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Clerk of the Court
U.S. Court of Appeals, Second Circuit
Thurgood Marshall U.S. Courthouse at Foley Square 40
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New York, NY 10007

Attn: Tammy Martinez

Re: Empresa Cubana del Tabaco, d/b/al Cubatabaco v. Culbro Corp., et al., No. 04-2527 (2d Cir.)

This amicus curiae letter brief on behalf of the United States is submitted as requested in the Court's letter dated August 27, 2004 to the Acting Solicitor General and the General Counsel of the Department of the Treasury.

QUESTION PRESENTED

This case involves a dispute between General Cigar Company (a United States corporation) and Cubatabaco (a Cuban state-owned entity), centering on the rights to the COHIBA trademark in the United States. The district court found that Cubatabaco had acquired the right to the COHIBA trademark in the United States through application of the "famous marks doctrine." Although the United States did not participate in this case in the district court, this Court invited the United States to submit an amicus curiae letter brief. The question presented by the Court is: "Is it consistent with the Cuban Assets Control Regulations ("CACR"), 31 C.F.R. § 515.101 et seq, for Cubatabaco to acquire trademark rights in this manner?" The Court requested that the United States, in answering that question, provide its views on the following issues:

> 1) whether the District Court's order constitutes a transfer of property that is prohibited by the CACR, see 31 C.F.R. §§ 515.201(b)-(c), 515.309, 515.310; 2) whether Cubatabaco's acquisition of the mark through the "famous marks doctrine" is a transfer by operation of law

that is prohibited by the CACR, see 31 C.F.R. § 515.201(b)-(c), 515.525; 3) whether Cubatabaco's acquisition of the mark is authorized by 31 C.F.R. § 515.527; 4) whether Cubatabaco's acquisition of the mark is authorized by the special license that was issued to it on October 16, 1997 by the Office of Foreign Assets Control (License No. C-18942); and 5) such other aspects of the CACR that you deem relevant to this case.

STATEMENT

1. A more complete recitation of the facts is contained in the district court's opinions, especially that of March 26, 2004, as well as in the parties' briefs. We recite here our understanding of the factual and legal findings of the district court relevant to the question the Court has asked.

a. Plaintiff Cubatabaco is a Cuban governmental entity that exports Cuban tobacco products. Defendant General Cigar Co. is a Delaware corporation that manufactures and distributes tobacco products. Other defendants are related corporate entities.

In the 1970s, Cubatabaco registered its COHIBA trademark for cigars in Cuba and many other countries. It began exporting COHIBA cigars in the early 1980s. In the mid-1980s, Cubatabaco decided not to pursue registration of the COHIBA trademark in the United States, apparently upon advice from counsel who determined that General Cigar had already registered the COHIBA trademark in the United States under an application filed in 1978. However, Cubatabaco did register a different mark — BEHIQUE — in the United States with the same trade dress that it used for COHIBA elsewhere. Cubatabaco did not take any steps to challenge General Cigar's use of the COHIBA mark at that time. SPA-50 to -51.[1]

General Cigar became aware of the Cuban COHIBA mark in the late 1970s and obtained the U.S. registration in 1981 based on a first use in 1978. Its sales of COHIBA cigars peaked in the early 1980s but ceased at some point in 1987. By 1992, General Cigar possessed no goodwill from the COHIBA mark. SPA-51 to -52. However, in 1992, a new magazine, Cigar Aficionado, published articles extremely favorable towards the Cuban COHIBA cigars. On November 20, 1992, General Cigar started using the COHIBA name for one of its premium cigars (previously marketed under a different name). SPA-53 to -54. General Cigar's new application to register the COHIBA mark was published in 1994 and granted without opposition in 1995. SPA-60. However, in 1997, Cubatabaco commenced proceedings before the United States Patent and Trademark Office (USPTO) and its Trademark Trial and Appeal Board (TTAB) to cancel General Cigar's COHIBA registration and to register its own COHIBA mark. SPA-63. General Cigar then launched a new super-premium cigar with the COHIBA name. SPA-64. Later in 1997, Cubatabaco filed the instant lawsuit, seeking

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[1] Citations to the district court opinions are to the parties' Special Appendix filed in this appeal. In accord with the practice of the parties, this document is cited as "SPA-" followed by the relevant page number.

