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Dedicated to Clifford W. Browning
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When to Conduct an Eveready Survey: The Importance of Aided Awareness
Dr. Bruce Isaacson and Dr. Keith A. Botner

Expropriation of Intellectual Property Rights: The HAVANA CLUB Trademark
Pablo Balañá-Vicente

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IN MEMORIAM

Clifford W. Browning

We dedicate this issue of *The Trademark Reporter* ("TMR") to our friend and colleague Clifford W. Browning (1951–2020). Cliff was a trademark attorney who devoted countless hours to bringing excellence to the TMR, the law journal of the International Trademark Association ("INTA"), and he was well-respected by clients and INTA members across the globe. He served INTA for decades as a TMR Committee member, a Senior Articles Editor, an Editor of the TMR *International Annual Review*, and, from January 2008 through December 2009, the TMR Editor-in-Chief. At Annual and Leadership Meetings, Cliff stood out not only by virtue of his stately six-foot four-inch presence but also as an affable and good-hearted colleague.

Cliff graduated with distinction from Purdue University in 1972 with a Bachelor of Science in Chemical Engineering and then served as a non-commissioned officer in the U.S. Army. He graduated from the Indiana University School of Law *cum laude* and then served as a trial lawyer in Indianapolis, Indiana, with Kreig DeVault and Woodard, Emhardt. He also taught as an adjunct professor at Indiana University–Purdue University Indianapolis School of Law.

Although Cliff's home state of Indiana is far from the sea, Cliff had a passion for sailing and was an accomplished Snipe Class sailor who competed at the U.S. Snipe Nationals and participated internationally as a judge in Snipe World Masters Championship Regatta competitions around the globe.

Cliff embodied the spirit of INTA by selflessly dedicating time and effort to support trademark protection and to educate the public and young attorneys. He was an intelligent, steadfast, and dedicated colleague who worked tirelessly to maintain the TMR as the pinnacle of scholarly intellectual property publications. He will be missed by those who had the good fortune of collaborating with him to advance the TMR and INTA.

Theodore C. Max
Editor-in-Chief, 2000–2001

The Trademark Reporter®

WHEN TO CONDUCT AN EVEREADY SURVEY: THE IMPORTANCE OF AIDED AWARENESS

By Dr. Bruce Isaacson[*] *and Dr. Keith A. Botner*[**]

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I. INTRODUCTION

The Eveready format for surveys that measure likelihood of confusion was first used in U.S. trademark litigation about forty-five years ago.[1] When the Eveready survey format is used to measure forward confusion, respondents are shown only the allegedly infringing mark and are asked questions to measure whether they indicate that the mark shown has a connection to, or affiliation with, the senior mark.[2] Over the years, many publications, including *The Trademark Reporter* (the "TMR"), have published articles that explain and define the Eveready format,[3] and courts in many different venues have relied on surveys that use the Eveready format to evaluate likelihood of confusion.[4]

Despite the importance of the Eveready format to matters that involve likelihood of confusion, and despite the literature devoted to its description, explication, and theoretical foundations, there is little consensus as to what is perhaps the most basic question regarding an Eveready survey: when is it appropriate to use Eveready to measure likelihood of confusion?

Scholars and courts have held conflicting views as to when to use an Eveready survey to measure likelihood of confusion. It is widely accepted that an Eveready survey is appropriate in cases involving senior marks that are well known. The debate about when to use the Eveready format centers on whether the format can be used only to measure confusion relative to well-known marks, or whether Eveready is appropriate for other marks as well.

Many terms are used to denote well-known marks; for example, a single recent article referred to marks that are "accessible in

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1 Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366, 385-88 (7th Cir. 1976).

2 This article discusses surveys measuring forward confusion, but the principles are similar in surveys measuring reverse confusion. Also, the Eveready format is in contrast to the Squirt survey format, in which respondents are shown both parties' marks in a manner intended to simulate marketplace conditions and are asked about possible relationships or connections between the marks.

3 *See, e.g.*, J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 32:174, at 1 (4th ed. 2021); Jerre B. Swann, *Likelihood of Confusion, in* Trademark and Deceptive Advertising Surveys: Law, Science and Design 56-64 (Shari Seidman Diamond & Jerre B. Swann, eds. 2012); Jerre B. Swann, *Likelihood of Confusion Studies and the Straitened Scope of Squirt*, 98 TMR 739-756 (2008) ("*Straitened Scope of Squirt*"); Jerre B. Swann, *Eveready and Squirt—Cognitively Updated*, 106 TMR 727 (2016) ("*Cognitively Updated*"); Jerre B. Swann & R. Charles Henn Jr., *Likelihood of Confusion Surveys: The Ever-Constant Eveready Format; The Ever-Evolving Squirt Format*, 109 TMR 671 (2019) ("*Ever-Constant Eveready, Ever-Changing Squirt*").

