, Inc., No. 04 Civ. 4099 (DLC), 2005 WL 1164073, at *7–9 (S.D.N.Y. May 18, 2005); *see also* MCCARTHY, *supra* note 20, § 29:61, at 29-204.

47 *Grupo Gigante*, 391 F.3d at 1098 (finding that the factors are relevant to determining whether a mark is well known because "they bear heavily on the risks of consumer confusion and fraud, which are the reasons for having a famous-mark exception"); *see also* MCCARTHY, *supra* note 20, § 29:4, at 29-15 to -16 & n.5.

2. *No Federal Protection for Well-Known Foreign Marks*

Despite the holdings in the two preceding cases, a majority of courts in the United States have ruled that the well-known marks doctrine does not exist as a matter of federal law and such marks should only receive state law protection.[48] In 2007, the Second Circuit examined the U.S. trademark registration of "Bukhara" for a restaurant in the case of *ITC Ltd. v. Punchgini*.[49] The mark was associated with an international chain of Indian restaurants, which some magazines reviewed as the best Indian dining establishments in the world.[50] However, a dispute existed about whether ITC, the corporation that owned the international chain of restaurants, had abandoned its rights to the mark in the United States when the New York City and Chicago restaurants bearing the mark closed.[51] The defendants subsequently opened their own version of the restaurant and attempted to use the trademark "Bukhara Grill."[52] The court noted "numerous similarities suggestive of deliberate copying"[53] between the international Bukhara restaurants operated by ITC and the new establishment. The plaintiffs brought an infringement suit and argued they retained the trademark rights because the mark had achieved sufficient worldwide renown, even if the mark had been abandoned within the United States following the closure of the two dining establishments in New York and Chicago.[54]

In rejecting the plaintiff's claims, the Second Circuit analyzed specific Lanham Act provisions dealing with registered marks and found that the Act never references the well-known marks doctrine.[55] The court found that the

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48 *See* ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 159 (2d Cir. 2007); *see also De Beers*, 2005 WL 1164073, at *8 (finding that the Ninth Circuit is the only federal circuit court to apply the famous marks doctrine to date); Vaudable v. Montmartre, Inc., 20 Misc. 2d 757, 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959) (suggesting that recognition of the famous marks doctrine derives from state common law, based on a theory of unfair competition or misappropriation, and not from the Lanham Act or other federal law).

49 *Punchgini*, 482 F.3d at 135.

50 *See id.* at 143. In 2002 and 2003, the Bukhara restaurant in New Delhi was named one of the world's fifty best restaurants by London's *Restaurant* magazine. *See id.*

51 *Id.* The Manhattan restaurant closed in 1991 and the Chicago restaurant closed in 1997. *Id.* ITC conceded that "it has not owned, operated or licensed any restaurant in the United States" bearing the "Bukhara" mark since the Chicago restaurant closed. *Id.*

52 *Id.* at 144.

53 *Id.* The court found that, in addition to the similar name, Bukhara Grill mimicked the original Bukhara restaurant's logo, décor, staff uniforms, menus, and customer bibs. *Id.*

54 *Id.* at 142, 154. ITC argued that it had continuously used the Bukhara mark outside the United States since 1977 and that the mark had achieved renown inside the United States even before it opened two restaurants in New York and Chicago. *Id.* at 154.

55 *Id.* at 164.

"absence of any statutory provision expressly incorporating the famous marks doctrine . . . is all the more significant"[56] because Congress has made its intent known through a multitude of amendments to the Lanham Act but never specifically addressed well-known marks.[57] Although the Ninth Circuit justified the famous marks doctrine as a matter of sound policy in *Grupo Gigante*, the Second Circuit held that it could not deviate from the "basic principle of territoriality" without congressional action amending the Lanham Act to provide for a well-known marks exception.[58] Therefore, the court reasoned, even though the "Bukhara" mark had attained significant use in commerce abroad, the plaintiff's failure to use the mark within the United States allowed the owners of the newer Bukhara Grill restaurant to obtain priority rights in the mark at home.[59] Other courts within the Second Circuit also have rejected the view that the well-known marks doctrine should serve as an exception to the territoriality principle in federal trademark law.[60]

B. Well-Known Marks in International Treaties

Several international conventions and treaties have described, as well as strengthened, the well-known marks doctrine. This Subpart first discusses Article 6bis of the Paris Convention and the TRIPS Agreement as notable international frameworks historically used by courts in determining what constitutes a well-known mark. The Subpart next describes more recent standards, such as the World Intellectual Property Organization's Joint Recommendation, that provide a clearer definition for how a mark obtains well-known status. The Subpart concludes by weighing the benefits and disadvantages of the European Union's Community Trademark Regulation and argues that while greater harmonization across borders occurs in a unified trademark registration system, the European Union's current approach contains several loopholes that still could promote confusion among well-known marks.

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56 *Id.*

57 *See id.* ("We are mindful that Congress has not hesitated to amend the Lanham Act to effect its intent with respect to trademark protection, having done so almost thirty times since the statute took effect in 1947.").

58 *Id.* at 165.

59 *Id.*

60 *See* Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc., 381 F. Supp. 2d 324, 328 (S.D.N.Y. 2005) (finding that only Congress, and not the courts, can incorporate the well-known marks doctrine into the Lanham Act); *see also* Buti v. Impressa Perosa S.R.L., 139 F.3d 98, 106 (2d Cir. 1998) (holding that no rights in the mark "Fashion Café" were created when an Italian company advertised its restaurant in the United States).

1. *The Paris Convention and Article 6bis*

The Paris Convention for the Protection of Industrial Property was the first international treaty to govern patents, trademarks, and unfair competition law.[61] The Paris Convention developed as an "effort to standardize and simplify the protection of intellectual property rights."[62] It emphasizes the principle of "national treatment," which allows foreign nationals to receive the same protections in each of the Convention's member countries as the country provides for its own citizens.[63] The majority of courts in the United States have ruled that the Paris Convention is not self-executing,[64] but it has been incorporated into U.S. law through the Lanham Act, which focuses on the principle of "national treatment" by allowing foreign nationals to receive the same protection against unfair competition as provided to U.S. nationals.[65]

Article 6bis in the Paris Convention stipulates that trademarks that have achieved well-known status in member countries may be protected within any other signatory state, even if the trademark in question has not demonstrated use in commerce in the other signatory state.[66] Article 6bis prohibits registration of a trademark within a signatory state if the mark "constitutes a reproduction, imitation or translation, liable to create confusion, of a mark considered . . . to be well known in that country as being already the mark of a person entitled to the benefits of the present Convention and used for identical or similar goods."[67] The language therefore provides that each signatory state of the Paris Convention must forbid the registration of new marks that could create confusion with existing marks already well known within the state, even if those existing well-known marks have not been used within the state's borders.[68] Article 6bis of the Paris Convention attempts to protect trademark holders of all member countries by providing that mark holders receive the

[61] Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, revised July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305.

[62] BARBARA K. MÜLLER, MULTINATIONAL TRADEMARK REGISTRATION SYSTEMS: INTERNATIONAL TRADEMARK REGISTRATION TODAY AND IN THE FUTURE 45 (2002).

[63] MCCARTHY, *supra* note 20, § 29:25, at 29-91 to -92.

[64] *See* Int'l Café v. Hard Rock Café Int'l, 252 F.3d 1274, 1277 n.5 (11th Cir. 2001) ("The Paris Convention is not self-executing because, on its face, the Convention provides that it will become effective only through domestic legislation.").

[65] Lanham Act § 44(h).

[66] Paris Convention for the Protection of Industrial Property, *supra* note 61, art. 6bis. *See generally* MCCARTHY, *supra* note 20, § 29:25, at 29-91 to -94.

[67] Paris Convention for the Protection of Industrial Property, *supra* note 61, art. 6bis.

[68] *See id.*

same treatment when seeking trademark protection in other member states.[69] While Article 6bis stops short of creating an international trademark registry, it seemingly offers wide protection for foreign well-known marks. The United States is one of 173 countries that are members of the Paris Convention.[70] By ratifying the Paris Convention, these countries have agreed to block—within their borders—the registration of new marks that could cause confusion with existing well-known marks originating in other member states.[71]

2. *TRIPS*

Similarly to Article 6bis of the Paris Convention, the TRIPS Agreement, which was signed into law in 1994, also recognizes the well-known marks doctrine.[72] TRIPS does not attempt to define "well-known marks," but permits different nations to develop their own standards for determining what constitutes a well-known mark.[73] Similarly to the Paris Convention, which mandates national treatment for trademarks among all member states, TRIPS advocates for standardized trademark treatment by obligating all World Trade Organization ("WTO") member countries to adopt the national-treatment approach.[74] In examining whether a mark is well known, TRIPS states that each governing body may analyze "knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark."[75] This language highlights a stark contrast between TRIPS and the Paris Convention. While TRIPS focuses on protecting marks within a "relevant sector of the public," the Paris Convention mandates that a trademark must achieve well-known status

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69 *See id.*

70 For a list of the contracting state parties to the Paris Convention, see *Contracting Parties: Paris Convention*, WORLD INTELL. PROP. ORG., http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=2 (last visited Jan. 16, 2011).

71 *See* MCCARTHY, *supra* note 20, § 29:25, at 29-93.

72 TRIPS, *supra* note 19, art. 16.

73 *See id*. art. 16(2).

74 *Id.* art. 3(1). Pursuant to Article 3:

> Each member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property, subject to the exceptions already provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention or the Treaty on Intellectual Property in Respect of Integrated Circuits.

Id.

75 *Id.* art. 16(2).

within an entire country.[76] Despite this provision, which seems to offer greater protection to marks because the mark must qualify as well known within only one sector of the public, TRIPS still fails to designate criteria for determining how a trademark qualifies as a well-known mark. This lack of guidance led countries to develop varying approaches as to what constituted a well-known mark, and many pushed for a clearer standard.[77]

3. *Recent Frameworks for Protecting Well-Known Marks*

a. *WIPO Joint Recommendation*

In formulating a clearer standard sought by many nations, the World Intellectual Property Organization ("WIPO") recommended factors in 1999 that formed a new framework for recognizing well-known marks.[78] The non-binding WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks listed these factors, which are introduced in this Subpart, and expanded on the well-known mark requirements set forth in the Paris Convention and in TRIPS.[79] The drafters of the Joint Recommendation intended to harmonize the international protection of well-known marks;[80] however, the Joint Recommendation departs from the traditional notion of territoriality by calling for trademarks to automatically achieve well-known status in a member state if the trademark is well known among relevant consumers in that state.[81] Actual use of the mark within a country's borders is not necessary for protection, as the major point of examination is whether the mark has developed a reputation within a relevant segment of the public.[82] This standard, therefore, uses similar language to TRIPS in focusing on "the degree of knowledge or recognition of the mark in

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76 Alexis Weissberger, Comment, *Is Fame Alone Sufficient to Create Priority Rights: An International Perspective on the Viability of the Famous/Well-Known Marks Doctrine*, 24 CARDOZO ARTS & ENT. L.J. 739, 754 (2006).

77 *See id.* (finding that the unclear nature of the well-known marks doctrine served as the impetus behind the WIPO Joint Recommendation, as member nations needed a consistent standard in applying the doctrine).

78 Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, World Intellectual Property Organization [WIPO] Doc. 833(E) (Sept. 29, 1999) [hereinafter WIPO Joint Recommendation], *available at* http://www.wipo.int/export/sites/www/about-ip/en/development_iplaw/pdf/pub833.pdf.

79 *Id.* art. 2; *see also* TRIPS, *supra* note 19; Paris Convention, *supra* note 61, art. 6bis.

80 *See* WIPO Joint Recommendation, *supra* note 78, Preface ("The Recommendation is the first implementation of WIPO's policy to adapt to the pace of change in the field of industrial property by considering new options for accelerating development of international harmonized common principles.").

81 *Id.* art. 2.