injunctive relief and monetary damages under several treaty provisions, the Lanham Act, and New York State law. The USPTO and TTAB proceedings have been stayed pending the outcome of the judicial proceedings.

b. The district court addressed Cubatabaco's claims piecemeal over a series of orders both before and after the bench trial in this case. Specifically relevant to the questions that the Court has posed to the United States, the district court held that Cubatabaco had a protectable mark and that General Cigar's use of that mark was likely to cause consumer confusion as to the origin or sponsorship of its cigars. See SPA-70 to -83. In reaching this holding, the district court applied the "common-law 'well-known' or 'famous marks' doctrine," which was "first recognized in Article 6*bis* of the Paris Convention." SPA-70. The district court concluded that by the time General Cigar first used the COHIBA mark (in November 1992) after abandoning its previous registration, the Cuban COHIBA mark had become well known in the United States. Therefore, by operation of the famous marks doctrine, "Cubatabaco had a legally protectable right to the mark at that time." SPA-77. The court based its conclusions regarding the fame of the Cuban COHIBA mark at that time on consumer studies, unsolicited media coverage, and attempts to plagiarize the mark. SPA-74 to 77. The court also concluded that "there is a likelihood of confusion between the Cuban COHIBA and the General Cigar COHIBA." SPA-77 to 83. Having concluded that Cubatabaco possessed a protectable COHIBA mark in the United States in November 1992 under the famous marks doctrine and that there was a likelihood of confusion between the two COHIBA marks, the district court concluded that Cubatabaco was entitled to relief under the Lanham Act, ordered the cancellation of General Cigar's COHIBA registration, and enjoined the further use of the mark by General Cigar. SPA-85. Having previously bifurcated the trial on liability from any trial on damages, the district court delayed a decision on damages pending further evidentiary proceedings. SPA-89 to -90. Finally, the district court certified its order for interlocutory appeal. SPA-97 to -98.

c. This Court granted cross-petitions for interlocutory appeal and a stay pending appeal. On appeal, General Cigar argued that the Department of the Treasury's Office of Foreign Assets Control (OFAC) Cuban Assets Control Regulations (the Regulations) prevented Cubatabaco from acquiring trademark rights through the famous marks doctrine, as the district court had held. General Cigar Br. 59-64. Cubatabaco asserted that this argument had been waived, but, in any event, that the Regulations did not prevent its acquisition of trademark rights. Cubatabaco Br. 57-61. Oral argument was held in this case on August 24, 2004, and it is currently under consideration.

2. This Court has recently described the history and status of the Cuban embargo as follows:

> <u>The Cuban embargo.</u> In 1963, the United States imposed an embargo on Cuba, reflected in the Cuban Assets Control Regulations ("CACR"), as amended, 31C.F.R. §§ 515.101-515.901 (1999), promulgated pursuant to section 5(b) of the Trading with the Enemy Act of 1917, as amended,12 U.S.C. § 95a ("TWEA"). In 1996,Congress enacted the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act ("LIBERTAD Act"), Pub.L. No. 104-114, 110 Stat.

> 785 (1996), which, among other things, codified the regulations implementing the Cuban embargo, see 22 U.S.C. § 6032(h). The Secretary of the Treasury has the authority to administer the Cuban embargo, which he has delegated to the Office of Foreign Assets Control ("OFAC"), see 31 C.F.R. § 515.802.

Havana Club Holding, S.A. v. Galleon, S.A., 203 F.3d 116, 120 (2d Cir. 2000); see also Regan v. Wald, 468 U.S. 222, 225-59 (1984). As this Court went on to note, the purpose of the Regulations is 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." Havana Club, 203 F.3d at 124.

The OFAC Regulations broadly prohibit transactions involving property in which Cuba or a Cuban national has an interest, including "all dealings in, including, without limitation, transfers, withdrawals, or exportations of, any property or evidences of indebtedness or evidences of ownership of property by any person subject to the jurisdiction of the United States." 31 C.F.R. § 515.201(b)(1). The term "transfer" is also defined extremely broadly to include "any actual or purported act or transaction . . . the purpose, intent, or effect of which is to create, surrender, release, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property." Id. § 515.310. And finally, the term "property" is defined broadly to specifically encompass trademarks. Id. § 515.311(a).