4 *See* Valador, Inc. v. HTC Corp., 242 F. Supp. 3d 448, 456 n.8 (E.D. Va. 2017) ("[T]he Eveready method is one of the standard, accepted approaches for surveying likelihood of confusion in trademark infringement actions."); THOIP v. Walt Disney Co., 690 F. Supp. 2d 218, 241 (S.D.N.Y. 2010) ("Dr. Helfgott's Eveready study, in which respondents were exposed to a single shirt, does approximate [marketplace] conditions . . ."); and National Distillers Prod. v. Refreshment Brands, 198 F. Supp. 2d 474, 483 (S.D.N.Y. 2002) ("While surveys such as these are generally admissible . . .").

memory," "top-of-mind," "generally recognized," and "well-known."[5] Courts and scholars not only disagree over when to use Eveready, but also do not use common standards or terminology to indicate whether a mark is well known. Awareness is often considered as a measure to determine whether a mark is well known, which raises the question of how awareness should be measured. One perspective is that Eveready surveys provide a test of *unaided* awareness,[6] while another is that Eveready represents a "*partially aided* awareness test," because showing the alleged infringer's mark provides a type of aid.[7]

Courts have varied widely concerning their view of Eveready surveys proffered in trademark cases involving marks that are less than very well known, even when the owner of the mark asserts that the mark is well known. For example, in recent years, one of the authors of this article conducted Eveready surveys in two cases involving senior marks that were asserted by the plaintiffs to be well known. One court accepted the plaintiff's assertion and praised the Eveready survey.[8] In the other matter, despite the plaintiff's claim that its mark was well known, the court ruled that the context was not appropriate for an Eveready survey.[9]

Recently, another perspective has emerged, namely that Eveready does not require that a mark is well known, so that awareness does not matter at all. In 2019, *The Trademark Reporter* published "An Empirical Assessment of the Eveready Survey's Ability to Detect Significant Confusion in Cases of Senior Marks That Are Not Top-of-Mind" (hereinafter, "An Empirical Assessment"). The author, Hal Poret, presented survey research testing the use of the Eveready survey format to measure likelihood of confusion in situations where the senior mark is not "top-of-mind," as measured by unaided awareness.[10] The surveys presented in "An Empirical Assessment" measured likelihood of confusion relative to marks that the author claimed were not top-of-mind because they had low unaided awareness in their categories,

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5 Swann, *Cognitively Updated*, *supra* note 3, 106 TMR, at 728, 730, 734, 735-737.

6 Phyllis J. Welter, Trademark Surveys § 24.03[1][c] (1999).

7 Swann, *Straitened Scope of Squirt*, *supra* note 3, 98 TMR, at 745, n.40.

8 Akiro LLC v. House of Cheatham, Inc., 946 F. Supp. 2d 324, 334 (S.D.N.Y. May 17, 2013) (federal trademark infringement and related state law claims, alleged by owner of natural and curly hair care brand MISS JESSIE'S against defendant's use of AUNT JACKIE'S mark for competing natural and curly hair care products).

9 Kreation Juicery, Inc. v. Eiman Shekarchi et al., No. 14-CV-00658**,** 2014 U.S. Dist. LEXIS 180710; ECF No. 36, Order on Mot. for Prelim. Inj., at *13 (C.D. Cal. Sept. 17, 2014) (trademark and trade dress infringement suit brought by KREATION brand restaurants in Los Angeles against people who later opened a CREATION GRILL restaurant in Santa Monica).

10 Hal Poret, *An Empirical Assessment of the Eveready Survey's Ability to Detect Significant Confusion in Cases of Senior Marks That Are Not Top-of-Mind*, 109 TMR 935 (2019) ("*An Empirical Assessment*").

including FANTA (in soda), FILA (in athletic shoes), and KIX (in breakfast cereal).

Based on his research, Mr. Poret concluded that Eveready surveys can detect significant levels of confusion in matters involving senior marks that are not top-of-mind: "the proposition that an Eveready survey is appropriate only in the case of senior marks that are top-of-mind is not valid, and the fact that a senior mark is not top-of-mind should not, on its own, be grounds for rejection of an Eveready survey." Mr. Poret also concluded that awareness is not necessary to conduct an Eveready survey: "the proposition that there must always be consumer awareness of a senior mark for an Eveready survey to accurately assess whether confusion is likely to occur in the actual marketplace is objectively unsupportable."[11]

We believe that the lack of agreement regarding which marks are appropriate for an Eveready survey arises directly from a lack of agreement about what it means to say that a mark is or is not "well known" or "top-of-mind," and a lack of definition regarding what awareness is and how to properly measure it. This article describes how marketers and psychologists have defined and used different types of awareness, including unaided awareness, aided awareness, and top-of-mind awareness. After establishing this foundation, we argue that an Eveready survey is most similar to a test of aided awareness rather than unaided awareness, because the Eveready format shows respondents a product or mark, which represents a type of aiding. We also argue that, in the context of trademark surveys, a mark that has top-of-mind awareness is simply a mark that consumers are generally aware of, rather than only the first mark that comes to mind.[12] A mark is top-of-mind if it has appreciable levels of aided awareness, regardless of the order in which the mark is mentioned in an aided awareness measure.

