

CUBA: US COMPANIES NEED TRADEMARKS

COMPANIES SHOULD CONSIDER CUBAN TRADEMARK PROTECTION—NOW.

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In December 2014, President Obama made an unexpected announcement signaling a “new course” for Cuba after more than fifty years of comprehensive U.S. sanctions. The changes to U.S. sanctions and export policy under the Cuban Assets Control Regulations and Export Administration Regulations (EAR) implemented in January 2015, although limited, opened new business opportunities for U.S. companies. Further liberalization may be considered in the future with Congressional support, although that is the subject of heated discussions in Washington, D.C. For now, it will make sense for many companies to consider strategic first steps in Cuba, including for intellectual property protection.

When change comes, chance favors the prepared.

First, under current Cuban law, certain U.S. persons and entities are allowed to file a trademark application in Cuba, even when one is not using the trademark in Cuba. Second, being first to file under Cuba’s regime will help preempt opportunists who may seek to file a trademark application for your own trademark. Third, the Cuban trademark application process is protracted, taking months or years, and will slow as the system

floods with new applications in the expectation Cuba will soon become an eagerly sought market. Fourth, the adversarial process of eradicating pirated marks will be protracted.

Assuming there are no already-existing blocking marks, the costs to register a mark are relatively low. Protection of your valuable intellectual property—your brand and the customer goodwill it symbolizes—will allow your company to be in a position to conduct business in this new market, whenever it opens, and defend your rights against pirates looking to cash in on your own brand.

With this client alert, we hope to inspire you to file for your trademarks in Cuba, before someone else does and you have to pay to acquire what is rightfully yours.

Cuban Economic Embargo

The current U.S. sanctions program authorizes U.S. persons to apply for and maintain trademark registrations in Cuba, as well as to take certain specified actions necessary to protect their intellectual property. Usually, independent “trademark agents” in Havana are used to file the applications. Under the sanctions system, transmitting payment to the agents for their services has in some

cases been difficult, but the financial transactions restrictions may be easing presently.

What If Someone Has Filed An Application For Your Trademark?

The Cuban trademark system is mostly untested from the United States perspective, obviously because of the general sanctions. Even though the U.S. regulations permit trademark registration in Cuba, many U.S. companies have not seen the economic motivation to protect trademarks, being unable to trade in Cuba. Now that the prospects are rising, so is interest in owners registering their marks, and so, too, the interest in pirates exploiting their opportunities.

The Cuban trademark system, described by the International Trademark Association (INTA), is basically like most other countries in the world. Cuba and the United States both are parties to the same major trademark treaty systems. Like most countries, Cuba has a “first to file” system, giving preference to those who are first to file an application for a mark. As a general rule, U.S. trademark law, based on “common law,” is quite unusual in that it recognizes rights in unregistered marks. Most of the rest of the countries in the world, including Cuba, do not generally recognize “common law” or unregistered rights. Thus owning a registration there is crucial to effectively protecting your brand.

Cuban law does provide various procedures to object to applications or registrations of conflicting marks. Such procedures have not been much used by U.S. companies to date. As with applications, one can expect adversarial proceedings to be increasingly protracted. The costs are relatively low at this point, but delay in itself is costly, particularly if there are infringers and counterfeiters at large in the marketplace.

Generally, the more famous your brand is internationally, the higher your chances of blocking a mark in a country where you do not have your own prior registration. The fame of a brand, however obvious it may seem, is usually a question of fact requiring proof, often substantial proof, to satisfy a tribunal in a first-to-file jurisdiction. Also, however obvious it might seem, it can be difficult to prove that an opportunist is in fact a “bad faith” pirate. In “first to file” systems around the world, the first to file has the benefit of the doubt.

Conclusion

For all these reasons, it is highly advisable to verify your eligibility under federal regulations to engage in trademark protection activities in Cuba; to apply to register your important brands in Cuba if you hope to do business there; and to initiate proceedings to try to expunge pirated marks which have already been registered in Cuba by others.