There are two broad categories of exceptions to these prohibitions. General licenses, contained within the Regulations themselves, constitute one such category. Specific licenses, granted by OFAC in response to specific requests, constitute the other. See 31 C.F.R. § 515.201 (recognizing the Secretary of the Treasury or designee to create exceptions from the embargo prohibitions "by means of regulations, rulings, instructions, licenses, or otherwise"); id. § 515.802 (delegating the Secretary's authority under § 515.201 to the Director of OFAC).

The Court has directed our attention to two general licenses. Under the heading of "Certain transactions with respect to United States intellectual property," 31 C.F.R. § 515.527 states that:

> Transactions related to the registration and renewal in the United States Patent and Trademark Office or the United States Copyright Office of patents, trademarks, and copyrights in which the Government of Cuba or a Cuban national has an interest are authorized.

31 C.F.R. § 515.527(a)(l).[2] The second general license addresses "Certain transfers by operation of law," and authorizes transfers (1) "arising solely as a consequence of the existence or change of marital status;" (2) by intestate succession; and (3) to an administrator, executor, or fiduciary in connection with a will or intestate succession. 31 C.F.R. § 515.525.

The Court has also directed our attention to OFAC special license number C-18942 (reproduced at SSA-83 to -85),[3] which authorizes Cubatabaco and related entities to retain and compensate counsel to "initiate legal proceedings in U.S. courts and to otherwise pursue their judicial remedies with respect to claims to the COHIBA trademark." SSA-84.

DISCUSSION

Although the Cuban Assets Control Regulations do not prohibit the district court's order cancelling General Cigar's COHIBA registration and enjoining General Cigar from using the COHIBA mark, the district court's conclusion that Cubatabaco acquired the United States COHIBA trademark through the famous marks doctrine in 1992 would constitute a prohibited transfer under the Regulations not otherwise authorized under special license (C-18942). As discussed below, those Regulations do not preclude most of the relief ordered by the district court, including its orders cancelling General Cigar's COHIBA registration and enjoining General Cigar from using the COHIBA mark because those orders do not depend upon the finding regarding the acquisition of the mark by Cubatabaco.

1. As an initial matter, with two exceptions discussed below, the district court's order in this case does not comprise any transfer of property prohibited by the Regulations. In addition to simply dismissing or denying certain claims and making non-substantive rulings, the district court: (1) entered judgment in Cubatabaco's favor on its claim of trademark infringement; (2) entered judgment that General Cigar had abandoned its right to the COHIBA mark held prior to November 1992;' (3) cancelled General Cigar's COHIBA trademark and directed that the Director of the USPTO take appropriate action upon this cancellation; (4) enjoined General Cigar from using the COHIBA mark; (5) directed General Cigar to turn over to Cubatabaco goods and labels bearing the COHIBA mark; and (6) directed General Cigar to recall goods and labels bearing the COHIBA mark from its customers and distributors. See SPA-94 to -97.

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[2] Additional provisions of section 515.527 authorize the payment of fees for the transactions authorized in the quoted provision. A final provision, which was crucial to this Court's decision in Havana Club, but is not relevant here, relates to "confiscated" (or expropriated) trademarks. See 31 C.F.R. § 515.527(a)(2). Because the COHIBA mark was created and first used after the Cuban Revolution, confiscation is not at issue here.

"SSA" refers to General Cigar's Supplemental Addendum filed in this appeal.

4 These first two orders for the entry of judgment appear to be in the nature of declaratory judgments.

Despite the broad prohibitions included in 31 C.F.R. § 515.201(b)(1), a judicial order adjudicating liability and setting damages is not prohibited under the Regulations, see Dean Witter Reynolds, Inc. v. Fernandez, 741 F.2d 355, 362 (11th Cir. 1984), but a judicial order that actually transfers property or property interests is prohibited, see National Oil Corp. v. Libyan Sun Oil Co., 733 F.Supp. 800, 809-813 (D. Del. 1990) (applying similar provisions of the embargo against Libya), as is the execution of any judgment when that execution transfers property. The Supreme Court has similarly indicated that the OFAC Regulations allow the entry of a judgment in a case involving property in which a Cuban entity has an interest but prohibit the execution of such a judgment. See First National City Bank v. Banco Para l Comercio Exterior de Cuba, 462 U.S. 611, 632 n.24 (1983) (dictum); see also Alfred Dunhill of London, Inc. v. Republic of Cuba, 425 U.S. 682, 735-37 & nn. 25 & 27 (1976) (Marshall, J., dissenting); Banco Nacional de Cuba v. Sabbatino, 376 U.S. 398 (1964) (leaving intact Cuban claim of conversion without mentioning regulations). This understanding is consistent with the purpose of the Regulations, namely 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," Havana Club, 203 F.3d at 124. That purpose is achieved by allowing judicial orders that adjudicate disputes and clarify the parties' rights, but prohibiting the execution of judicial orders involving the transfer of property interests as well as the entry of self-executing orders that, by themselves, operate as a transfer of property rights.