We then use survey data, gathered in a manner similar to the surveys presented in "An Empirical Assessment," to demonstrate that aided awareness, and not unaided awareness, is the proper measure to use when determining whether to conduct an Eveready survey. Our survey data show that an Eveready survey can detect confusion for marks that have low levels of unaided awareness but will not detect substantial levels of confusion for marks that have low levels of aided awareness.

This is because when an Eveready survey is conducted for a mark that has low levels of aided awareness, the results of the survey are a foregone conclusion, and such a survey will not detect

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11 *Id.* at 936, 939.

12 Although this article adopts the word "consumers," the same principles for Eveready surveys apply whether the survey is conducted among consumers or among business respondents.

confusion. Awareness is highly relevant to the decision as to when to conduct an Eveready survey, and the Eveready survey can be appropriate for marks with low levels of unaided awareness.

Thus, we agree with Mr. Poret's conclusion that the range of marks appropriate for Eveready is broader than was previously thought, because Eveready is appropriate for surveys measuring confusion relative to marks with low levels of unaided awareness, provided they have sufficient levels of aided awareness. Brands may have sufficient levels of aided awareness to make them suitable for Eveready even if they are not market leaders, or they are older brands, or they serve a specialized niche.

Our research raises the question of how to identify marks that are likely to have sufficient levels of aided awareness to conduct an Eveready survey. In the last section, we describe some indicators that can help identify contexts and marks for which aided awareness makes Eveready appropriate.[13]

II. DEFINING AND MEASURING AWARENESS FOR BRAND MANAGEMENT AND FOR TRADEMARK SURVEYS

"Awareness" refers to the degree to which a brand is recognized and/or recalled by a group of consumers,[14] and is a measure of "the strength of a brand's presence in the consumer's mind."[15] Awareness is one of the most fundamental measures in brand management and provides an important influence on consumer decisions to choose a particular brand.[16]

In our experience in corporate marketing, marketers often view awareness as a fundamental element to evaluate brand health, analogous to the manner in which a physician might use blood pressure or heartbeat as fundamental measures to evaluate patient health. For example, one of the most common types of marketing research studies is an "Awareness, Attitudes, and Usage"

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[13] This article builds on prior articles on this topic, including those that have appeared in *The Trademark Reporter*. While we disagree at times with prior authors, we do so with appreciation and respect. *The Trademark Reporter* has an admirable history of articles that present a variety of perspectives on complex issues. For example, on the topic of reading tests versus memory tests, see Jerre B. Swann, *A "Reading" Test or a "Memory" Test: Which Survey Methodology is Correct?*, 95 TMR 826 (2005); a response by Henry D. Ostberg, *Response to the Article Entitled, "A 'Reading' Test or a 'Memory' Test: Which Survey Methodology Is Correct?"*, 95 TMR 1446 (2005); and a third perspective from Mike Rappeport, *Response to Survey Methodology Articles*, 96 TMR 769 (2006).

[14] Kevin Lane Keller, Strategic Brand Management: Building, Measuring, and Managing Brand Equity 54 (4th ed. 2008). *See also* Paul W. Farris, Neil T. Bendle, Phillip E. Pfeifer, & David J. Reibstein, Marketing Metrics: the Definitive Guide to Measuring Marketing Performance 51 (2d ed. 2010).

[15] David A. Aaker, Building Strong Brands 10 (1st ed. 1995).

[16] Wayne D. Hoyer and Deborah J. MacInnis, Consumer Behavior 55 (5th ed. 2008).

("AA&U")[17] study, which is often conducted at regular intervals to measure "changes in consumer attitudes, awareness, and usage levels for a product category or specific brand."[18] The AA&U study provides a benchmark against which to measure brand progress over time, and measures brand awareness as well as other types of consumer attitudes and behaviors.

Awareness is important to marketers because brands that achieve greater levels of awareness than competing brands are more likely to be recalled and recognized by consumers, which can lead to higher levels of consideration by purchasers and ultimately a greater likelihood that consumers will choose that brand instead of competing brands.[19] Consumers often prefer to purchase brands that they are already aware of.[20]

Awareness allows consumers to form an image about a brand that tells them what to expect when they experience that brand's products or services. Awareness provides a foundation for consumer interest and action, enabling brands to cut through the clutter of companies vying for consumers' attention and to stand out among the competition. When a consumer eats at a MCDONALD'S restaurant, stays at a MARRIOTT hotel, or rides a HARLEY-DAVIDSON motorcycle, brand awareness helps set expectations. Without brand awareness, the decision-making involved in selecting groceries from among the tens of thousands of items in a typical U.S. supermarket might take all day or longer.[21]

For decades, marketers have conceptualized consumer purchase decisions in a model called the "hierarchy of decision-making" or the "hierarchy of effects."[22] In this model (referred to as "A-I-D-A"), consumers progress through stages, from:

- Awareness of a brand, to
- Interest in the brand, to the
- Decision to purchase the brand, to the

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17 This type of study is also referred to as an "Attitudes and Usage" ("A&U"), or "Usage and Attitudes" ("U&A"), study.