82 *See id.*

the relevant sector of the public."[83] Furthermore, as part of a framework for defining when a mark has reached "well-known" status, the Joint Recommendation's factors call for a non-exhaustive examination of: (1) the degree of recognition of the mark; (2) the duration, extent, and geographical area of the mark itself; (3) the duration, extent, and geographical area of any use, advertising, or publicity of the mark; (4) the duration and geographical area of any registration of the mark; (5) the extent to which the mark is recognized as well-known by authorities; and (6) the value associated with the mark.[84]

In addition to determining whether a mark qualifies as well known within a member state, the Joint Recommendation also offers a mechanism for prioritizing conflicting marks. Through Articles 3(1) and 4(1)(b), the Joint Recommendation provides that registration should be denied if a mark offered for registration within a member state conflicts with a mark that already has achieved well-known status within the territory.[85] This denial should occur if the new mark damages the interests of the holder of the well-known mark, or impairs, dilutes, or takes unfair advantage of the distinctive character of the well-known mark.[86] Moreover, the Joint Recommendation advocates for analyzing bad faith as part of the determination as to whether a well-known mark has been infringed, as "cases involving the protection of a well-known mark very often involve an element of bad faith."[87] Authorities such as the International Trademark Association have concurred with the WIPO Joint Recommendation that a determination of bad faith should be considered when balancing competing claims to a well-known mark because "inconsistent application of rules for protection of well-known marks has fostered public deception and represents an obstacle for well-known mark holders. This threatens investment and honest trade."[88]

Although the factors listed in the WIPO Joint Recommendation create a series of considerations to be weighed in determining whether a mark has

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83 *Id.* art. 2(1)(b).

84 *Id.*

85 *Id.* arts. 3(1), 4(1)(b).

86 *Id.*

87 *Id.* at 17. The explanatory notes accompanying the WIPO Joint Recommendation call for taking "bad faith" into account when balancing the interests of the trademark holder of the well-known mark with the interests of a third party. *See id.*

88 *See Amicus Letter of the International Trademark Association in* Intel v. PT Panggung Electronic Industries, 92 TRADEMARK REP. 1514, 1522 (2002) (regarding Intel v. PT Panggung Elec. Indus., Supreme Court of the Republic of Indonesia, case no. 590PK/PDT/2001 (2001)).

achieved well-known status, the Joint Recommendation serves as a non-binding guideline and is viewed as international "soft law."[89] However, nations in the midst of revising their own trademark regimes can choose to base their new laws on principles inherent in the WIPO Joint Recommendation. For example, many provisions added to Singapore's updated Trade Marks Act in 2004 were adopted from the WIPO Joint Recommendation, including a new section designed to determine whether a mark is "well known" within the country.[90] Singapore directly adapted Article 2(1)(b) of the WIPO Joint Recommendation in listing the factors that must be taken into account to infer whether a mark has achieved well-known status in Singapore.[91] Therefore, although the WIPO Joint Recommendation is considered soft law, its emphasis on promoting a clearer standard for what constitutes a well-known mark can serve as a valuable model for nations interested in reforming their trademark laws to further prevent consumer confusion.

b. The European Union Approach

The European Community treaty emphasizes the importance of the free movement of goods across the borders of European states. The treaty provides that the European Community shall exist as "an internal market characterized by the abolition . . . of obstacles to the free movement of goods, persons, services and capital."[92] To bolster the free movement of goods, the European Community Trademark Harmonization Directive, adopted in 1989, attempts to streamline the differing trademark laws of European Community member states.[93] The Harmonization Directive, therefore, targets the disparities that exist within the laws of member states but does not establish a central system for European trademark regulation.[94]

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89 *See* Doris Estelle Long, *Is Fame All There Is?: Beating Global Monopolists At Their Own Marketing Game*, 40 GEO. WASH. INT'L L. REV. 123, 146–47 (2008) (finding that the WIPO Joint Recommendation serves as a powerful harmonizing tool among member countries but is considered soft law because the Joint Recommendation is not directly binding on any member countries).

90 *See* Burton Org, *Protecting Well-Known Trade Marks: Perspectives from Singapore*, 95 TRADEMARK REP. 1221, 1226 (2005).

91 *See id.*

92 *See* Treaty Establishing the European Economic Community, Mar. 25, 1957, 298 U.N.T.S 11, 1973 Gr. Brit. T.S. No. 1 (Cmd. 5179-II) [hereinafter EEC Treaty] art. 36; *see also* EEC Treaty art. 3, para. 1(a), (c).

93 First Council Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks, 1989 O.J. (L 40) [hereinafter Harmonization Directive].

94 *See* Eric P. Raciti, *The Harmonization of Trademarks in the European Community*, 78 J. PAT. & TRADEMARK OFF. SOC'Y 51, 63 (1996) (finding that the Harmonization Directive focused on affecting national regimes of different member states, while the Community Trademark regulation established a central trademark administration).

The Directive requires all member states to incorporate several provisions in their trademarks, and it also recommends other optional laws to unify existing national laws that could be construed as blocking the free movement of goods.[95] Under the Directive, all member states must adhere to the same criteria for: (1) refusing to register a mark;[96] (2) conferring exclusive use in identical marks and prohibiting the use of any mark which could create a likelihood of confusion with the initial user's mark;[97] and (3) revoking a mark if the mark's use serves to mislead the public, particularly as to the nature, quality, or geographical origin of the goods.[98]

Five years after making national trademark laws more uniform through the implementation of the Harmonization Directive,[99] the European Community adopted the Community Trademark regulation, which established a framework for a community-wide trademark that receives protection in all member states.[100] The new regulation was not intended to supersede the Harmonization Directive; instead, the two laws are meant to work in tandem to provide for streamlined national laws as well as for a common trademark system at the community level.[101] According to the European Council regulation that created the Community Trademark, "trade marks need to be created which are governed by a uniform Community law" for the purpose of opening up "unrestricted economic activity in the whole of the common market," but the community trademark law "nevertheless does not replace the laws of the Member States on trade marks."[102]

i. Benefits of the European Union's Community Trademark

The Community Trademark functions by allowing a business to file a single application to register its trademark throughout the European Union ("EU"), meaning that the sole application is the only requirement necessary to protect a mark against potential infringers.[103] Differing local standards for

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95 *See* Harmonization Directive, *supra* note 93, pmbl.
96 *Id.* art. 3(1).
97 *Id.* art. 5(1).
98 *Id.* art. 12(2)(b).
99 The Harmonization Directive was adopted in 1988, while the Community Trademark regulation was adopted in 1993. *Id.*; Council Regulation (EC) 40/94, of 20 December 1993 on the Community Trade Mark, 1994 O.J. (L 11) 1 [hereinafter Council Regulation (EC) 40/94].
100 Council Regulation (EC) 40/94, *supra* note 99.
101 *See* GUY TRITTON, INTELLECTUAL PROPERTY IN EUROPE 129 (1996).
102 Council Regulation (EC) 40/94, *supra* note 99, at 802.
103 *See* Douglas D. Hancock, *The Frontier-Free European Union: European Community Trademarks Hail a New Day for Intellectual Property Laws*, 56 OR. ST. B. BULL. 19, 19 (1996).

trademark enforcement—such as varying provisions for registrations, transfers, and revocations—no longer apply at the community level, as one trademark registration retains effect across borders.[104] The desire to rid the trademark application process from confusing international standards served as a major impetus behind adopting the Community Trademark, as the Council stated: "[A Community trademark] shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community."[105]

The EU now encompasses twenty-seven countries,[106] so the Community Trademark system often saves an applicant money, time, and effort by only requiring one application for the benefit of protection across twenty-seven nations.[107] Therefore, a well-known mark created and registered in one European nation is automatically protected by all nations in the EU economic zone, even without use in commerce or evidence that the mark had attained a requisite level of reputation or goodwill. Furthermore, the advantages extend beyond applicants from the twenty-seven member states of the EU. Any national of a country that has ratified the Paris Convention, or operates an industrial or commercial establishment in a Paris Convention nation, is eligible to apply for, and to potentially receive, a Community Trademark.[108]

ii. Potential Disadvantages of the European Union System

In analyzing the European system, some commentators have determined that the Community Trademark improves efficiency,[109] and others have provided application statistics showing that Europe's intellectual property community has embraced the system.[110] However, other scholars have noted

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[104] *See id.* at 20.

[105] *See* Council Regulation (EC) 40/94, *supra* note 99, at 805.

[106] *The 27 Member Countries of the European Union*, EUROPA, http://europa.eu/about-eu/27-member-countries/index_en.htm (last visited Jan. 29, 2011) (listing the current EU countries, as well as the candidates for future membership).

[107] *See* Martin J. Beran, *Single Trademark Application for the European Community*, N.Y. L.J., Dec. 11, 1995, col. 1, at 1.

[108] TRITTON, *supra* note 101, at 146.

[109] Scott A. McKenzie, *Global Protection of Trademark Intellectual Property Rights: A Comparison of Infringement and Remedies Available in China Versus the European Union*, 34 GONZ. L. REV. 529, 541–42 (1999) (finding that the European Community Trademark system has improved efficiency in protecting trademarks across the region as long as the mark has been used in one country).

[110] *See* MCCARTHY, *supra* note 20, § 29:35, at 29-114 to -115. From 1996 until 2001, the Office received about 42,000 applications per year. *Id.*

potential disadvantages in the creation of a system that promotes one trademark across the entire European Community. Commentators have argued that a Community Trademark could conflict with prior rights and still lead to a likelihood of confusion.[111] For example, if a national trademark holder has obtained trademark rights in a specific locality, the mark's owner still can retain the rights in that locality if another applicant later obtains a Community Trademark and gains the rights to the mark in the remainder of the European Community's member states.[112] If the goal of the Community Trademark system is to create a uniform marketplace for the free movement of goods across borders, allowing several similar trademarks to coexist in different local regions seemingly would conflict with that aim and lead to confusion in the eyes of the public.

Others have questioned how the expansion of the EU would impact trademark rights, especially if a person within a new member state previously has registered a mark within the new member state's borders that conflicts with an existing Community trademark.[113] The potential solution of allowing both the new member state's mark and the Community mark to remain in place—rather than invalidating one of them retroactively—would further detract from the unifying purpose of the Community Trademark system. This dual trademark system also seemingly would lead to a high level of consumer confusion. This Comment later addresses how it might be unfair to compare an international registry to the European Community's trademark model because of inherent structural differences.[114]

II. A CASE STUDY: ANALYZING WELL-KNOWN FOREIGN MARKS THROUGH A CUBAN NEXUS

Cuba is an island nation located only ninety miles south of Florida,[115] but relations between Cuba and the United States have been far from neighborly.

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111 *See* TRITTON, *supra* note 101, at 159.

112 Council Regulation (EC) 40/94, *supra* note 99, art. 107 (providing that a national trademark holder of a mark can prevent the Community Trademark from being used in the locality where he has previously obtained rights, but the Community Trademark would govern in the rest of the Community).

113 *See* TRITTON, *supra* note 101, at 159–60 (finding that when the EU expands and includes a new member state that brings trademarks that are substantially similar to existing Community Trademarks, either the Community Trademark would have to be invalidated, or the conflicting national mark would have to yield to the Community Trademark).

114 *See infra* Part IV.A.2.

115 JAIME SUCHLICKI, CUBA: FROM COLUMBUS TO CASTRO AND BEYOND 3 (5th ed. 2002).

The U.S. government has banned trade with Cuba for nearly five decades,[116] following Fidel Castro's rise to power in 1959.[117] During his first years in power, Fidel Castro canceled promised elections, suspended Cuba's existing constitution, seized property and business holdings for the government without compensation, and began the process of changing Cuba into a communist country.[118] The economic sanctions promulgated by the U.S. government following the rise of Castro's communist government—which some call the most stringent embargo imposed by the United States on any nation in the world[119]—have remained in place, cutting off trade, travel, and investments between the two nations.[120] The Cuban government estimates that the U.S. trade ban has cost Cuba approximately $89 billion in the nearly five decades of the embargo's existence.[121]

Recently, however, a series of milestone events have generated a heightened level of discourse about the future of U.S. policy toward Cuba.[122] After several years as the interim leader, Raul Castro succeeded his brother[123] as president of Cuba in February 2008,[124] and Barack Obama was elected as President of the United States in November 2008.[125] These leadership changes,

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116 *See* REESE ERLICH, DATELINE HAVANA 72 (2009) (discussing how every presidential administration since Dwight D. Eisenhower has maintained economic sanctions against Cuba).