In this case, the majority of the district court's substantive orders are not subject to the Regulations. First, the order cancelling General Cigar's COHIBA registration affects only the property of General Cigar; it gives no property right to Cubatabaco, and therefore does not relate to property in which a Cuban national has an interest. At any rate, OFAC has made clear that 31 C.F.R. § 515.527 authorizes a Cuban entity to seek the cancellation of a competing mark. A similar analysis applies to the judgment that General Cigar had abandoned its 1983 COHIBA registration and the injunctions that prohibit General Cigar from using its COHIBA mark and that require it to recall goods and labels bearing that mark. Because these remedies relate solely to General Cigar and its property in which Cubatabaco lacks an interest, they are not prohibited by the Regulations.

However, the Regulations do prohibit two parts of the district court's order and are not permitted pursuant to the special license. First, the order requiring General Cigar to turn over goods and labels bearing the COHIBA mark to Cubatabaco is a self-executing order requiring a transfer of property to a Cuban entity. This transfer is prohibited under the Regulations and this order should therefore be vacated. Second, as discussed in greater detail below, the district court's judgment regarding trademark infringement appears to rest on its holding that Cubatabaco acquired the United States trademark rights to the COHIBA mark through operation of the famous marks doctrine in 1992. And that holding, in turn, constitutes a transfer prohibited under the Regulations. Thus, although a declaratory judgment finding infringement of a Cuban-held trademark is not, in itself, a transfer of property that is prohibited under the Regulations, those Regulations prohibit the declaratory judgment of infringement because the finding is premised on a prohibited transfer.

2. Cubatabaco's acquisition of the United States rights to the COHIBA mark through the famous marks doctrine, as found by the district court, was a transfer by operation of law that is

prohibited by the Regulations. We separately address below the question of whether it was nonetheless authorized by either a general or special license.

As we understand the Court's question, the United States has been asked to assume that the district court's interpretation and application of the famous marks doctrine are correct, and to comment on whether that interpretation and application create a result that is at odds with the Cuban Assets Control Regulations. Accordingly, we are not discussing, analyzing, or endorsing the district court's interpretation and application of the famous marks doctrine. With that understanding in mind, we turn to the impact of the Regulations on the district court's holding that "Cubatabaco had a legally protectable right to the [COHIBA] mark" in November 1992. SPA-77; accord SPA-85 (stating that Cubatabaco "possessed a protectable mark in November 1992 under the famous marks doctrine").

As noted above, the Regulations prohibit "transactions" including "transfers" involving property in which a Cuban entity has an interest, 31 C.F.R. § 515.201(b)(1); "transfer" is defined very broadly to include "any ... act . . . the purpose, intent, or effect of which is to create ... any right, remedy, power, privilege, or interest with respect to any property," id. § 515.310; and "property" includes trademarks, id. § 515.311. Under the plain language of these regulations, the acquisition of the trademark by Cubatabaco in 1992 through the famous marks doctrine, as found by the district court, created or vested a property right in Cubatabaco, and was therefore prohibited absent a general or special license.

Cubatabaco argues that the Regulations prohibit "transactions . . . not their legal effect." Cubatabaco Br. 58. Viewing the acquisition of the COHIBA mark through the famous marks doctrine as a legal effect and not a transaction itself, Cubatabaco asserts that such an acquisition was not prohibited. Cubatabaco also observes that authorized transactions (including advertising, distribution of informational materials and research data, and foreign sales to foreigners) "can" establish the fame of a mark in the United States, apparently intending to imply that the fame of its COHIBA mark in the United States was, in fact, the result of such authorized acts. Cubatabaco Br. 58-59.