18 Attitude, Awareness, & Usage ("AAU") Study, https://www.insightsassociation.org/issues-policies/glossary/attitude-awareness-usage-aau-study (last visited June 21, 2021). *See also* Farris et al., *supra* note 14, at 51.

19 Keller, *supra* note 14, at 54-55.

20 ". . . when a brand choice is made—even when the decision involves products like computers or advertising agencies—the familiar brand will have an edge." Aaker, *supra* note 15, at 10-11.

21 In 2019, supermarkets carried an average of 28,112 items. The Food Industry Association, Supermarket Facts, https://www.fmi.org/our-research/supermarket-facts (last visited Sept. 14, 2020).

22 Robert J. Lavidge & Gary A. Steiner, *A Model for Predictive Measurements of Advertising Effectiveness*, 25 J. Mktg. 59-62 (1961).

- Action to purchase the brand.[23]

Generations of marketers, including these authors, learned the "A-I-D-A" model in business school and applied it in corporate marketing activities. Since the models posit that these are progressive stages, a brand with low awareness is less likely to move consumers through subsequent stages to purchase.[24]

Awareness is typically measured as the percentage of consumers who recall, recognize, or name a mark or brand.[25] Depending on the context, the method for measuring awareness may differ regarding the prompts or cues that are provided:

- "Unaided Awareness"[26] refers to the percentage of respondents who spontaneously name a mark or brand when the researcher provides the category as a cue. For example, an unaided awareness question might ask respondents to "name all the brands of [soft drinks, sneakers, etc.] you can think of."
- "Aided awareness" refers to the percentage of respondents who indicate that they are aware of a mark or brand when prompted by the name of that mark or brand, typically in the context of the product category. Aided awareness might be measured by a question phrased in a format such as, "Have you ever heard of a soft drink called 'Coca-Cola'?" Alternatively, respondents may be presented with a list of brands and asked to select which brands, if any, they have heard of or have seen before.[27]

III. THE MEANING OF "TOP-OF-MIND"

The term "top-of-mind awareness" is often mentioned regarding trademark surveys but is used inconsistently and without general agreement on what it means or how to measure it. The lack of clarity is exacerbated because marketers typically use the phrase in a manner different from that of those who conduct or evaluate likelihood of confusion surveys.

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23 Terrence O'Brien, *Stages of Consumer Decision Making*, 8 J. Mktg. Res. 283-289 (1971).

24 In recent years, this model has been updated to reflect the way some consumers progress from one stage to the next, while others skip stages or move across stages in forward or reverse directions. See the discussion of the "consumer decision journey" in David C. Edelman, *Branding in the Digital Age: You're Spending Your Money in All the Wrong Places*, Harv. Bus. Rev. (December 2010).

25 Farris et al., *supra* note 14, at 52-53.

26 "Unaided awareness" is sometimes called "spontaneous awareness." Gilles Laurent, Jean-Noël Kapferer, & Françoise Roussel, *The Underlying Structure of Brand Awareness Scores*, 14 Mktg. Sci. G170-G179 (1995).

27 This format can be adapted for trade dress as well, by showing the trade dress in question and asking respondents whether they have ever seen it before.

When some marketers refer to top-of-mind awareness, they may (but do not always) use it to refer to the brand that is named first on an unaided basis[28] or is among the first brands mentioned on an unaided basis. For example, if consumers are asked to name all brands of soft drinks they can think of, those marketers might think of top-of-mind awareness for COCA-COLA as measuring the percentage of consumers who mention COCA-COLA first, before mentioning any other brand, or as measuring the percentage who mention COCA-COLA among the first brands they mention.

In the context of trademark surveys, top-of-mind awareness has been conceptualized either as referring to (i) the brand or brands that are mentioned first, or (ii) any brand of which consumers are generally aware. In the latter usage, the term is synonymous with "well known," meaning that it refers to marks that consumers recognize or can recall, regardless of whether any mark was the first recalled, or was among those first recalled.[29] In this usage, top-of-mind awareness refers to whether a brand is "at least one of any number of brands that come to mind on an unaided basis."[30] Consistent with this approach, "An Empirical Assessment" also views top-of-mind awareness as a measure of unaided awareness.[31]

We are not aware of any article, precedent, or decision indicating that top-of-mind awareness in trademark surveys should mean only the mark that comes to mind first, nor do we believe that this should be the case. A measure for top-of-mind awareness confined only to the first brand mentioned is too limiting to reflect the conditions of trademark surveys.