117 *Id.* at 137–38.

118 *See* Crystal Jamison, *Family Tradition: Cuban Policy Reform as Raul Castro Takes the Reins*, 15 LAW & BUS. REV. AM. 891, 892 (2009) (citing Bradley T. Gilmore, *U.S.-Cuba Compensation Policy*, 8 TEX. HISP. J.L. & POL'Y 79, 82 (2002)).

119 ERLICH, *supra* note 116, at 72 (finding that U.S. policy allows for citizens to travel to enemy nations such as Iran and North Korea, but not to Cuba, and that no other country observes the embargo against Cuba).

120 The Cuban Asset Control Regulations, 31 C.F.R. § 515.201 (2011).

121 *See* ERLICH, *supra* note 116, at 75 (citing a Cuban-backed media article listing the economic effects of the U.S. blockade).

122 S. COMM. ON FOREIGN RELATIONS, 111TH CONG., CHANGING CUBA POLICY—IN THE UNITED STATES NATIONAL INTEREST v (Comm. Print 2009) (letter of transmittal of Sen. Richard Lugar, Ranking Member, S. Comm. on Foreign Relations).

123 Because he was about to undergo surgery, Fidel Castro temporarily turned power over to his brother and vice president, Raul, in late July of 2006. James C. McKinley, Jr., *Fidel Castro Resigns as Cuba's President*, N.Y. Times, Feb. 20, 2008, http://www.nytimes.com/2008/02/20/world/americas/20castro.html. Fidel never fully recovered, and he opted not to continue in office following the surgery. *Id.* Raul Castro's official election as president came in 2008, when the National Assembly voted him into the leadership position permanently. *See* ERLICH, supra note 116, at 185.

124 This change in leadership is significant because some commentators viewed the likelihood of Cuba opening up and moving away from communism under Fidel Castro as negligible. *See* SUCHLICKI, *supra* note 115 ("There has been no indication that [Fidel] Castro intends to truly open up the island's political or economic system or promote a peaceful solution to Cuba's deepening crisis.").

125 Adam Nagourney, *Obama Wins Election; McCain Loses as Bush Legacy Is Rejected*, N.Y. TIMES (Nov. 8, 2008), http://www.nytimes.com/2008/11/05/us/politics/05campaign.html. Senator Richard Lugar wrote that Raul Castro's ascension to power and Obama's election, coupled with the fiftieth anniversary of the Cuban

as well as President Obama's promise during the presidential campaign to examine the Cuban embargo by lifting restrictions on Cuban-American travel to the island, have led some commentators to state that both countries have entered into a time of reevaluation of their "complex relationship."[126] In April 2009, only three months after his inauguration, President Obama reached out to Cuba by abandoning restrictions on Cuban Americans' ability to travel to the island and to send money to family members still living there.[127] He called for "a new day" in the tumultuous relationship between the nations, while continuing to emphasize that he will not lift the trade embargo until Cuba undertakes democratic reforms.[128] In August 2010, the *Miami Herald* reported that the Obama administration soon would announce an expansion of "educational and cultural travel" to Cuba, as well as an easier method of paying for telephone services in Cuba.[129] Sources told the newspaper that the easing of travel restrictions would serve as the Obama administration's response to an effort by the Cuban government to release more than fifty political prisoners by September 2010.[130]

The controversial issue of Cuba's political prisoners has served as only one of several roadblocks encountered by President Obama as he attempts to mitigate the embargo's effect. In September 2009, Obama renewed the trade embargo between the two nations for another year, leading the United Nations ("UN") General Assembly to pass a non-binding resolution condemning the embargo for the eighteenth consecutive year.[131] On December 5, 2009, the

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revolution, have generated an increased level of discussion about the direction of U.S. policy toward the island. *See* S. COMM. ON FOREIGN RELATIONS, *supra* note 122, at v.

126 S. COMM. ON FOREIGN RELATIONS, *supra* note 122, at v. Senator Richard Lugar wrote that the relationship between the United States and Cuba can be viewed as complex because it has been marked by "misunderstanding, suspicion, and open hostility." *Id.*

127 Sheryl Gay Stolberg & Damien Cave, *Loosening Cuba Restrictions, Obama Leaves the Door Ajar for More*, N.Y. TIMES, Apr. 14, 2009, at A6. Even though it appears to be a modest step, the Obama administration's decision to lift restrictions on Cuban Americans visiting relatives or sending money has been called "the most significant shift in United States policy toward Cuba in decades" by some commentators. *Id.*

128 *Obama Offers Cuba "New Beginning,"* BBC NEWS (Apr. 18, 2009, 6:17 AM), http://news.bbc.co.uk/2/hi/8004798.stm ("The U.S. seeks a new beginning with Cuba. I know there is a longer journey that must be travelled to overcome the decades of mistrust, but there are critical steps we can take toward a new day."); *see also* Sheryl Gay Stolberg & Alexei Barrionuevo, *Obama Declares U.S. Will Pursue Thaw with Cuba*, N.Y. TIMES, Apr. 18, 2009, at A1.

129 Juan O. Tamayo, *U.S. Could Ease Restrictions on "Purposeful" Visits to Cuba*, MIAMI HERALD (Aug. 6, 2010), http://www.miamiherald.com/2010/08/06/v-print/1765507/us-could-ease-restrictions-on.html.

130 *Id.*

131 Neil MacFarquhar, *U.S. Embargo on Cuba Again Finds Scant Support at U.N.*, N.Y. TIMES, Oct. 29, 2009, at A8 (reporting that despite President Obama's moderate steps at easing relations, the UN vote in support of the resolution shows that little has changed in regard to the international community's view of the

Cuban government arrested a U.S. subcontractor in Havana for distributing telecommunications equipment.[132] The Cuban government accused the contractor of working as a spy for U.S. intelligence services, but the U.S. State Department said his presence in the country was part of an effort to "transition" Cuba to democracy by disseminating devices, such as computers and cell phones, that could circumnavigate the government's control.[133] The contractor's arrest potentially could cause more trouble for the tenuous relationship between the United States and Cuba, as Cuban leader Raul Castro did not appear eager to establish closer ties with the United States when he stated during a December 2009 speech following the subcontractor's arrest that "'the enemy is as active as ever.'"[134]

The imprisonment of the subcontractor serves as telling evidence that Cuba will not necessarily become a more hospitable place simply because Fidel Castro has ceded power to his brother. Nicknamed "the Prussian," Raul Castro boasts a reputation as a "widely feared hard-liner" who has incarcerated scores of political prisoners.[135] A November 2009 investigative report by Human Rights Watch documented more than forty cases in which Cuba has imprisoned individuals for "dangerousness" under Raul Castro as the individuals attempted to exercise their fundamental rights.[136] The Cuban Criminal Code defines "dangerousness" as any behavior that contradicts socialist norms, and Cuba relies on the provision to imprison individuals before they have committed a crime, simply based on the suspicion that they might commit a crime in the future that runs contrary to "'the ends of the socialist state.'"[137] According to the Human Rights Watch report, Cuba, under Raul Castro's leadership, violates human rights by operating as a "state that uses repression to enforce conformity with its political agenda."[138]

Officials with the U.S. State Department have cited Cuba's human rights record as justification for the continuing economic sanctions, stating that Cuba

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economic blockade); *see also* ERLICH, *supra* note 116, at 72 (finding that every year since 1992, the United Nations has voted by an overwhelming majority to condemn the embargo, with the 2007 vote tallying 184 to 4 against the United States).

132 *See* Frances Robles, *U.S. Says Contractor Arrested in Cuba Is No Spy*, MIAMI HERALD, Jan. 8, 2010, *available at* 2010 WLNR 363589.

133 *Id.*

134 *Id.*

135 Jamison, *supra* note 118, at 904.

136 HUMAN RIGHTS WATCH, NEW CASTRO, SAME CUBA: POLITICAL PRISONERS IN THE POST-FIDEL ERA 1 (2009), *available at* www.hrw.org/en/reports/2009/11/18/new-castro-same-cuba.

137 *Id.* at 1–2.

138 *Id.* at 2.

must free political prisoners, respect human rights, and create a mechanism for free elections for the embargo to be lifted.[139] Cuba's treatment of imprisoned political dissidents attracted widespread attention in February 2010, when a jailed dissident died while protesting his detention with a hunger strike that lasted more than two months.[140] Family members of the prisoner, who was labeled as a "prisoner of conscience" by Amnesty International, blamed the death on Raul Castro's government and said that prison officials also denied the prisoner water while he engaged in the hunger strike.[141]

The Human Rights Watch report blames the Cuban government for the country's human rights abuses, but also finds fault with the international community for failing to hold Cuba to its promises of change.[142] For example, Raul Castro authorized the signing of two UN human rights treaties immediately after his formal ascension to the presidency, but neither treaty has been ratified or implemented.[143] The report argues that the restrictive economic sanctions placed on Cuba by the United States have led to the unintended effect of arousing sympathy for Cuba and distracting the international community from the country's human rights abuses.[144] According to the report:

> There is no question: the Cuban government bears full and exclusive responsibility for the abuses it commits. However, so long as the embargo remains in place, the Castro government will continue to manipulate US policy to cast itself as a Latin American David standing up to the US Goliath, a role it exploits skillfully.[145]

Even if Cuba ends its repressive human rights policies, other disputes between the United States and Cuba must be resolved before any easing of the embargo is considered. In particular, ongoing trademark issues would need to be addressed before the two nations could work toward normalizing relations.[146] During the embargo, several U.S. companies have used brand names that originated in Cuba, as increasingly strict federal laws have barred companies affiliated with the Cuban government from registering their

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[139] Press Release, U.S. Assistant Secretary for Western Hemisphere Affairs on U.S. Policy Toward Cuba, U.S. Policy Toward Cuba (Aug. 25, 2006), http://nassau.usembassy.gov/pr_25082006.html.

[140] Marc Lacey, *Dissident's Death Ignites Protest Actions in Cuba*, N.Y. TIMES, Feb. 27, 2010, at A7.

[141] *Id.*

[142] HUMAN RIGHTS WATCH, *supra* note 136, at 3–4.

[143] *Id.*

[144] *Id.* at 7.

[145] *Id.*

[146] Weissert & Felderbaum, *supra* note 18.

products in the United States.[147] Without the embargo in place to block the Cuban entities' claims to disputed trademarks, the clash over the rightful ownership of these trademarks could stretch from the U.S. courts to Congress to the boardrooms of some of the largest U.S. corporations.[148] In particular, disputes involving Havana Club rum and Cohiba cigars have spanned approximately a decade each in litigation.[149] Both the Havana Club rum and Cohiba cigar cases illustrate the trademark friction that exists between the United States and Cuba as a result of the trade embargo.

A. The Saga of Havana Club Rum

Before Castro's ascension, Cuba boasted a thriving tourism industry. Dissuaded from European travel during the carnage of World War I, wealthy American tourists instead turned their attention to Cuba as a vacation destination.[150] The island's popularity boomed in the early 1920s,[151] following the start of the Prohibition era in the United States.[152] The accessibility of flowing alcohol, coupled with Cuba's sun, beaches, legal gambling, and prominent prostitution industry, served as a strong allure.[153] As one author wrote, "Booze, gambling and sex. What more could a Yankee tourist ask for?"[154]

1. One Family's Role in the History of Havana Club Rum

The spirits industry became instrumental in promoting the island's image as an exotic and liberating vacation spot.[155] The Arechabala family founded a

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147 *Id.* The article lists Cohiba, Havana Club, Rico Habano, and Havana Honeys as Cuban labels now produced outside of the island. *Id.*

148 *Id.*

149 *Id.*

150 ALFREDO JOSE ESTRADA, HAVANA: AUTOBIOGRAPHY OF A CITY 158–60 (2007).

151 *See* ERLICH, *supra* note 116, at xi (discussing how the United States remained the leading power in Cuba during the first half of the 1900s, and how wealthy Americans dominated the island through the sugar industry, tourism, gambling, and prostitution).

152 *Id.* By the 1920s, Cuba boasted roughly 7000 drinking establishments. ESTRADA, *supra* note 150, at 160.

