

EMPRESA CUBANA DEL TABACO v. GENERAL CIGAR CO., INC., Appeal No. 2013-1465
(Fed. Cir. June 4, 2014). Before Rader, Taranto, and Hughes. Appealed from the TTAB.

Background:

General Cigar owns the COHIBA mark in the United States for use in connection with cigars. Empresa is a Cuban entity and owns the COHIBA mark in Cuba.

Empresa initiated a lawsuit seeking to cancel General Cigar's marks. On appeal to the Second Circuit, the Second Circuit reversed the district court's decision cancelling General Cigar's marks because this would effectively result in a prohibited transfer of property rights to a Cuban entity under the Cuban Assets Control Regulations ("CACR").

In subsequent cancellation proceedings before the TTAB (which had been suspended until resolution of the district court action), the TTAB dismissed Empresa's petition, concluding that Empresa lacked standing because the Second Circuit decision allegedly meant that Empresa did not have a property interest in the COHIBA mark. General Cigar also argued that Empresa's claims were barred by issue and claim preclusion, but the TTAB found it was unnecessary to decide this issue.

Issues/Holdings:

Did the TTAB err in concluding that Empresa lacked standing? Yes, reversed and remanded. Are Empresa's asserted grounds for cancellation of General Cigar's marks barred by issue and/or claim preclusion? No.

Discussion:

Based on Supreme Court precedent, the Federal Circuit concluded that the issue of standing was more appropriately viewed as an entitlement to a cause of action. The Federal Circuit noted that the Lanham Act provides a cause of action to any person who believes that he is or will be damaged by the registration of a mark to seek cancellation of the mark before the USPTO, and concluded that Empresa satisfied this provision.

In addition, the Federal Circuit concluded that the Second Circuit's decision that cancellation of General Cigar's marks would result in an improper transfer of a property interest under the CACR only applied to federal courts, and the Second Circuit's decision specifically did not address Empresa's proceedings before the TTAB. The Federal Circuit also based its decision on a letter sent to Empresa's counsel in 1996 from the Office of Foreign Assets Control, which stated that Empresa may petition the USPTO to cancel a prior registration of a trademark.

Finally, the Federal Circuit concluded that the USPTO's prior refusal to register Empresa's mark based on a likelihood of confusion with General Cigar's mark was sufficient to show that Empresa has a legitimate commercial interest in the COHIBA mark.

Therefore, the Federal Circuit concluded that Empresa was entitled to a cause of action to seek cancellation of General Cigar's marks, and thus had standing.

In addition, the Federal Circuit concluded that neither issue nor claim preclusion bars Empresa's cancellation proceedings before the TTAB because the Second Circuit never addressed, or declined to reach, a decision regarding Empresa's grounds for cancellation of General Cigar's marks, and because the transactional facts involved in the Second Circuit's decision were different from the facts in the cancellation proceeding before the TTAB.