The relevant question to determine whether an Eveready survey is appropriate is whether a mark is available or accessible in memory; whether the mark is mentioned first or last is irrelevant to the question of whether the mark is stored in memory. An allegedly similar mark can trigger the memory of a reference mark only if the reference mark is "readily accessible" and "can be conceptualized as residing near the surface of a consumer's memory."[32] As described in the next section, marks that reside "near the surface" of memory have significant aided recall, even if they have low unaided recall.

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28 Laurent, Kapferer & Roussel, *supra* note 26. *See also* Aaker, *supra* note 15 ("the first brand recalled"). *See also* Farris et al., *supra* note 14.

29 *E.g.*, "'Top-of-mind' refers to marks that are readily accessible in memory." Swann, *Cognitively Updated*, *supra* note 3, at 733.

30 *An Empirical Assessment*, *supra* note 10, 109 TMR, at 942.

31 "[T]op-of-mind awareness is a reflection of the frequency with which a mark 'comes to mind' on an unaided basis, as opposed to the extent to which a mark is recognized when the mark is supplied to the consumer on an aided basis." *An Empirical Assessment*, 109 TMR 942.

32 Swann & Henn, *Ever-Constant Eveready, Ever-Changing Squirt*, *supra* note 3, 109 TMR 671, 672, n.1.

IV. AIDED OR UNAIDED AWARENESS?

We now address the question of whether the measure to evaluate whether a brand is sufficiently well known for an Eveready survey should be aided or unaided awareness. For any mark, the measure for aided awareness is almost always equal to or higher than unaided awareness.[33] The authors have never encountered a brand that has higher levels of unaided awareness than of aided awareness, nor can we think of a situation where this might occur.

This is because of the different memory tasks involved in unaided and aided awareness. A survey question measuring unaided awareness might ask respondents to name all the brands they can think of that fit a particular context, such as all the soft drink brands that come to mind. When asked such open-ended questions, respondents tend to provide a limited number of answers and typically do not exhaustively list all responses that might come to mind if they were to take sufficient time to think of every brand they know.[34]

Unaided recall also presents a more demanding memory task than aided recall.[35] Memory is fallible, and certain responses may not come to mind until the respondent is reminded of them. Even the most well-meaning and enthusiastic respondent—one who wishes to name all the responses they know on an unaided basis—may not mention certain brands that they know but that do not immediately come to mind, such as brands that they encounter infrequently.

To determine whether a mark is sufficiently well known to conduct an Eveready survey, we believe that the proper measure is aided awareness. An Eveready survey presents respondents with a junior mark that is allegedly infringing, or possibly confusingly similar to, a senior or reference mark that is not shown to the respondent.[36] The awareness measure that most closely reflects this process is aided awareness. In the Eveready format, the allegedly

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[33] "[O]pen-ended questions typically fail to capture all pertinent information respondents actually have in mind." Jacob Jacoby, *Are Closed-Ended Questions Leading Questions? in* Trademark and Deceptive Advertising Surveys: Law, Science and Design 271 (Shari Seidman Diamond & Jerre B. Swann, eds. 2012).

[34] For marketers who define top-of-mind awareness as the brand or brands that are mentioned first, there is no such thing as top-of-mind awareness on an aided basis, because the brands in an aided awareness survey are typically presented in random order to avoid order bias. Pamela L. Alreck & Robert B. Settle, The Survey Research Handbook 103 (1995).

[35] Kevin Lane Keller, *Measuring Brand Equity*, *in* The Handbook of Marketing Research 551 (Rajiv Grover & Marco Virens, eds., 2006).

[36] *See* Swann, *Likelihood of Confusion*, *supra* note 3, at 62, n.62. ("In the author's view, however, the format more closely resembles a partially aided awareness test."). *But see* Phyllis J. Welter, Trademark Surveys § 24.03[1][c] (1999) (postulating that the Eveready format requires "unaided awareness" of the senior brand).

infringing mark provides the "aid" for possible recall of the senior mark.

As we demonstrate below, marks that are not category leaders can be appropriate for Eveready, as long as they have sufficient levels of aided awareness. For example, in the category of soft drinks, consumers may have had recent experience with COKE and PEPSI, but may recall brands that they have not seen or consumed recently or as often, such as FANTA, TAB, or FRESCA, only after prompting. Because consumers are less likely to have recent experience with these three smaller brands, they may be less likely to mention them on an unaided basis.[37] However, the long histories of FANTA, TAB, and FRESCA may mean that consumers may still remember them when prompted or aided.