153 *See* ESTRADA, *supra* note 150, at 159 ("Prohibition virtually created the Cuban tourist industry, adding plentiful rum to the allures of sun and sultry señoritas.").

154 T.J. ENGLISH, HAVANA NOCTURNE: HOW THE MOB OWNED CUBA AND THEN LOST IT TO THE REVOLUTION 12 (2007).

155 *See* ESTRADA, *supra* note 150, at 159.

company in 1878 that began producing Havana Club rum.[156] However, after Castro assumed power in 1960, he confiscated all private property belonging to Cuban nationals.[157] The national government expropriated the Arechabalas' distilleries and they subsequently left Cuba for Europe.[158] However, Castro's 1960 expropriation of business did not affect trademark registrations in the United States, where the Arechabala family continued to own the registered mark to Havana Club rum, even though they no longer had the capability to actually produce the rum.[159] In 1973, the Arechabalas allowed their U.S. trademark registration to lapse, even though registration renewal would have cost the family only twenty-five dollars.[160]

This abandonment allowed the Cuban government to register the "Havana Club" mark three years later with the U.S. Patent and Trademark Office ("PTO") in 1976.[161] Although the embargo between the United States and Cuba blocked trade, both countries upheld the intellectual property rights they established at the Inter-American Convention.[162] These rights permitted Cuban trademarks to be registered in the U.S. PTO without issue, even though the products associated with the trademarks were not available for sale within the United States.[163] Though Cuba was prevented from selling Havana Club rum in the U.S. market, the country hoped its registration of the mark, and continual timely renewals, would position it to sell Havana Club rum in a post-embargo marketplace.[164] In 1993, the Cuban government entered into a partnership with Pernod Ricard, a French wine distributor, and later assigned the trademark to Havana Club Holdings, a new company formed as a result of the joint

156 *An Examination of Section 211 of the Omnibus Appropriations Act of 1998: Hearing Before the S. Comm. on the Judiciary*, 108th Cong. 8 (2004) [hereinafter Examination of Section 211 Hearing] (testimony of Ramon Arechabala).

157 Havana Club Holding, S.A. v. Galleon S.A., 203 F.3d 116, 119 (2d. Cir. 2000). When Castro seized and appropriated the Arechabala family's assets in 1960, the family never received compensation from the Cuban government. *Id.* at 119–20.

158 *Id.* Ramon Arechabala, the great-grandson of the founder of Havana Club rum, stated that Castro threw him in jail following Castro's rise to power on December 31, 1959, and only released him under the condition that he leave the country. *See* Examination of Section 211 Hearing, *supra* note 156, at 8 (testimony of Ramon Arechabala). The Arechabala family then immigrated to Spain. *Id.* He subsequently came to Miami in 1967 and became an American citizen. *Id.*

159 *See id.*

160 *See* Arian Campo-Flores, *Rum Warriors*, AM. LAW., Jan. 6, 2000, at 59.

161 *Havana Club Holding*, 203 F.3d at 120.

162 General Inter-American Convention for Trademark & Commercial Protection pmbl., Feb. 20, 1929, 46 Stat. 2907 (listing Cuba as a signatory state).

163 *See* Carlos Enrique Alfaro, *Panel #4: Intellectual Property and the Rule of Law*, 25 ARIZ. J. INT'L & COMP. L. 357, 376–77 (2008).

164 Campo-Flores, *supra* note 160, at 59.

venture.[165] The joint venture registered the "Havana Club" mark in more than eighty countries,[166] and worldwide sales of the rum doubled between the joint venture's start in 1994 and 1998.[167]

Understandably, the Arechabala family has long argued that the confiscation by Castro's government was an illegal appropriation of their property and that it should retain all rights to Havana Club rum. In testimony before a U.S. Senate committee, Ramon Arechabala recounted how armed members of Castro's government, on December 31, 1959, "took all my assets and threw us out of the company and removed us from being able to go to work at the company."[168] He showed his anger at the joint venture between the Cuban government and Pernod Ricard by stating:

> [W]hat happened to my family was wrong. We wanted to keep selling Havana Club rum, but we were prevented from doing so because of this confiscation of the distillery, this robbery of my distillery, my business in Cuba. Castro's wrong to me and my family continues today because the Cuban/Pernod venture continues to trade off Havana Club's reputation with a product that can never be the same Havana Club rum that we used to make. The government stole my assets, my family heritage, and much of my children's future.[169]

In the mid-1990s, the Arechabala family partnered with Bacardi.[170] Bacardi paid $1.25 million for the supposed rights to the trademark, arguing that because Castro's nationalization of property was illegal, the family still retained its rights to the "Havana Club" mark and possessed the ability to assign it.[171] Bacardi then began distributing its own version of the rum, made in the Bahamas, in the U.S. market.[172] This action led Havana Club Holdings, backed by the Cuban government, to file a trademark infringement suit claiming that Bacardi's sales violated Havana Club Holdings' trade name to

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165 *Havana Club Holding*, 203 F.3d at 120.

166 Anthony Gardner, *A Rum Fight May Embarrass U.S.*, NAT'L L.J., Sept. 11, 2000, at A21.

167 Campo-Flores, *supra* note 160, at 59.

168 Examination of Section 211 Hearing, *supra* note 156, at 8 (testimony of Ramon Arechabala).

169 *Id.* at 9.

170 *Havana Club Holding*, 203 F.3d at 120; *see also* Examination of Section 211 Hearing, *supra* note 156, at 8–9 (testimony of Ramon Arechabala) (testifying that the partnership with Bacardi only occurred because Arechabala wanted to keep the rights to Havana Club rum, but needed a distillery that actually made rum in order to do so).

171 Campo-Flores, *supra* note 160, at 59.

172 *Havana Club Holding*, 203 F.3d at 121. From May to August 1996, Bacardi distributed 906 cases of Havana Club rum in the United States, resulting in Havana Club Holdings' decision to file an action in December to enjoin Bacardi from using the "Havana Club" trademark. *Id.*

Havana Club rum.[173] Because the trademark rights to Havana Club rum were claimed both by Bacardi (after it partnered with the founding Arechabala family) and by Pernod Ricard acting on behalf of the Cuban government, the dispute reached U.S. federal court.[174]

2. *The Assignment of the Havana Club Trademark: Was It Valid?*

Before analyzing the Havana Club rum litigation, it is necessary to examine if Bacardi even possesses a valid claim to the "Havana Club" trademark. On one hand, it seems clear that Bacardi could be viewed as a successor to the mark because the mark originated with the Arechabala family, and the family chose Bacardi to carry on its rum-producing legacy. However, such a theory would ignore established trademark principles such as the consequences of abandonment and excusable non-use.

Under the Lanham Act, a mark shall be deemed as abandoned when its use has been discontinued with the intent not to resume such use, and non-use for three consecutive years shall be prima facie evidence of abandonment.[175] When the Arechabala family's trademarks for Havana Club rum began to lapse, the family needed to renew the U.S. mark to prevent the loss of its rights.[176] However, Ramon Arechabala stated that the family believed it was only allowed to renew the marks if it was currently producing rum and actually using the marks in commerce.[177] Therefore, because the Arechabalas were not using their mark in commerce, they believed renewal was impossible, and, even after consulting a non-trademark specialist lawyer, they felt they had no choice but to allow their U.S. registration for the mark to lapse.[178] However, the U.S. PTO provides for a narrow exception to use in commerce in allowing for "excusable non-use" of a trademark.[179] Because the Cuban embargo qualifies as an excusable non-use, the Arechabalas faced a simple path for keeping their registration of the mark.[180] To prevent the mark from expiring, the family only had to file an affidavit and pay a small fee.[181] Instead, because they were unaware of the "excusable non-use" exception, the Arechabalas'

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173 *Id.*
174 *See id.* at 120–21.
175 Lanham Act § 45, 15 U.S.C. § 1127 (2006).
176 *See id.*; Campo-Flores, *supra* note 160, at 59.
177 Campo-Flores, *supra* note 160, at 59.
178 *Id.*
179 *Id.*
180 *Id.*
181 *Id.*

rights to the mark lapsed and the Cuban government applied for the trademark.[182]

There exists a well-accepted norm against recognizing the confiscation of property rights without compensation,[183] and this Comment does not argue that Fidel Castro's government was morally justified to expropriate the Arechabala family business and distillery in 1960 during the nationalization of all property in Cuba. However, the Arechabala family should not be excused from following established intellectual property principles—such as trademark renewal—simply because they suffered when their real property was confiscated. Such a decision would allow scores of other business owners to also argue that they deserve some sort of exception for the registrations and renewals of their trademarks. Despite his abhorrent human rights record, Castro never seized the Arechabalas' trademark to Havana Club rum; the Cuban government earned it legally by applying to the U.S. PTO after the family's inaction caused its mark to expire. Therefore, the family had no legal rights to the "Havana Club" mark when it transferred the mark to Bacardi. As a U.S. senator framed the issue during a U.S. Senate Judiciary Committee hearing, in which Ramon Arechabala was present:

> I totally agree with you and the passion you expressed about confiscation of property by Fidel Castro. That, in my opinion, is no longer the issue here. Clearly, he confiscated the physical properties of Havana Club. But the property right trademark resided in this country, not in Cuba. It was registered here. And it appears that the ability to re-register that with a $25 check did not happen.[184]

3. Stronger Anti-Cuba Laws Impact Ruling in Havana Club Legislation

The end of the 1990s—the same time period as when the Havana Club rum litigation began winding its way through the federal courts—also saw the implementation of two federal laws that strengthened the Cuban embargo and further frayed relations with the island nation. In 1996, Brothers to the Rescue, a Cuban-American group based in Miami, flew two unarmed civilian airplanes near the island for what it claimed was the purpose of spotting Cuban rafters

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182 *Id.*
183 Bruce Lehman, *A Victory of Law Over Politics*, N.Y. L.J., Mar. 29, 2000, col. 3, at 2.
184 Examination of Section 211 Hearing, *supra* note 156, at 2 (testimony of Sen. Larry Craig).

and informing the U.S. Coast Guard of the rafters' locations.[185] Cuba shot down the aircraft over international waters, killing all four Brothers to the Rescue members involved in the flights.[186] As a punishment for this perceived act of aggression, the U.S. Congress passed the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996, also known as the Helms-Burton Act.[187] The law, supported and signed by the Clinton administration, dissuaded foreign companies and nationals from investing in properties confiscated by Castro's communist government and prohibited executives in those companies from traveling to the United States,[188] among other restrictions aimed at deterring foreign investments in Cuba. In particular, the act contained a provision that gave Congress power over the embargo, removing the future of the embargo from sole presidential control.[189]

In 1998, another provision affecting Cuba, Section 211, was inserted into the Omnibus Consolidated and Emergency Supplemental Appropriations Act.[190] Section 211(2)(b) states:

> 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 as 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.[191]

In summary, Section 211 prohibits the U.S. government from approving trademarks in connection with businesses that have been previously confiscated by any foreign government.[192] In ruling on the "Havana Club"

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185 SUCHLICKI, *supra* note 115, at 203. The Brothers to the Rescue group argued that its purpose was to assist the U.S. Coast Guard, but on other flights over Cuban airspace, the group dropped anti-Castro leaflets in Havana. *See id.*

186 *Id.*

187 Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, Pub. L. No. 104-114, 11 Stat. 785 (1996) (codifying the regulations implementing the Cuban embargo); *see* 22 U.S.C. § 6032(h) (2006).

188 SUCHLICKI, *supra* note 115, at 203–04.

189 ERLICH, *supra* note 116, at 53.

190 Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1998, Pub. L. No. 105-277, § 211(b), 112 Stat. 2681.

