

Cuba and your brand strategy

With the US flag once again flying over the Cuban American Embassy, **Pam Huff** explores what this means for trademark owners



Ninety miles off the tip of Florida sits Cuba. It seems its proximity to Florida would render it a mecca for US trade and a fertile ground for US brand expansion. Instead, for over 50 years, Cuba has been subject to a full US economic embargo and stringent travel restrictions stifling virtually all use of US brands within its borders. And although the Office of Foreign Asset Control (OFAC) has contained express allowances to establish, maintain, protect or register intellectual property rights, doing so has often been difficult. As a result, some US brand owners have simply let their Cuban trademark registrations perish. Many have simply failed to include Cuba in their global brand strategies.

Now we see the US flag once again flying over the American Embassy in Cuba and are witnessing a renewed flurry of activity centered around the likely possibility that the travel embargo to Cuba will be lifted and US trade to Cuba will begin to flow. Indeed, we already see the list of approved travel extended to include humanitarian projects, religious activities, educational activities (aka “people-to-people” trips), professional research, and participation in athletic or public performances. Most notably, cruise lines, hotels, and airlines are gearing up for renewed activity with Cuba. Yes, it’s time to revisit the strategy of your brand’s relationship with Cuba.

Trademark filing and related considerations should be part of your strategy whether or not you plan on participating in the newfound activities centered around Cuba. In Cuba, like most foreign jurisdictions, trademark rights exist only upon registration. So unlike the US where common law rights take precedence, Cuba operates under a “first to file” system in which the first party to file for a trademark registration has legal protection regardless of legitimate trademark interests. This system often results, and arguably already has resulted, in a fevered race to the trademark office in order to secure trademark rights. Indeed, many US trademark owners are shocked to discover that their trademarks have been registered in Cuba by third parties (aka “trademark pirates”) with no actual use of or interest in the marks. In evaluating these filings and related strategies, it’s critical to recognize the extraordinary level of sophistication and knowledge associated with trademark pirates. These pirates understand the international filing and classification systems and the various jurisdictional benefits they offer. They study publications and news sources and focus their trademark registration efforts on industries ripe for import or expansion. Since it’s likely we’ll see increased demands for goods and services to support the economic growth of Cuba’s infrastructure, it’s equally as likely the pirates have coordinated their registration efforts accordingly. Consequently, it makes sense to file for trademark registrations in Cuba as soon as possible – even if only for defensive purposes – and with a cost that is basically equivalent to many lower cost jurisdictions, it often proves an affordable strategy.

Although trademark filings are made with the Cuban trademark office, US trademark counsel can assist with trademark filings through foreign counsel and applicable research can be conducted to confirm whether trademark pirates have targeted your brand(s). If you find you have been beaten to the trademark office under the “first to file” system, you are not necessarily at the mercy of the trademark pirates. Cuba, like

many other jurisdictions, grants the trademark registrant 36 months to offer proof of use of the mark. If the mark has not been put to use, the registration becomes vulnerable for non-use and can be cancelled on the same grounds. Notably, this “proof of use” period is passive in nature, ie, failure to file proof of use will not terminate the registration, but merely makes the registration vulnerable to attack for non-use. Consequently, once registered in Cuba, a mark can remain on the Registry in perpetuity if not challenged by a third party.

Cuba also provides owners of “well known” but unregistered marks the ability to challenge a pirated trademark registration. The key to such a challenge lies in the ability to demonstrate that your brand is well known in Cuba, such that the registrant pirate could not fail to have knowledge of it. This argument is akin to “registration in bad faith”. The hurdle to proving a mark is “well known” in Cuba, however, presents unique challenges. Indeed, US brands have remained isolated from Cuba for over 50 years. How can any US brand tout itself as “well known” in Cuba? Discussion with foreign counsel experienced in Cuban trademark practice lends little light on the issue. Some believe the Cuban trademark office will lower usual standards for establishing “well known” brands in light of the full US economic embargo, while others firmly believe US brand owners will see little, if any, flexibility. If US brand owners are granted no relief in meeting the “well known” standard under Cuban trademark law, it will be virtually impossible to challenge a pirated trademark registration on any grounds other than non-use.

Summary

If predictions prove accurate and the US travel and economic embargos are lifted, US brand owners also face the chilling possibility that their brand isn’t a victim to pirated registration but instead has flourished in Cuba under other, legitimate ownership. Unless a brand owner has been fortunate enough to maintain long standing Cuban trademark registrations, options will likely be limited. Other scenarios are possible but most won’t truly become apparent until brand activities within Cuba can be studied. In any case, many scenarios may involve a negotiated settlement with the owner of the prior registration, eg, a negotiated license, consent agreement, or outright purchase of the registration.

With change likely to occur, US brand owners may indeed face new trademark challenges in Cuba. But with renewed trade and the possibility of significant brand expansion, it’s time for US brand owners to embrace the opportunity and talk strategy.

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