V. SUMMARY OF OUR HYPOTHESES, AND TWO SURVEYS TO TEST THOSE HYPOTHESES

So far, we have offered the following hypotheses relating to Eveready surveys:

1. The key measure for deciding whether a mark is sufficiently well known to use the Eveready format is aided awareness. The Eveready format can detect confusion only when used in contexts involving marks that have appreciable levels of aided awareness. If an Eveready survey is used to measure confusion relative to a mark that does not have appreciable levels of aided awareness, the survey will not detect substantial levels of confusion.
2. Unaided awareness is also relevant for Eveready surveys, but only because marks with high levels of unaided awareness tend to have high levels of aided awareness. Low levels of unaided awareness should not be taken as an indication that Eveready is not appropriate.
3. For litigation surveys, "top-of-mind" should be viewed as synonymous with "well known," i.e., frequently recalled on an aided basis, without regard to the order in which a mark is recalled. In determining whether to conduct an Eveready survey, whether a given mark is mentioned first or is among the first brands mentioned is not relevant.

In "An Empirical Assessment," Mr. Poret conducted two sets of surveys. First, he surveyed respondents to measure unaided awareness of brands in three categories: soda/pop, breakfast cereal, and athletic sneakers. Next, Mr. Poret selected one mark from each category that had some degree of unaided awareness but was not

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[37] The "Saturation Index" takes into account the prominence of leading brands in a category and is measured as the average aided awareness of the two leading brands in a given category. Laurent, Kapferer & Roussel, *supra* note 26, at 14.

among the brands most often mentioned. Mr. Poret then conducted Eveready surveys measuring likelihood of confusion relative to the following marks:

1. FANTA for juice, measured for confusion with FANTA for soda/pop. The article described this scenario as an *identical* mark in a *different* product category.
2. KIXX for snack bars, measured for confusion with KIX for breakfast cereal. The article described this scenario as a *similar but non-identical* mark in a *different* product category.
3. PHEELA for athletic sneakers, measured for confusion with FILA for athletic sneakers. The article described this scenario as a *similar but non-identical* mark in the *same* product category.

We have also conducted awareness surveys and Eveready surveys to test our hypotheses relating to unaided and aided awareness. Our surveys explain the results of the surveys in "An Empirical Assessment" by considering a factor not evaluated in that article, namely aided awareness.

Our surveys used methods as similar as reasonably possible to the survey methods that Mr. Poret described in "An Empirical Assessment." For example, our surveys used the same product categories, the same stimuli, and the same question types, and did not include a control cell.

Our first survey measured unaided awareness and aided awareness for brands in the three product categories, including the three brands selected for Mr. Poret's confusion survey (FANTA, KIX, and FILA). Our awareness survey shows that while each of these brands has a low level of unaided awareness, they all have high levels of aided awareness.

In "An Empirical Assessment," Mr. Poret concluded that awareness is not necessary to conduct an Eveready survey. This conclusion is based on his Eveready survey, which showed confusion relative to three brands that he characterized as having low levels of awareness. We believe this conclusion is too broad, because it is based solely on unaided awareness and does not consider aided awareness.

To measure whether aided awareness matters, we conducted an Eveready survey to measure likelihood of confusion for brands that we selected because they have low levels of aided awareness. Data from this second survey supports our hypothesis that an Eveready survey will not detect confusion in contexts involving brands that do not have high levels of aided awareness. Our research shows that, when evaluating whether a mark is appropriate for an Eveready survey, courts and survey researchers should focus on aided awareness rather than unaided awareness.

VI. DESIGN AND RESULTS FOR OUR SURVEY TO MEASURE UNAIDED AND AIDED AWARENESS

For our awareness survey, we recruited prospective respondents from an online survey panel in a manner representative of the U.S. population on gender, age, and geography.[38] Prospective respondents were qualified as indicating that they had purchased in the past month, or are likely to purchase in the next month, products in one of three product categories, namely soda/pop, breakfast cereal, and athletic sneakers. Respondents who qualified for more than one product category were assigned to the single category that was least full.

After answering the qualification questions and a standard battery of quality control questions, respondents entered the main part of the awareness survey. After instructions, they were asked the first question, which measured unaided awareness. For respondents in the soda/pop category, this question was preceded by this instruction:

> Now you will be asked a few questions about soda/pop. As before, please do not guess. If you do not know the answer to a question or do not have an opinion, please indicate that you do not know.
>
> Please take a few moments to think about any brands of soda/pop that you have ever seen or heard of. Take as long as you like to think.
>
> When you are ready to proceed, click the "Next" button, which will appear after a brief pause.

After a delay of 15 seconds, respondents were asked, "Please type all brands of soda/pop that you have ever seen or heard of. Please be as complete as possible. Please enter each brand in a separate box below." Respondents could enter up to twenty brand names, each in a separate text field.

After they answered, respondents were provided instructions for questions that measured aided awareness:

> We'd appreciate your assistance with one more task.
>
> On the screen that follows, you will see a list of brands that may or may not be used by companies that make or sell soda/pop. For each brand, you will be asked to select one answer that reflects whether or not you have seen or heard of that brand of soda/pop before today, or that you don't know.