191 Omnibus Consolidated and Emergency Supplemental Appropriations Act § 211(b).

192 Julie Kay, *Cuba Libre Wars*, MIAMI DAILY BUS. REV., July 28, 2003, *available at* 2003 WLNR 18284887.

mark following the passage of this provision, the Second Circuit held that Section 211 intended to block transfers of trademarks that had been previously confiscated by Castro's communist government, such as the "Havana Club" mark.[193] Accordingly, the court held that the Cuban government's partnership with Pernod Ricard could not receive any trademark rights enforced in a U.S. court after the passage of Section 211, and Bacardi was awarded the right to distribute Havana Club rum in the United States.[194]

4. *The "Bacardi Bill"*

The lobbying power of Bacardi[195] helped lead to the passage of Section 211, as company representatives pushed lawmakers[196] such as former Florida Senator Connie Mack to enact a statute that would address trademarks in the same vein as other property nationalized by Fidel Castro's government.[197] The statute blocked the U.S. registration, renewal, or recognition of trademarks confiscated by the Cuban government without the consent of the trademark's original owner.[198] In addition, Section 211 denied Cuban nationals and their successors access to the U.S. court system if they disputed trademark rights.[199]

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[193] Havana Club Holding, S.A. v. Galleon S.A., 203 F.3d 116, 127 (2d. Cir. 2000) (finding that Section 211(b) applies because Havana Club Holdings is a designated national under Section 211(b), organized under the laws of Cuba).

[194] *Id.*

[195] *The Washington Post* and *Daily Business Review* reported in 2002 that Florida Governor Jeb Bush conducted a personal e-mail lobbying campaign on behalf of Bacardi, while the company gave tens of thousands of dollars to the Governor's reelection campaign and to the Florida Republican Party. Julie Kay, *Havana Club Patent Ruling Doesn't Go Down Smooth*, MIAMI DAILY BUS. REV., Aug. 14, 2006, *available at* 2006 WLNR 25547320. Also, campaign finance records show that Bacardi provided key lawmakers with thousands of dollars in campaign contributions during the debate over Section 211's passage. *See* Dan Christensen, *Friends of Bacardi: As Donations Flowed, Heavyweight Lawmakers Pleaded Spirits Giant's Case for Havana Club*, 79 MIAMI DAILY BUS. REV. 1 (2004), *available at* 2004 WLNR 23370128. Christensen reported that three powerful lawmakers sent letters to the Commerce Secretary on behalf of Bacardi. *Id.* After sending those letters, Representative Tom Delay's political groups received $43,000, Representative Henry Bonilla's leadership group received $10,000 and Senator Fritz Hollings's leadership group received a $5000 contribution. *Id.*

[196] Courts do not always react favorably to lobbying efforts by politicians, and sometimes the lobbying backfires. In *OBX-Stock, Inc. v. Bicast, Inc.*, 558 F.3d 334, 342 (4th Cir. 2009), the PTO only "grudgingly" issued a trademark registration for OBX as an abbreviation for the Outer Banks, North Carolina after the region's congressional delegation intervened with an intense lobbying effort. *Id.* The court held that this lobbying effort "undermined" whatever support OBX-Stock might try to claim from the registration. *Id.*

[197] *See* Kay, *supra* note 195.

[198] Omnibus Consolidated and Emergency Supplemental Appropriations Act § 211(a)(2).

[199] *Id.* § 211(b).

Because of Section 211, Bacardi achieved its primary goal of maintaining the "Havana Club" trademark. The courts sided with Bacardi in barring Pernod Ricard and Havana Club Holdings from claiming the trademark to the rum, and the U.S. trade embargo with Cuba was further bolstered by limiting the communist government's ability to profit from confiscated trademarks.[200] Although the bill never specifically mentioned the Cuban embargo, international trade experts believe that the provision was written for the sole purpose of helping Bacardi secure the trademark rights to Havana Club rum,[201] based on evidence of the intense lobbying effort conducted on Bacardi's behalf.[202]

The Second Circuit also ruled against Havana Club's assertions that its trademark infringement claim should be recognized under the Inter-American Convention, a multilateral treaty of which Cuba, the United States, and ten other countries are members.[203] The court held that "[w]ith respect to the Cuban embargo, the purpose of Congress could not be more clear. Congress wished to prevent any Cuban national or entity from attracting hard currency into Cuba by selling, assigning or otherwise transferring rights subject to United States jurisdiction."[204] Because Havana Club rum was viewed as property confiscated by the Cuban government, the Second Circuit held that Section 211 prevented the use of the Inter-American Convention's provisions to support Havana Club rum's trademark infringement claim.[205] Section 211 served as the primary factor in the court's decision, instead of international intellectual property treaties.

Alleging that U.S. courts have used Section 211 to circumvent established international intellectual property principles, European nations and the World Trade Organization have called for substantial changes to the provision.[206]

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200 Emily Taylor, *The Havana Club Saga: Threatening More than Just Cuba Coke*, 24 NW. J. INT'L L. & BUS. 513, 518 (2004) (citing Ashley C. Adams, *Section 211 of the Omnibus Appropriations Act: The Threat to International Protection of U.S. Trademarks*, 28 N.C. J. INT'L L. & COM. REG. 221–22 (2002)).

201 Examination of Section 211 Hearing, *supra* note 156, at 12 (testimony of Bruce A. Lehman) ("[I]f you read Section 211, it incorporates or references back to our embargo law and regulations, and they are obviously addressed to Cuba.").

202 Kay, *supra* note 192.

203 MCCARTHY, *supra* note 20, § 29:26, at 29-94; *see also* General Inter-American Convention for Trademark & Commercial Protection, *supra* note 162 (stating that the countries adhering to the Inter-American Convention of 1923 are Colombia, Cuba, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, United States, Brazil, and the Dominican Republic).

204 Havana Club Holding, S.A. v. Galleon S.A., 203 F.3d 116, 124 (2d. Cir. 2000).

205 MCCARTHY, *supra* note 20, § 29:26, at 29-94.

206 *See infra* Part IV.A.

Although Congress has debated several "fixes" to Section 211 that would better align it with international trademark standards, no action has been taken yet.[207] The objections of the WTO, as well as the legislative fixes to Section 211 debated by Congress, are analyzed in detail later in this Comment.[208]

B. Smoked Out: Trademark Dispute Over Cohiba Cigars

In addition to its spirits industry, Cuba has attracted international fame for the high quality of its unique cigars.[209] Cuban cigars have been called "perhaps the world's most revered,"[210] and *Cigar Aficionado Magazine* estimates that, even with the embargo's trade restrictions, Americans still manage to consume roughly twenty million Cuban cigars each year by purchasing them while on vacation in other countries and bringing them back to the United States.[211] Millions of dollars flow into Cuba annually from cigar exports, with one official estimating that the country made $240 million from the cigar trade in 2003.[212]

One Cuban company responsible for producing such in-demand cigars, Empresa Cubana del Tabaco ("Cubatabaco"), registered the "Cohiba"[213] mark in Cuba in 1969 and began selling the cigars outside of Cuba in 1982.[214] However, because of the U.S. embargo blocking the importation of Cuban goods, Cubatabaco never sold Cohiba cigars in the United States[215] and therefore failed to establish "use in commerce" within the country. Because Cubatabaco never applied for a U.S. trademark, American-based General Cigar Co. seized the opportunity in the marketplace and registered the Cohiba brand as a trademark in the United States in 1981.[216] The American company again

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207 *See infra* Part III.B.

208 For a discussion of the World Trade Organization's objections to Section 211, and the two legislative fixes debated by Congress, see Part III.A–B.

209 *But see* Daniela Mohor, *Socialism and the Cigar*, *in* CAPITALISM, GOD AND A GOOD CIGAR 156–57 (Lydia Chavez ed., 2005) (finding that although Cuban cigars have enjoyed a "fine reputation" for decades, the nation's efforts to boost production of cigars to bolster its economy could be leading to a decrease in cigar quality, as so many new and untrained workers are now employed in the cigar-making industry to meet the demand for exports).

210 Alex Altman, *A Brief History of the Cigar*, TIME (Jan. 2, 2009), http://www.time.com/time/nation/article/0,8599,1869320,00.html.

211 Tanya Batallas, *Competing Cohibas Eye End of Cuban Trade Embargo*, STAR-LEDGER (June 24, 2009, 7:04 AM), http://www.nj.com/business/index.ssf/2009/06/competing_cohibas_eye_end_of_c.html.

212 Mohor, *supra* note 209, at 149.

213 Cohiba means "tobacco tree." *See* Mohor, *supra* note 209, at 150.

214 Empresa Cubana del Tabaco v. Culbro Corp., 399 F.3d 462, 464 (2d Cir. 2005).

215 *Id.*

216 *Id.*

registered the mark in 1992[217] as the cigar market grew in popularity and the pent-up consumer demand for banned Cuban cigars among American cigar aficionados peaked.[218]

When General Cigar began a marketing and advertising campaign in 1997 in an attempt to draw further attention to the brand, Cubatabaco brought suit, claiming the Cuban trademark was "sufficiently well-known in the United States that it deserved protection under the so-called 'famous marks doctrine.'"[219] Although the district court found a likelihood of confusion existed between the Cuban mark and the General Cigar mark for Cohiba cigars,[220] General Cigar relied on the embargo in its appeal to the Second Circuit in arguing that Cubatabaco could not prove that use of its mark existed within the United States.[221]

1. The Second Circuit's Ruling

Although the district court originally sided with Cubatabaco and ordered the U.S. Patent and Trademark Office to cancel General Cigar's registration of the "Cohiba" mark, the Second Circuit reversed the lower court's ruling.[222] The Second Circuit did not focus on the well-known marks doctrine or on trademark law in general in examining the district court's decision. Instead, the court relied on the U.S. embargo with Cuba and held that the case "implicates an issue of significant public concern—the United States'[s] national policy towards Cuba as established by the President and the Congress—and it involves a question of pure law."[223] The court reasoned that even if Cubatabaco acquired trademark rights in the United States for Cohiba cigars through the well-known marks doctrine, the Cuban company's rights would be barred by the embargo.[224] Accordingly, then, any discussion of the

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217 *Id.*

218 *See generally* Joseph M. Perry et al., *The Cuban Cigar Industry as the Transition Approaches*, 8 CUBA TRANSITION 414 (1998), *available at* http://lanic.utexas.edu/la/ca/cuba/asce/cuba8/42perry.pdf ("World-wide cigar production and consumption declined from a relative peak in the mid 1960s until the early 1990s. At that time, consumers rediscovered large, premium cigars. The demand for these high priced products began to increase . . . .").

219 *Empresa Cubana del Tabaco*, 399 F.3d at 464.

220 *Id.*

221 *Id.*

222 *Id.*

223 *Id.* at 471.

224 *Id.* at 472 ("[W]e hold that the Embargo Regulations bar Cubatabaco's acquisition of the U.S. COHIBA mark through the famous marks doctrine . . . .").

applicability of the well-known marks doctrine became moot, because the court determined that the embargo's regulations governed.[225]

2. Embargo Trumps International Agreements, But For How Long?

The Second Circuit's ruling placed U.S. foreign policy ahead of international treaties and customary trademark law, and effectively stopped Cubatabaco from seeking to claim the trademark within the United States until after the embargo's end. However, in December 2009, the parties returned to court for another hearing before a Southern District of New York judge.[226] The court granted Cubatabaco's motion for judgment on a state law claim of misappropriation, finding that Cubatabaco was entitled to a hearing on the issue of General Cigar's bad faith.[227] The court found that Cubatabaco was entitled to relief for General Cigar's misappropriation of its mark, stating:

> [D]espite the fact that Cubatabaco is presently prohibited from selling its cigars in the United States due to the on-going embargo between this country and Cuba, Plaintiff has demonstrated that General Cigar's continuing misappropriation of the goodwill associated with the COHIBA cigar is a wrongful act . . . . The mere fact that Plaintiff does not sell in the United States does not prevent the Court from granting an injunction where, as here, an ongoing misappropriation results in the continuing devaluation of Plaintiff's product.[228]

The Southern District of New York therefore granted Cubatabaco's request for a permanent injunction blocking General Cigar from using the "Cohiba" trademark on its cigars.[229] However, the court stayed all relief pending General Cigar's appeal, after determining that General Cigar had demonstrated a "substantial possibility" of success on appeal to the Second Circuit.[230] Cubatabaco's attorneys said the December 2009 ruling reinforced the "equitable principle that one company should not be able to profit from what it did not create."[231] However, the Second Circuit did not agree, as the appeals

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[225] *See id.* at 472–74.

[226] Empresa Cubana del Tabaco v. Culbro Corp., No. 97 Civ. 8399, 2009 WL 4790410, at *1 (S.D.N.Y. Dec. 14, 2009).