This reasoning is flawed. Regardless of whether the acquisition of the COHIBA mark through the famous marks doctrine is characterized as an "effect" of other actions or not, it nevertheless falls within the Regulations' definition of a "transaction" involving property in which a Cuban national has an interest. It involves, like other transactions, the acquisition by a Cuban national of a thing of value within the jurisdiction of the United States. Thus the question of whether the acquisition was the "effect" of some other act is irrelevant; the acquisition is a prohibited transaction that violates the Regulations "except as specifically authorized by the Secretary of the Treasury." 31 C.F.R. § 515.201(a) & (b).

Moreover, Cubatabaco's argument – that all legal effects of authorized transactions are themselves automatically authorized – is clearly contrary to the spirit and letter of the Regulations. The natural consequence of Cubatabaco's argument is that the legal effect of any act not prohibited by the Regulations must itself be permitted. If this were true, the Regulations would not apply to myriad legal consequences of everyday actions, such as property transfers occurring by operation of law when a person dies without a will or when a married couple divorces. But the Regulations include a general license for "Certain transfers by operation of law" that specifically authorizes transfers that occur by intestate succession or as a result of changes in marital status. See 31 C.F.R. § 515.525. Obviously, the Regulations prohibit neither death nor divorce. Equally obviously, property transfers resulting from such occurrences were prohibited under § 515.201 and that therefore the general license at § 5 15.525 was necessary in order to allow such transfer. Contrary to Cubatabaco's argument here, this evidences that § 515.201 prohibits all transactions, regardless of whether or not they are the legal "effects" of other, allowable, acts. Adopting Cubatabaco's argument would require this Court to assume that the Executive Branch simply promulgated a gratuitous provision when it promulgated § 515.525, which would not be an appropriate way to interpret the Regulations. See, e.g., Estate of Gloeckner v. CIR, 152 F.3d 208, 214 (2d Cir. 1998) (regulations are construed, where possible, so as to avoid rendering superfluous any parts thereof) (quoting Silverman v. Eastrich Multiple Investor Fund, L.P., 51 F.3d 28, 31 (3d Cir. 1995)).[5]

Accordingly, the acquisition of a trademark by a Cuban entity through the famous marks doctrine is a prohibited "transaction" under § 515.201.

3. As the Court is aware, § 515.527 is a general license authorizing "Certain transactions with respect to United States intellectual property." The applicable version of this rule authorized:

> (1) The filing in the United States Patent Office of applications for letters patent and for trademarks registration;
> (2) The making and filing in the United States Copyright Office of applications for registration or renewal of copyrights;
> (3) The prosecution in the United States Patent Office of applications for letters patent and for trademarks registration;
> (4) The receipt of letters patent or trademark registration certificates or copyright registration or renewal certificates granted pursuant to any such applications in which any designated national has at any time on or since the "effective date" had any interest.

31 C.F.R. § 515.527(a) (1992).[6]

We further note that, even if Cubatabaco's legal argument were correct, its factual predicate — that its COHIBA mark became famous in the United States solely as a result of actions authorized under the Regulations — is far from clear. The district court made no findings on this question, and the United States is not in a position to opine on the source of the fame of the Cuban COHIBA mark.

6 This is the version of the rule in effect in November 1992, when, according to the district court, Cubatabaco acquired the rights to the COHIBA mark.

Simply put, acquiring a trademark in the United States by operation of the famous marks doctrine is not on this detailed and carefully circumscribed list of authorized transactions. The 1992 regulation clearly allows only "[t]he receipt of . . . trademark registration certificates ... granted pursuant to any such applications [in the USPTO]." The acquisition of trademark rights found by the district court does not meet these requirements. It did not result from (or even follow) any application for registration. To the contrary, Cubatabaco first filed to register the COHIBA mark in the United States some five years later. Indeed, United States law does not even recognize the famous marks doctrine as a basis for registering a trademark, 15 U.S.C. §§ 1051, 1126(e), 1141f, and Cubatabaco did not assert the famous marks doctrine as a basis on which registration should be issued. See Cubatabaco's USPTO Application, Serial No. 75/226,002 (asserting its foreign registration as the basis for obtaining a United States registration).7).7

Contrary to Cubatabaco's arguments, see Cubatabaco Br. 36-39, this understanding of the Regulations is not at odds with any obligation imposed by Article *6bis* of the Paris Convention (to which both the United States and Cuba are signatories), which provides that:

> The countries of the Union undertake ... to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.