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[38] U.S. Census Bureau, County Population by Characteristics: 2010–2019, https://www.census.gov/data/tables/time-series/demo/popest/2010s-counties-detail.html (last visited June 3, 2021).

> As before, please do not guess. If you do not know the answer to a question or do not have an opinion, please indicate that you do not know. Please press 'Next' when you are ready to proceed.

On the next screen, respondents saw a list of brands specific to the product category, including popular and niche brands for the assigned product category, presented in random order. For each brand in the soda/pop category, respondents were asked to select, "Yes, I have seen or heard of this brand of soda/pop before today," "No, I have not seen or heard of this brand of soda/pop before today," or "I don't know."[39]

Respondents then answered a few concluding quality-control questions.

In total, 571 respondents completed the awareness survey, including 200 respondents for soda/pop, 205 for breakfast cereal, and 166 for athletic sneakers. Table 1 provides the results of the survey and also provides the confusion rate as measured by the survey in "An Empirical Assessment."

Table 1 shows that, for unaided awareness, respondents assigned to soda/pop mentioned an average of 6.0 brands, compared with 5.0 for those assigned to breakfast cereal and 4.8 for those assigned to athletic sneakers.[40]

Table 1: Summary of Unaided Awareness and Aided Awareness Measures

Category	Focal Brand	Sample Size	Number of Brands Mentioned Unaided	Unaided Awareness of Focal Brand	Aided Awareness of Focal Brand	Confusion Rate from "An Empirical Assessment"[41]
Soda/pop	FANTA	200	6.0	27.5%	93.0%	56.0%
Breakfast cereal	KIX	205	5.0	3.9%	79.5%	25.0%
Athletic sneakers	FILA	166	4.8	8.4%	78.9%	30.5%

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39 Responses were presented in reversed order, meaning that responses were ordered as "Yes," "No," and "I don't know," or ordered as "No," "Yes," and "I don't know."

40 As expected, respondents selected more brands on an aided basis than they mentioned on an unaided basis. On an aided basis, respondents assigned to soda/pop selected an average of 6.4 brands, those assigned to breakfast cereal selected an average of 6.9, and those assigned to athletic sneakers selected an average of 5.3.

41 *An Empirical Assessment*, *supra* note 10, 109 TMR, at 953.

Table 1 also shows that unaided awareness was 27.5% for FANTA, 3.9% for KIX, and 8.4% for FILA.[42] Aided awareness was much higher than unaided awareness for each focal brand, with aided awareness measures of 93.0% for FANTA, 78.9% for FILA, and 79.5% for KIX. The data show that each of the three brands has substantial measures for aided awareness, but much lower measures for unaided awareness.[43] An observer is likely to reach a different conclusion about whether each brand is well known, depending on whether they focus on aided or unaided awareness.

The last column of Table 1 presents the confusion measures from "An Empirical Assessment." FANTA, which had the highest aided awareness in our survey, had the highest measured confusion rate. KIX and FILA, which had similar levels of aided awareness in our survey, had likelihood of confusion measures in a similar range.

VII. SURVEY MEASURING LIKELIHOOD OF CONFUSION

After conducting the awareness survey, we next used an Eveready survey to measure likelihood of confusion, using a format as similar as possible to the Eveready survey described in "An Empirical Assessment." Given our hypotheses about the importance of aided awareness, our Eveready survey measured confusion with respect to brands with lower levels of aided awareness than the brands that were selected in "An Empirical Assessment":

i. For soda/pop, we measured JONES juice, alleged to create confusion with JONES soda. This is a test of the *same* mark in a *different* category. In our awareness survey, JONES soda had unaided awareness of 3.0% and aided awareness of 35.5%.

ii. For breakfast cereal, we measured MAEPOE snack bars, alleged to create confusion with MAYPO breakfast cereal. This is a test of a *similar but non-identical* mark in a *different* product category. In our awareness survey, in breakfast cereal, MAYPO had 0% unaided awareness and 19% aided awareness.

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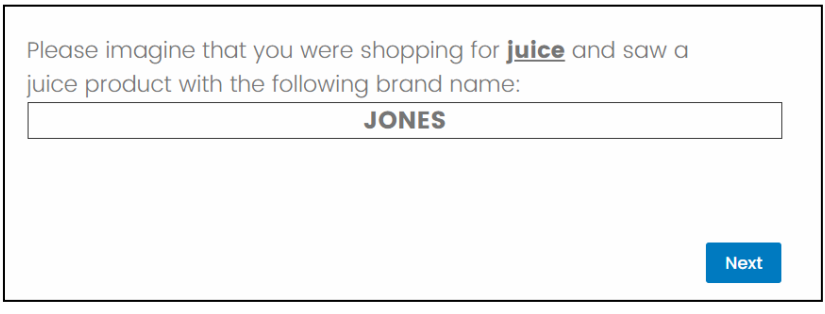
42 As a comparison, the survey in "An Empirical Assessment" (954) provides unaided awareness measures of 6.3% for FANTA, 5.3% for FILA, and 3.0% for KIX. We are uncertain as to the reasons for the difference in the measures for FANTA, but we do not have certain information about the other survey, such as the demographic composition of the survey universe.