[227] *Id.*

[228] *Id.* at *2.

[229] *Id.*

[230] *Id.* at *4.

[231] *See* Andrew Longstreth, *Judge Enjoins Cigar Maker's Use of Cohiba Name*, AM. LAW., Dec. 18, 2009, *available at* http://www.law.com/jsp/law/international/LawArticleIntl.jsp?id=1202436658473. Michael Krinsky, an attorney from Rabinowitz Boudin, the law firm which represents Cubatabaco, made the statement. *Id.*

court overturned the injunction barring General Cigar from using the Cohiba name in July 2010.[232] The court determined that the Southern District of New York should not have reopened the case on the grounds of examining the bad faith of General Cigar.[233] The ruling allowed General Cigar to continue selling cigars under the Cohiba name in the United States and caused Cubatabaco's attorneys to examine the possibility of continuing the litigation before the Trademark Trial and Appeals Board.[234]

Beyond the Second Circuit's decision, the fact remains that General Cigar and other American cigar companies are paying close attention to a larger issue: what a potential end to the embargo would mean for their businesses. Even General Cigar's own general counsel has commented that opening the U.S. market to Cuban cigars when the embargo ends could jeopardize his company's bottom line.[235] "The market is going to be turned upside down," said Gerry Roerty, the general counsel for General Cigar.[236] "[Americans] will buy a Donald Duck cigar if it's a Cuban."[237] Similar to Bacardi's lobbying effort in the Havana Club rum trademark dispute, General Cigar has spent $5 million lobbying Congress to keep relevant trademark laws—and the embargo as a whole—in place.[238]

III. A SEPARATE STANDARD FOR CUBAN MARKS?

Some commentators have argued that both the Havana Club rum and Cubatabaco cigar decisions have established a separate set of principles that govern trademark disputes with Cuba, because both court decisions relied on the statutory language authorizing the U.S. embargo with Cuba.[239] The 1996 Helms-Burton Act, Section 211, and the embargo itself effectively foreclose Cuban businesses from seeking intellectual property rights in the United States,

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232 Empresa Cubana del Tabaco v. General Cigar Co., 385 Fed. Appx. 29, 30 (2d Cir. 2010).

233 *Id.* at 32–33.

234 Alison Frankel, *Give That Firm a Cigar! DLA Wins Second Circuit Over Sale of Cohibas*, AM. LAW., July 22, 2010, *available at* http://www.law.com/jsp/tal/PubArticleTAL.jsp?id=1202463788678&slreturn=1&hbxlogin=1. The Trademark Trial and Appeals Board ("TTAB") is an administrative body within the U.S. PTO that hears certain kinds of trademark disputes. *Trademark Trial and Appeal Board*, U.S. PAT. & TRADEMARK OFF., http://www.uspto.gov/trademarks/process/appeal/index.jsp (last visited Jan. 23, 2011).

235 Batallas, *supra* note 211.

236 *Id.*

237 *Id.*

238 *Id.*

239 Michael Berry, *Cigars and Rum: Hazardous to the Health of Intellectual Property Law?*, 38 U. MIAMI INTER-AM. L. REV. 457, 477 (2007).

and have resulted in a "higher-standard" for Cuban entities.[240] In light of substantial international opposition to the embargo, the question remains: should the U.S. Congress and federal courts continue to hold Cuban trademarks to a separate standard based on the embargo at the expense of customary international intellectual principles?

A. Fight at the WTO: Does Section 211 Violate TRIPS?

In particular, Section 211[241] has provoked significant international opposition. The World Trade Organization received a complaint from the European Union in September 2000, which alleged that Section 211 violated the TRIPS trade agreement and requested a special WTO panel to investigate the issue.[242] Because the United States and Cuba are both signatory states of TRIPS,[243] the EU argued that Section 211 violated TRIPS Article 3(1), which states that each member state "shall accord to the nationals of other Members treatment no less favourable than it accords to its own nationals with regard to the protection of intellectual property."[244] Moreover, TRIPS also provides that whenever a trademark is duly registered in the country of origin, the other member countries of the WTO are obliged to accept and protect it.[245] These principles led to the EU's position that, in enacting Section 211, the United States discriminated against certain trademark owners of another member state, and therefore failed to support the agreement's objective of developing a consistent enforcement mechanism for international intellectual property rights, in violation of the United States's obligations under TRIPS.[246] In response, the United States argued that TRIPS allows national law to determine trademark ownership, as individual states still retain the right to determine and recognize the owner of a trademark.[247]

In ruling on the complaint filed by the EU, the Appellate Body of the WTO's Dispute Settlement Body determined that the trademark sanctions in Section 211 singled out Cuba for discriminatory treatment and therefore

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240 *See id.*

241 *See supra* Part II.A.3–4 (discussing the controversial nature of Section 211).

242 Press Release, World Trade Org., Panel Set Up to Consider US Trademark Dispute (Sept. 28, 2000), http://www.wto.org/english/news_e/news00_e/dsbsep_e.htm.

243 TRIPS, *supra* note 19 (listing Cuba and the United States as signatory states).

244 *Id.* art. 3(1).

245 *Id.* art. 16.

246 Panel Report, *United States—Section 211 Omnibus Appropriations Act of 1998*, ¶ 4.132, WT/DS176/R (Aug. 6, 2001) [hereinafter Section 211 Panel Report].

247 *Id.* ¶ 4.238.

violated TRIPS provisions on national treatment and most-favored-nation status.[248] According to the WTO, this discrimination denied Cuban trademark owners the chance to defend their rights in U.S. courts and therefore was inconsistent with the TRIPS agreement.[249]

The WTO Appellate Body instructed the United States to bring itself back into compliance with TRIPS, or risk the possibility of trade sanctions for violating the agreement.[250] However, the United States still had failed to comply by June 2010, causing the EU to note that the United States had made ninety-two presentations in the last decade on its plans to fix Section 211—without actually complying.[251] This lack of enforcement has angered Cuban leaders. In a November 2009 appearance before the WTO's Dispute Settlement Body, one official accused the WTO of setting a negative precedent: "It has been more than seven years [since] the appellate body's ruling . . . the parties that . . . demand other countries' strict adherence to intellectual property rights . . . come to this body every month without even providing some information on how and when they will comply with recommendations."[252] The United States continues to provide the WTO's Dispute Settlement Body with status updates on its efforts to comply with the Section 211 recommendations, and the most recent report was presented on December 21, 2009.[253] After a U.S. official reported that Congress and President Obama's administration are working to implement the recommendations, the EU noted that the United States was presenting its eighty-sixth status report on its plans to change Section 211 and that it "hoped that the new US authorities would take steps to finally implement the [Dispute Settlement Board's] ruling and resolve the matter."[254] Furthermore, according to the summary of the meeting, "Cuba, Bolivia, Brazil, Chile, China, Costa Rica, Ecuador, Mexico, and

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[248] Appellate Body Report, *United States—Section 211 Omnibus Appropriations Act of 1998*, WT/DS176/AB/R (Jan. 2, 2002) [hereinafter Section 211 Appellate Body Report].

[249] Kay, *supra* note 192.

[250] *Id.* Under such sanctions, European countries would have the right to impose tariffs or limit exports against the United States. *Id.*

[251] *Dispute Settlement: United States—Section 211 Omnibus Appropriations Act of 1998*, WORLD TRADE ORG., http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds176_e.htm (last visited Mar. 18, 2011).

[252] *See Statement Delivered by Rodolfo Reyes Rodríguez, Ambassador Extraordinary and Plenipotentiary of the Permanent Mission of Cuba, on Section 211 of the WTO's Dispute Settlement Body, Nov. 19, 2009*, CUBA: SITIO OFÍCIAL EMBAJADA, http://embacuba.cubaminrex.cu/Default.aspx?tabid=11389 (last visited Feb. 6, 2010).

[253] *See* Press Release, World Trade Org., DSB Establishes Panel to Examine China's Export Restrictions on Raw Materials (Dec. 21, 2009), http://www.wto.org/english/news_e/news09_e/dsb_21dec09_e.htm.

[254] *Id.*

Paraguay all reiterated their continued concern over non-compliance."[255] Therefore, while the United States does not face the immediate threat of retaliatory measures regarding its failure to fix Section 211, the international community is growing increasingly frustrated with the continual delays.

B. Legislative Efforts to Fix Section 211

Although there is no immediate pressure on the United States to revise Section 211 because of the EU's decision to not press ahead with sanctions, two legislative proposals have been advocated to bring Section 211 into compliance with TRIPS and other international standards. The dueling approaches pit the prospect of a "narrow fix" against a full-fledged repeal of Section 211.[256] Under the narrow fix approach, an amendment would tailor Section 211 to rid the act of the problematic discriminatory language.[257] The amendment would change Section 211 to apply to all companies, even those based in the United States, instead of being limited to foreign businesses.[258] This slight change could perhaps solve the concern that Section 211 discriminates against foreign businesses. Two bills proposed in the 111th Congress would incorporate this narrow change.[259] The alternative proposal advocates for a full repeal of Section 211 as the best way to bring the United States into compliance with TRIPS.[260] Both fixes have been discussed for years, and the House Judiciary Committee held a hearing on whether to revise or altogether repeal Section 211 as recently as March 3, 2010.[261]

With an outright repeal of Section 211, the United States could again prove that it honors its multilateral international agreements. Furthermore, the United States would set a precedent by showing other nations that different nations should honor each other's trademarks—even if the two in question are not allies for other political reasons.[262] Bill Reinsch, president of the National Foreign Trade Council, has called for a full repeal of Section 211 as a means of the United States reasserting itself as an international intellectual property

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255 *Id.*

256 Kay, *supra* note 192.

257 *See id.*

258 Examination of Section 211 Hearing, *supra* note 156, at 16 (testimony of Bruce A. Lehman).

259 *Id.* at 12.

260 *Id.* at 7 (statement of Senator Lindsay Graham).

261 *See* Lesley Clark, *Bacardi's Fight to Retain Havana Club Name Resurfaces in Congress*, CUBAVERDAD (March 3, 2010), http://www.cubaverdad.net/weblog/2010/03/bacardis-fight-to-retain-havana-club-name-resurfaces-in-congress/.

262 Kay, *supra* note 192 (quoting Bill Reinsch, president of the National Foreign Trade Council).

leader.[263] In testimony before the U.S. Senate Committee on the Judiciary, Reinsch stated that the United States exports the most products, and therefore, has the most to lose if a weak international regime fails to protect trademark rights.[264] "'The U.S. has been the world leader in arguing for intellectual property . . . . [Section 211] has destroyed our moral authority.'"[265]

Unlike its human rights abuses, Cuba's actions in the intellectual property arena have not resulted in outrage from the international community. Cuba has consistently upheld trademark protections, despite tense political relationships with other nations. Trademarks from U.S. companies have long been honored in Cuba, and the Cuban government has refused to register marks that Cuban companies have applied for that serve as substantially similar versions of U.S. trademarks for Jell-O and Kraft, for example.[266] Despite the embargo, more than five thousand U.S. trademarks have been registered in Cuba,[267] as businesses want their mark protected from trademark pirates and anticipate the ability to do business in Cuba immediately following the embargo's end.[268]

Because the United States is the world's intellectual property leader, the nation has the most to lose if other countries decide to violate established trademark practices. The Cuban government has upheld U.S. trademark protections in the past, causing the passage of Section 211 and the Second Circuit's ruling in the Havana Club rum case to anger Fidel Castro. In a May 1999 speech, Castro threatened to create a trademark for a Cuban version of Coke,[269] which he viewed as an infringement of a U.S. trademark in the same way that U.S. companies are authorized to violate established Cuban trademarks such as Havana Club rum and Cohiba cigars.[270] If the Cuban government halted the recognition of U.S. trademarks, Cuba could become a haven for trademark pirates who steal American marks. While Cubans argue that such a move would simply treat U.S. trademarks in the same way that the United States manages marks originating in Cuba, that type of reprisal would be devastating for U.S. businesses because of the substantial profit earned abroad from intellectual property exports.