(Convention revising the Paris Convention of March 20, 1883, for the Protection of Industrial Property; done at Stockholm July 14, 1967. TIAS 6923, 7727). This provision does not require that

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The current version of § 515.527(a)(1) is irrelevant to this inquiry because it was adopted in 1995, see 60 Fed. Reg. 54,194, 54,196 (Oct. 20, 1995) — after the acquisition of the COHIBA mark found by the district court. Because General Cigar has addressed the current regulatory language, however, see General Cigar Br. 62, we make the following additional observations. First, the revisions to § 515.527 were intended only to allow certain payments related to the protection of intellectual property, not to alter the basic rules under which that property can be acquired. See 60 Fed. Reg. at 54,195 ("Sections 515.527 and 515.528 are amended to authorize transactions including payments to the United States by Cuban nationals and payments to Cuba by U.S. companies and individuals related to the protection of intellectual property."). Second, this Court has already noted that the "related to" language of the current regulation must be interpreted narrowly to fulfill the purposes of the embargo. See Havana Club, 203 F.3d at 123. Third, even under the most broad reading, the acquisition of trademark rights found by the district court does not relate to a trademark registration; as noted in the text, the acquisition through the famous marks doctrine preceded the registration application by five years, bears no relationship to registration, and, indeed, cannot form the basis of a registration application and does not form the basis for Cubatabaco's registration application.

the holder of a "famous" mark automatically acquire the trademark rights in the host country. Instead, the host country is simply required to "cancel the registration, and to prohibit the use" of the offending conflicting trademark. As discussed more fully below, this relief, which was ordered by the district court, is compatible with the Regulations. Although those Regulations prohibited the acquisition of the trademark in 1992, the cancellation of General Cigar's registration and the injunction prohibiting its use of the mark do not themselves either comprise or necessarily rest on any acquisition of property.

4. The special license that the Office of Foreign Assets Control (OFAC) granted Cubatabaco to "pursue . . . judicial remedies with respect to claims to the COHIBA trademark" does not retroactively authorize the acquisition found by the district court. The most obvious reading of this license is that it allows Cubatabaco to seek remedies but does not alter the substantive law for a court to apply in determining what, if any, remedies are appropriate. Accordingly, there is no basis to infer from this license a retroactive authorization for Cubatabaco to acquire trademark rights in 1992.

Cubatabaco argues that because OFAC knew that it would assert the famous marks doctrine in its lawsuit, OFAC must necessarily have authorized the acquisition of rights under that doctrine by authorizing the lawsuit. This argument misapprehends the nature of a special license for litigation. One crucial reason for obtaining such a license is that, without it, the Cuban national cannot pay its lawyers or court fees; such payments would otherwise constitute prohibited transactions. When issuing a special license to pursue litigation, OFAC does not endorse the legal or factual validity of any of the proposed claims. The special license authorizes Cubatabaco to do exactly what is says — <u>compensate counsel to pursue</u> claims; it does not authorize Cubatabaco to prevail, if, as here, prevailing would involve recognizing an otherwise prohibited transfer. Again, it is noteworthy that transactions are prohibited under 31 C.F.R. § 515.201(a) & (b) "except as <u>specifically</u> authorized by the Secretary of the Treasury," (emphasis added), and that the special license is clearly not such a "specific" authorization to acquire trademark rights in 1992 through the famous marks doctrine.

5. As we noted in Section 1, above, the cancellation of the trademark registrations and the enjoining of General Cigar from using the mark are not prohibited by the Regulations, but the conclusion that Cubatabaco acquired the U.S. rights to the COHIBA trademark in 1992 is prohibited. Thus the remaining question is whether any of the district court's otherwise permissible orders are rendered invalid because they are dependent upon the invalid finding regarding the acquisition of the United States COHIBA trademark. For the reasons that follow, with the exception of the declaratory judgment that General Cigar infringed Cubatabaco's trademark, it does not appear that the acquisition of a U.S. trademark by Cubatabaco is a necessary predicate for the remedies entered by the district court. Most saliently, the district court's orders cancelling General Cigar's trademark registration and enjoining General Cigar from using the mark, are not inconsistent with the Regulations.

The district court's cancellation order and injunction against use are based on section 43(a)(1)(A) of the Lanham Act:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact which –

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person ...

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a).

Most commonly, an action under § 43(a)(1)(A) involves a claim "for infringement of rights in a mark acquired by use." Virgin Enterps., Ltd. v. Nawab, 335 F.3d 141, 146 (2d Cir. 2003). In such a case, the operative question is whether "the plaintiff's mark is entitled to protection, and .. . whether defendant's use of the mark is likely to cause consumers confusion as to the origin or sponsorship of the defendant's goods. See Genesee Brewing Co., Inc. v. Stroh Brewing Co, 124 F.3d 137, 142 (2d Cir. 1997) (plaintiff prevails by demonstrating that "it has a valid [trade]mark entitled to protection and that the defendant's use of it is likely to cause confusion") (quoting Arrow Fastener Co. v. Stanley Works, 59 F.3d 384, 390 (2d Cir.1995) (citation and internal quotation marks omitted). However, the plain language of section 43(a) contains no requirement that a plaintiff have acquired the United States trademark rights in a particular mark before bringing an action seeking cancellation of a defendant's registration of that mark and an injunction prohibiting the defendant's use of that mark. Thus, in the Supreme Court's words, section 43(a) "goes beyond trademark protection" and prohibits actions "that deceive consumers and impair a producer's goodwill" through "'the deceptive and misleading use of marks.'" Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 28, 29, 32 (2003) (quoting 15 U.S.C. § 1127). This means that, under appropriate limited circumstances, an action under § 43(a) "is not limited to the protection of trademark holders [and t]he existence of a trademark is not a necessary prerequisite to a § 43(a) action." Zyla v. Wadsworth Div. of Thomson Corp., 360 F.3d 243, 251 (1st Cir. 2004); see Thompson Med. Co., Inc. v. Pfizer, Inc., 753 F.2d 208, 212 (2d Cir. 1985) ("Section 43(a) of the Act . . . protects against false designation of origin and false description or representation, whether or not a registered trademark is involved."); Federal-Mogul-Bower Bearings, Inc. v. Azoff, 313 F.2d 405, 409 (6th Cir. 1963) (while "the primary purpose of the [Lanham] Act was to eliminate deceitful practices in interstate commerce involving the misuse of trademarks ... along with this it sought to eliminate other forms of misrepresentations which are of the same general character even though they do not involve any use of what can technically be called a trade-mark").

There are a number of factors here which place this case in that limited category of section 43(a) actions in which the plaintiff need not prove that it holds the valid United States trademark in order to obtain the remedies of cancellation of the defendant's registration and injunction against the defendant's use of the mark. Cubatabaco's foreign registrations give it the right to register its COHIBA mark here, absent General Cigar's registration, 15 U.S.C. § 1126(e); 31 C.F.R. § 515.527, so there is no question regarding Cubatabaco's standing to seek cancellation of General Cigar's registration and injunction against its use of the COHIBA mark. See 15 U.S.C. §1125(a) (allowing a "civil action by any person who believes that he or she is or is likely to be damaged"); Ritchie v. Simpson, 170 F.3d 1092, 1095 (Fed. Cir. 1999) (for standing, the statute only requires that a person seeking cancellation have a belief that he would suffer some kind of damage, which requires only a "real interest" and a "reasonable" basis for his belief of damage). The district court found that Cubatabaco's COHIBA mark had acquired fame prior to General Cigar's first use, and therefore it is entitled to protection. Thus, while in the normal case the requirement of a valid trademark ensures that the section 43(a) plaintiff has standing and will be harmed by any confusion, under the unique facts here, those elements of a section 43(a) action are met by the fact that Cubatabaco has foreign registrations for its COHIBA mark and that its COHIBA mark was "famous" and had secondary meaning in the United States before General Cigar's first use.

In the circumstances of this case, this conclusion also harmonizes the Act with Article *6bis* of the Paris Convention, to which both the United States and Cuba are parties, and which the Lanham Act implements in the United States. As noted above, Article *6bis* provides that:

> The countries of the Union undertake . . . to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.