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263 Examination of Section 211 Hearing, *supra* note 156, at 5–7 (testimony of William R. Reinsch).
264 *See* Kay, *supra* note 192.
265 *Id.*
266 *Id.*
267 *Id.*
268 *Id.*
269 *Id.* Fidel Castro stated, "Caramba, let's taste Cuban cola." *Id.*
270 *Id.*

Intellectual property exports play a prominent and increasingly significant role in the U.S. economy, as one trade organization estimated that U.S. intellectual property exports to foreign markets accounted for $126 billion in 2007, an eight-percent jump in comparison to the previous year.[271] Intellectual property foreign sales exceeded the foreign sales of other notable U.S. industries, such as aircraft, automobiles, and agricultural products.[272] Intellectual property-related industries, furthermore, accounted for 6.44% of the entire gross domestic product of the United States.[273] Because intellectual property-related exports, and their corresponding trademarks, serve as such a vital part of the U.S. economy, the United States cannot afford to have its intellectual property threatened and subjected to reprisals.

C. The Second Circuit's Decisions on Cuban Trademarks Violate International Law Norms

In both the Havana Club rum and Cohiba cigar cases, the Second Circuit reached decisions despite the fact that international law norms do not offer a set guideline for comparing treaties with domestic federal law. The U.S. Constitution authorizes the President to engage in treaties with the advice and consent of the U.S. Senate.[274] However, the U.S. Constitution also states that federal statutes and international treaties are accorded equal standing and provides that federal courts have the power to decide cases arising under both federal law and international treaties.[275] In addressing this issue of state sovereignty, there is no clear authority as to whether U.S. courts should adhere to the principles in international intellectual property agreements such as TRIPS, or whether federal laws passed in support of the embargo take precedence.

1. Should the Last-in-Time Rule Still Apply?

The Supremacy Clause of the U.S. Constitution states that the Constitution, federal law, and the treaties of the United States all are superior to laws passed by individual states; however, no specific priority is provided as to federal law

[271] *See* Press Release, Int'l Intellectual Prop. Alliance, Fact Sheet: Copyright Industries in the U.S. Economy: The 2003–2007 Report (July 20, 2009), http://www.iipa.com/pdf/IIPA2009Report2PageSummary.pdf.

[272] *Id.* (finding that while foreign sales of intellectual property totaled $126 billion in 2007, sales of aircraft totaled $95.6 billion, automobiles totaled $56.8 billion, and agricultural products totaled $48.1 billion).

[273] *Id.*

[274] U.S. CONST. art. II, § 2.

[275] *Id.* art. III, § 2; *see* MCCARTHY, *supra* note 20, § 29:33, at 29-104.

and treaties.[276] Therefore, the Constitution itself does not directly guide courts as to whether an international treaty is superior to federal law.[277] Because neither form of law is distinctly stated as supreme, customary international law has adopted a last-in-time rule where courts view treaties and federal law as equal and give controlling power to whichever is most recent,[278] which allows Congress to pass a federal law, such as Section 211, that overrides a treaty. In the United States, courts use the last-in-time rule when federal statutes and international treaties oppose each other.[279] Under this last-in-time approach, Section 211's later passage would prevail over the TRIPS agreement and other international intellectual property treaties. Case law also supports the last-in-time notion, finding that where a treaty and a later-enacted federal statute conflict, the later-enacted statute governs over the treaty, since the Constitution does not delineate an order of preference between treaties and federal statutes.[280]

Some commentators, however, argue that the growth of international trade in recent decades has fostered a marked increase in multilateral treaties and other forms of international cooperation, which have helped to underscore the importance of a nation's international reputation.[281] The last-in-time rule, decided more than a century ago,[282] would seem inconsistent and outdated in this new era. If a federal law permits Congress to modify and restrict a prior international treaty, the United States could be subject to a backlash from

[276] U.S. CONST. art. VI, cl. 2.

[277] *See* Michael A. Namikas, Comment, *Up in Smoke? The Last in Time Rule and* Empresa Cubana del Tabaco v. Culbro Corp., 22 ST. JOHN'S J. LEGAL COMMENT. 643, 665 (2008).

[278] Whitney v. Robertson, 124 U.S. 190, 194 (1888) ("[I]f there be any conflict between the stipulations of the treaty and the requirements of the law, the latter must control . . . if the two are inconsistent, the one last in date will control the other.").

[279] *See* Namikas, *supra* note 277, at 653–54 (quoting Chae Chan Ping v. United States (The Chinese Exclusion Case), 130 U.S. 581 (1889) (using the last-in-time rule to settle a conflict between a treaty with China and a federal statute concerning immigration)).

[280] *See* S. African Airways v. Dole, 817 F.2d 119, 126 (D.C. Cir. 1987) (finding that Section 306(a)(2) of the Anti-Apartheid Act is specific enough to unambiguously call for revoking the permits granted to South African air carriers under a 1947 treaty governing air service between the two countries) (citing Chew Heong v. United States, 112 U.S. 536, 549 (1884) (stating that repeals of treaties by federal statutes are not favored, but can occur when the "later provision is certainly and clearly in hostility to the former . . . if harmony is impossible, and only in that event, the former law is repealed.")).

[281] *See, e.g.*, Namikas, *supra* note 277, at 644–45 ("[T]he Last in Time rule has become outdated precedent in a global security increasingly reliant on multilateral treaties.").

[282] *See generally Chae Chan Ping*, 130 U.S. 581.

scores of trading partners,[283] and the nation's leaders must weigh the potential impact of those reprisals against the desire to continue adhering to the last-in-time principle.

By overriding the Paris Convention and TRIPS in favor of strengthening the embargo with Cuba, the United States has ignored its obligations under international law, and in turn, has violated an agreement it previously ratified with more than one hundred other nations. Because international agreements have fundamentally changed since the era of the last-in-time rule's adoption, this idea should not always govern when analyzing the interplay between a conflicting treaty and federal law. If the last-in-time norm were vacated in select instances, courts would not be bound to rule that Section 211 outranked the TRIPS agreement, and therefore, courts could incorporate longstanding intellectual property principles when making trademark dispute decisions. A nation's leaders should use a balancing test in determining whether the reprisals that could come along with violating an international treaty justify the application of the last-in-time rule in giving precedence to a more recent federal statute instead of the treaty obligations.

2. Does Section 211 Erode the United States's International Standing?

Since Fidel Castro's ascension to power, U.S. policymakers have considered Cuba a strategic threat.[284] However, no other countries observe the U.S. embargo with Cuba,[285] and the UN General Assembly has voted to condemn the embargo by a substantial margin every year since 1992.[286] At a time when the United States needs as many allies abroad as possible, some have argued that the United States has further isolated itself by deviating from international intellectual property principles in favor of upholding the Cuban embargo. In passing Section 211 in particular, Bill Reinsch of the National Foreign Trade Council argued that the United States has set a poor standard in telling the rest of the world that limiting trademark protection is appropriate based on solely political reasons.[287]

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283 *See* Namikas, *supra* note 277, at 679–81 (arguing that abolishing the last-in-time rule would lessen the loss of reputation that occurs when the United States ignores its international commitments in favor of relying on a more recent domestic law).

284 *See* ERLICH, *supra* note 116, at 31.

285 *Id.* at 72.

286 *See id.* In 2007, the United Nations vote was 184 to 4 against the U.S. embargo with Cuba. *Id.* The only countries voting with the United States were Israel, Palau, and the Marshall Islands. *Id.*

287 Examination of Section 211 Hearing, *supra* note 156, at 5–7 (testimony of William R. Reinsch).

> Section 211, in effect, we believe, tells the world that it is okay to limit trademark protection in certain obviously political circumstances. There are no doubt a lot of other countries who would welcome that message and would be happy to use it as an excuse to remove trademarks in situations that are politically important to them. This is not a message that we should be sending.[288]

Although this Comment is not calling for international agreements to invariably supersede federal law, given that fundamental issues of state sovereignty would be impacted by such an assertion, states should engage in a balancing test. In weighing the loss of reputation and prestige in the international intellectual property community versus the effect on national security in weakening the Cuban embargo, or at least allowing the country to have some level of trademark registration ability within the United States for its well-known marks, the United States has determined that federal law takes precedence over its international obligations.

However, perhaps the United States can compromise in a way that allows for the condemnation of Cuba's human rights record without sacrificing its international standing as an intellectual property leader. It is possible for the United States to repeal Section 211 without loosening the other restrictions inherent in the Cuba embargo. A full repeal of Section 211[289]—and not the narrow fix that would only rid Section 211 of its discriminatory language[290]—would allow the United States to become fully compliant with the provisions in the TRIPS agreement, and show the WTO's Dispute Settlement Body that lawmakers have taken action to propose the changes requested in the appellate body's ruling of more than seven years ago. The repeal of Section 211 would reestablish the same framework for the registration of foreign well-known marks that existed in the first four decades of the Cuban embargo. The Cuban government would possess the ability to register trademarks associated with nationalized businesses with the U.S. PTO, but only to the extent that those businesses would retain priority rights to the marks in a post-embargo marketplace. Because the embargo as a whole would still exist, no company associated with Cuba's communist government would be able to sell its product within the United States; however, the companies would not lose their intellectual property rights to their well-known marks before the embargo is lifted. Furthermore, in conjunction with the repeal of Section 211, the United

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288 *Id.* at 7.
289 S. 2002, 108th Cong. (2003), is the Senate bill calling for a full repeal of Section 211.
290 S. 2002, 108th Cong. (2004), pushes for a narrow fix to Section 211.

States should strongly condemn Cuba's recent human rights abuses, such as the continued imprisonment of political opponents[291] and the hunger-strike death.[292] An intellectual property compromise from the United States is not a carte blanche for Cuba to behave however it wants in the human rights arena, and the United States should make that clear.

IV. A POTENTIAL SOLUTION: CREATION OF AN INTERNATIONAL REGISTRY FOR WELL-KNOWN MARKS

Although a repeal of Section 211 would repair the United States's international standing regarding its protection of well-known Cuban marks, it seems obvious that a similar dispute could arise between other nations with a deteriorating political relationship. To ensure that countries do not allow temporary political expediency to infringe on each other's customary trademark rights, this Comment proposes the creation of an international registry for well-known marks as an amendment to TRIPS. This amendment for a well-known mark registry, if ratified by TRIPS's signatory states, would serve as a more widespread solution in preventing countries from using political reasons as justification for interfering with intellectual property rights.

A. Standardized Framework for Well-Known Marks

First, to be considered for status as an internationally registered well-known mark, a mark would have to meet a standardized definition of "well-known" that would exist among all nations that have ratified the amendment. Both the WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, and the European Union's Community Trademark framework, provide guidance on how such a system should be developed.

1. Advantages of Following the WIPO and EU Approaches

The WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks establishes a workable framework for determining which marks have achieved a sufficient level of fame to be characterized as "well-known."[293] Under this framework, an independent commission would first determine if the mark had established a degree of knowledge or

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291 *See* HUMAN RIGHTS WATCH, *supra* note 136.
292 *See* Lacey, *supra* note 140.
293 WIPO Joint Recommendation, *supra* note 78.

recognition in the relevant sector of the public.[294] The well-known marks commission would be comprised of representatives from each state that had approved the amendment to TRIPS, and each state's representative would serve on a rotating term so that the total number of commissioners would not be overly cumbersome at any given time.[295]

In analyzing whether a mark conflicts with a separate, existing mark, the commission would use Article 4(1)(b) of the Joint Recommendation in its examination of whether the mark constitutes a reproduction or imitation of the well-known mark, and whether using the mark would likely unfairly impair or dilute the distinctive character of the well-known mark.[296] Similarly to the EU's trademark framework, once a mark were registered in one member state and achieved well-known status there, it would automatically achieve well-known status in every country that had ratified the amended TRIPS agreement.[297]

2. Applying Havana Club and Cohiba Marks to the Amended Framework

Using Havana Club rum as an example, the commission could rule that the Cuban government's joint venture with Pernod Ricard that expanded Havana Club's sales and marketing to numerous countries caused the rum's mark to achieve a high degree of knowledge or recognition. The relevant test would be to determine if worldwide consumers associated the mark with the specific rum exported from Cuba. The commissioners then would decide if another company aiming to use Havana Club as its trademark would dilute the character of the well-known mark because consumers would automatically associate the rum with its Cuban origins. If the commissioners opted to use the European Community Trademark System as a model, Havana Club rum would garner well-known status in all member states because Cuba is a signatory of TRIPS, and a well-known mark that exists in one member state would attain the same protections from all member states, even if the mark had yet to be used in commerce within every state's borders.

Similarly, with Cohiba cigars, the commission first would analyze if a relevant sector of the public associated the mark with its Cuban origins, or if the public instead believed that the mark had a stronger, non-Cuban tie to

294 *Id.*
295 *See id.*
296 *Id.* art. 4(1)(b).
297 *See supra* text accompanying notes 99–108.

General Cigar. If it was determined that the mark achieved its renown because of its association with Cuba, then commissioners would need to partake in a subsequent dilution analysis. The commissioners would decide if General Cigar's use of the mark would impair the character of the well-known mark because consumers would be confused about the true origins of the cigars and possibly refrain from purchasing a cigar with questionable ties to Cuba. Again, if the commission used the European Community Trademark System as a guide, it is likely that Cohiba cigars would achieve well-known status in all member states that had ratified the amendment, because Cuba is a signatory of TRIPS, and TRIPS provides that a well-known mark existing in one member state would attain the same protections from all member states, even without use in commerce.

Overall, because the public seeks Havana Club rum and Cohiba cigars primarily based on the Cuban origin of the products, it its likely that these marks would be construed as well known under an international registry and substantial weight would be given to the marks' association with Cuba. In addition, the international registry amendment to TRIPS for well-known marks would mitigate consumer confusion in the worldwide marketplace, as only one company would be authorized as the well-known mark holder. A consumer looking to purchase Cohiba cigars in a country that trades with both the United States and Cuba would no longer be flummoxed by encountering both Cubatabaco's and General Cigar's mark.

3. *Should the Commissioners Use the EU Trademark Approach as a Guide?*

While the establishment of the Community Trademark system in the EU primarily has been viewed as a success,[298] it is relevant to ask if a similar system could be duplicated worldwide, without some of the characteristics in place that make the EU so unique. Part Three of the European Community Treaty sets out the four freedoms that define the EU: free movement of goods, workers, establishment and the provision of services, and capital.[299] These foundational principles are so vital to the EU that the European Court of Justice has noted that the fundamental interests of trademark protection must be reconciled "with those of free movement of goods and freedom to provide services in the common market in such a way that trade mark rights are able to

[298] *See supra* Part I.B.3.b.i.

[299] PAUL CRAIG & GRAINNE DE BURCA, EU LAW: TEXT, CASES AND MATERIALS 605 (4th ed. 2008).

fulfil [sic] their essential role in the system of undistorted competition which the Treaty seeks to establish and maintain."[300] Therefore, the goal of harmonizing trademarks through the Community Trademark System as another means of coordinating European states as a single market for the free movement of goods certainly seems to align with the unified structure of the European Community.

Despite the advantages inherent in the European Community's different structure and in its profound emphasis on the free movement of goods, a cross-border registry for well-known marks could succeed on a wider scale. Similarly to the European Community Treaty, the TRIPS Agreement itself is primarily concerned with enhancing trade among member states.[301] In its preamble, TRIPS expresses the goal of member states to "reduce distortions and impediments to international trade . . . and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade."[302] Therefore, while all of the signatory states of TRIPS may not function as one cohesive "community," as is the case in the EU, all of the signatory states have expressed a desire to tear down trade barriers. Accordingly, the proposed TRIPS amendment that this Comment advocates seemingly would provide for a more seamless and efficient registration system for marks that have achieved such renown that they are well known across borders.

While the suggestion of an international registry for well-known marks as an amendment to TRIPS seems easy, the real question remains whether countries have an incentive to sign on to the amended agreement and sacrifice some of their intellectual-property autonomy. The United States, as the country that stands to lose the most if international intellectual property standards are violated, would need to be persuaded that such an amendment would primarily serve to protect its thousands of well-known marks, such as those of Nike, Starbucks, McDonalds, and others, and that such protection is worth a loss of sovereignty. Perhaps a reminder of the problems that the United States encountered in South Africa would persuade lawmakers of the benefits of signing on to such an amendment. During the U.S. embargo with South Africa as a protest of the county's apartheid regime, U.S. companies were prevented

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[300] Case C-63/97, Bayerische Motorenwerke AG (BMW) and BMW Nederland BV v. Ronald Karel Deenik, 1999 E.C.R. I-947, ¶ 62.

[301] *See* TRIPS, *supra* note 19, pmbl.

[302] *Id.*

from filing trademark applications in South Africa.[303] When the embargo ended, scores of U.S. companies discovered that their well-known marks had been appropriated by South African companies who registered the marks as a means of profiting from the U.S. businesses' reputations.[304] The expense that it took for the U.S. companies to recover their marks in South Africa could have been avoided if an international registry for well-known marks existed that superseded temporary political considerations, embargoes, or other forms of disputes between countries.

B. An International Registry: Promoting "Clean Hands" in Trademark Disputes

The amendment calling for the creation of the international registry for well-known marks would help emphasize the "unclean hands" doctrine in international trademark jurisprudence. The U.S. Supreme Court has defined unclean hands as "any willful act concerning the cause of action which rightfully can be said to transgress equitable standards of conduct."[305] In applying for trademarks for Bacardi's version of Havana Club rum and General Cigar's Cohiba cigars with the knowledge that Cuban products bearing the marks would have been able to enter into the U.S. market if not for the embargo, both Bacardi and General Cigar can be said to have acted with unclean hands. An international registry for well-known marks would forbid these companies from using an embargo or other temporary domestic law or resolution as a means of circumventing traditional intellectual property principles and agreements.

Courts do not traditionally analyze instances of good faith or bad faith when ruling on trademark disputes.[306] In light of the behavior exhibited by several U.S. companies in relying on the embargo and appropriating the well-known marks of Cuban entities, the time has come for "bad faith" to earn a more prominent place in trademark jurisprudence. The European Court of Justice recently clarified the meaning of bad faith in EU trademark law.[307] The European Court of Justice ("ECJ") established a three-part test for bad faith in

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303 *See* Examination of Section 211 Hearing, *supra* note 156, at 6 (testimony of William R. Reinsch).

304 *See id.* (listing Burger King, Toys "R" Us, and Victoria's Secret as some of the affected companies).

305 Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co., 324 U.S. 806, 815 (1945).

306 *See* Stephanie Bodoni, *Lindt Bunny Rivals Must Show Bad Faith, EU Court Says*, BLOOMBERG (June 11, 2009, 11:25 AM), http://www.bloomberg.com/apps/news?pid=20670001&sid=afcUz6AUrtic; *supra* Part I.B.3.a.

307 Charles Forelle, *For Chocolate Bunny, It's Still Legal Limbo*, WALL ST. J., June 12, 2009, at B8.

a case involving Lindt, a Swiss chocolatier which secured a Community Trademark in 2000 for the shape of its gold-wrapped chocolate bunny, and Hauswirth, an Austrian competitor that had sold its own similar chocolate bunny since 1962.[308] Although Lindt originally sued Hauswirth for infringing its trademark, Hauswirth responded with a countersuit that claimed Lindt's trademark was filed in bad faith, as the company knew about Hauswirth's more-than-five decades of use, and the trademark therefore should have been deemed invalid.[309] According to the ECJ's ruling, for bad faith to exist in the filing of a trademark, the trademark applicant must know that the mark it seeks to protect already exists in the marketplace, the applicant must apply for the trademark with the intent of blocking its rival, and the product must have other legal protections.[310] However, the ECJ also held that, in addition to the multifactor test, an assessment of bad faith depends on the specific circumstances of each case.[311] The case has been remanded to the Austrian court of first instance, where Lindt has been asked to supply evidence showing how well known their chocolate bunnies were among relevant consumers in the marketplace in 2000, and lawyers do not expect a decision in the case before 2012.[312] Hauswirth, the Austrian chocolate bunny maker, believes the ECJ's decision means it can prove Lindt's bad faith by showing that the Swiss chocolatier should have known about Hauswirth's existence when it filed a trademark application; however, it seems as though the ECJ's ruling calls for a wider analysis of the facts of each case in determining whether a trademark can be invalidated due to bad faith.[313]

If U.S. courts had adopted the ECJ's multifactor framework for bad faith alone, without also analyzing the specific circumstances of each case, Bacardi and General Cigar would have violated the principle. Both companies knew that the products existed in Cuba when they filed a trademark application in the United States, but they proceeded with the hopes of establishing the rights to the products in the United States and blocking the Cuban entities from ever using their trademarks in the United States. This behavior seems to reflect the

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[308] Case C-529/07, Chocoladefabriken Lindt & Sprüngli v. Franz Hauswirth, 2009 E.C.R. I-04893; *see* Bodoni, *supra* note 306.

[309] *See* Forelle, *supra* note 307.

[310] *See id.*

[311] *See* Bodoni, *supra* note 306.

[312] Birgit Clark, *"Easter Bunnies' Case" Back at the Austrian Court of First Instance*, MARQUES CLASS 46 (Feb. 22, 2010, 12:23 PM), http://www.marques.org/class46/Default.asp?D_A=20100222.

[313] *See* Bodoni, *supra* note 306 (quoting Alexander Tsoutsanis, an intellectual property lawyer at DLA Piper, stating that "the bottom line is that the specific facts and merits of each case will determine whether the applied trademark may be invalidated on the grounds of bad faith").

core tenet of bad faith, and it also could lead to a strong likelihood of consumer confusion in having the same mark represent different products worldwide.

With a binding international registry for well-known marks and a U.S. court system that relied on equitable principles of international intellectual property rights, including the consideration of unclean hands and bad faith, a future embargo that mirrors the current U.S.-Cuba trade restrictions would not lead to a similar impact on trademark rights between the two nations at the center of the conflict.

CONCLUSION

Since the 1883 enactment of the Paris Convention,[314] countries have realized that the importance of preventing consumer confusion in a worldwide marketplace means that trademark law's focus on territoriality must be subject to certain exceptions. The signatory states of the Paris Convention and TRIPS[315] are supposed to subscribe to the belief that marks that have achieved well-known status should receive heightened protection against imitations, even if the original marks have not been used in commerce in every signatory state. The policies inherent to these agreements seem uncontroversial when all signatory states cooperate as allies, but trouble exists when nations fall out of line.

A dictator who illegally confiscates the property of his people, jails dissenters on vague charges, and even allows prisoners to die by not intervening in hunger strikes should not be embraced in the United States or in the worldwide community of nations. However, this Comment contends that the United States can punish Cuba's transgressions without impacting the arena of international intellectual property rights, primarily by maintaining the embargo as punishment for Cuba's human rights abuses while repealing the controversial Section 211. The United States, as the world's largest exporter of intellectual property—and especially of well-known trademarks—must tread carefully in approving laws such as Section 211 that violate intellectual property treaties and call for discriminatory treatment of one country. United States lawmakers must determine if continuing to punish Cuba's communist government by prohibiting the registration of marks such as those of Havana

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[314] *See* Paris Convention for the Protection of Industrial Property, *supra* note 61.
[315] TRIPS, *supra* note 19.

Club rum and Cohiba cigars is worth the risk of the example that such actions set for the rest of the world.[316]

Still, lawmakers face a difficult balancing act, and the influx of lobbyists and special interest groups can easily sway views.[317] Because no simple solution exists in the conundrum of whether to recognize well-known trademarks emanating from a rogue state, this Comment pushes for the creation of a permanent, higher power that would take the decision out of the hands of individual nations and instead rely on a separate international framework existing in times of war and in times of peace. The nations that adopted the TRIPS Agreement have recognized the need for common international trade rules for intellectual property rights. An amendment creating an international registry for the controversial trademark area of well-known marks would further the overall mission of TRIPS by targeting—and restricting—the enhanced potential for consumer confusion that now exists in a marketplace that has expanded to a worldwide reach.

MINDY PAVA[*]

[316] Gardner, *supra* note 166 ("[T]he White House should have the courage to explain that disapproval of the conduct of foreign regimes does not give the United States the right to disregard its international treaty commitments.").

[317] *See supra* Part II.A.4.

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