Convention revising the Paris Convention of March 20, 1883, as revised, For the Protection of Industrial Property; done at Stockholm July 14, 1967. TIAS 6923, 7727. Article *6bis* does not, on its face, require that the foreign holder of the famous mark acquire a trademark in the host country before the host country will grant cancellation and prohibit the use of the specified conflicting mark. Given that the text of the Lanham Act contains no express or categorical requirement of prior acquisition of the trademark, and that one of the purposes of the Act is "[t]o carry out by statute our international commitments to the end that American traders in foreign countries may secure the protection to their marks to which they are entitled," S. Rep. No. 79-1333 (1946), reprinted in 1946 U.S. Code & Cong. Serv. 1274, 1276; see Havana Club., 203 F.3d at 128, such a requirement should not be inferred in the unique circumstances presented by this case.

The district court's factual findings here, if affirmed by this Court, would support. the conclusion that Cubatabaco is entitled to prevail in its §43(a) action without having previously acquired the United States COHIBA trademark. By November 1992, according to the district court, the Cuban COHIBA mark "achieved a level of fame consistent with secondary meaning" in the United States, SPA-77, and thus had a "known reputation" in the relevant United States market (premium cigar smokers), SPA-73. In the usual case, the user of a designation that had acquired such a fame would have also acquired the trademark. Here, as noted above, the Regulations prohibited such an acquisition. But the Regulations would not prevent the COHIBA designation from having trademark significance, and to the extent that significance rendered General Cigar's use of the COHIBA mark "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of [General Cigar] with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by [Cubatabaco]," 15 U.S.C. § 1125(a)(1)(A), Cubatabaco's resulting § 43(a) cause of action is unaffected by the Regulations.

Under these circumstances, Cubatabaco is entitled to relief under § 43(a) upon a showing "(1) that the mark is distinctive as to the source of the good, and (2) that there is a likelihood of confusion between its good and the defendant's." Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 115 (2d Cir. 2001). The district court has made these findings. Specifically, the district court found that in November 1992, the Cuban COHIBA mark had "achieved a level of fame consistent with secondary meaning [and was] therefore famous within the meaning of the famous marks doctrine" in the United States, SPA-77, while any goodwill from General Cigar's use of the mark in the 1980s had "long been entirely dissipated," SPA-52. In other words, the district court found that in November 1992, United States consumers associated the COHIBA mark with Cuba or a Cuban manufacturer, not with General Cigar. Indeed, the district court explicitly found that "there is a likelihood of confusion between the Cuban COHIBA and the General Cigar COHIBA," SPA-83, based in part on "survey evidence as well as anecdotal evidence of actual confusion between the Cuban COHIBA and the General Cigar COHIBA, SPA-80. See SPA-77 to -83 (addressing at length all eight of the Polaroid Corp. factors for determining likelihood of confusion). Because the district court's orders (with the exceptions noted in Section 1, above), including its orders cancelling General Cigar's COHIBA registration and enjoining its use of the mark, are based on a finding of liability under § 43(a) of the Lanham Act that is not dependent upon Cubatabaco's prior acquisition of the COHIBA trademark, those orders are not prohibited under the Cuban Assets Control Regulations.[8]

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[8] Cubatabaco has a pending application to register the COHIBA trademark with the USPTO. Without commenting on the merits of that application, we note that 31 C.F.R. § 515.527 plainly authorizes Cuban entities including Cubatabaco to obtain trademark rights by means of a valid registration with the USPTO. In that application in urging cancellation of General Cigar's registration, Cubatabaco relies on section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), which forbids the registration of "deceptive" matter or matter that may "falsely suggest a connection with persons, ... institutions, ... or national symbols." See University of Notre Dame Du Lac v. J.C. Gourmet Food Imports Co., 703 F.2d 1372, 1377 (Fed. Cir. 1983); Buffet v. Chi-Chi's, Inc., 226 U.S.P.Q. 428, 429 (TTAB 1985).

CONCLUSION

For the foregoing reasons, the Cuban Assets Control Regulations prohibit Cubatabaco from acquiring the rights to the COHIBA trademark in the United States in 1992 by operation of the famous marks doctrine. Nevertheless, the Regulations do not prohibit the cancellation of General Cigar's mark and the district court's order enjoining General Cigar from using the COHIBA mark.

Respectfully Submitted,

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CERTIFICATE OF **SERVICE**

I hereby certify that on November 12, 2004, I served the foregoing amicus curiae letter brief on behalf of the United States by causing one copy to be delivered by facsimile transmission to (212) 857-8578 and an original and four copies to be delivered by Federal Express overnight to the Court, and two copies to be sent by Federal Express overnight to the following counsel of record:

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