43 The aided awareness survey included two fictitious brands as a survey control measure. For a survey in a legal proceeding, we would subtract the measures for the fictitious brand from the measures for each brand of interest. After accounting for the control, aided awareness is 93.7% for FANTA, 81.1% for KIX, and 79.7% for FILA. Because this survey is meant only for illustrative purposes, we report all data before adjusting for the control.

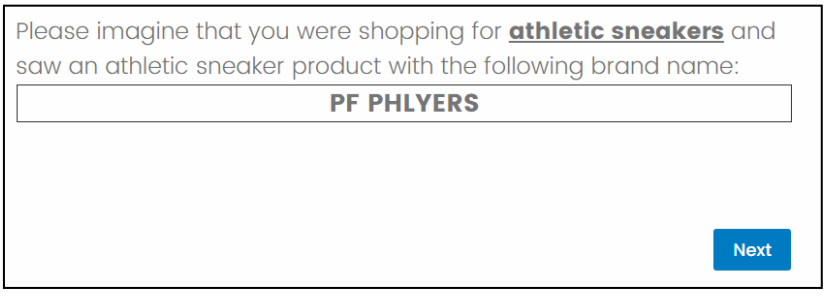
iii. For athletic sneakers, we measured PF PHLYERS, alleged to create confusion with PF FLYERS athletic sneakers. This tests a *similar but non-identical* mark in the *same* product category. In our awareness survey, the PF FLYERS brand had 0.6% unaided awareness and 30% aided awareness.

For our confusion survey, we recruited prospective respondents through an online survey panel and qualified respondents as having purchased in the past month, or being likely to purchase in the next month, products from the product category of interest.

Using a protocol similar to that used in "An Empirical Assessment," our Eveready survey showed the junior mark in plain text and referenced the product category of interest. The screenshots that follow show each mark as it was displayed in the Eveready survey, which replicated the format in "An Empirical Assessment."[44]







[44] Our choice of a survey protocol that showed the mark in plain words does not necessarily reflect how we would conduct an Eveready survey in other contexts.

Our Eveready survey asked two series of questions to measure confusion. In the first series, respondents were asked whether they are aware of any other products made or put out by the company or brand that makes or puts out the product they just saw. Those answering affirmatively were asked to indicate, in their own words, what other product or products are made or put out by the company or brand that makes or puts out the product they just saw.[45]

The second series asked respondents whether they think that whoever makes or puts out the product they just saw is or is not sponsored or approved by another company or brand, or that they don't know. Respondents who answered affirmatively were asked to indicate what other company or brand they believe sponsored or approved whoever makes or puts out the product they just saw.

A total of 300 respondents completed the Eveready survey, including 100 respondents for each product category. Table 2 shows the results. As a reminder, these three marks were selected for the Eveready survey as examples of marks that have low levels of aided awareness.

Table 2: Summary of Awareness and Confusion Rates for Brands Used in Likelihood of Confusion Study

Junior Mark	Junior Mark Category	Senior Mark	Senior Mark Category	Unaided Awareness	Aided Awareness[46]	Likelihood of Confusion
JONES	Juice	JONES	Soda/pop	3.0%	35.5%	18.0%
MAEPOE	Snack bars	MAYPO	Breakfast cereal	0.0%	19.0%	0.0%
PF PHLYERS	Athletic sneakers	PF FLYERS	Athletic sneakers	0.6%	30.1%	5.0%

The results shown in Table 2 support our hypothesis that an Eveready survey will not show appreciable levels of confusion if the senior mark does not have substantial levels of aided awareness. The confusion measures are 18.0% for JONES, 0% for MAEPOE, and 5.0% for PF PHLYERS.[47] For all three brands, the confusion

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45 Often, Eveready surveys include additional questions. To more closely compare our results with those of Mr. Poret, we included only those questions that were tested in "An Empirical Assessment."

46 After adjusting for two fictitious control brands in our awareness survey, aided awareness is 33.9% for JONES, 17.8% for MAYPO, and 29.0% for PF FLYERS. As described earlier, in a legal proceeding, we would rely on the measures that reflect the control.

47 The 18.0% confusion rate for JONES includes any reference to Jones and/or soda, and the 5.0% confusion rate for PF PHLYERS includes references to footwear, socks, or apparel. Limiting confusion to explicit references to PF FLYERS reduces the confusion

measures are lower than the aided awareness measures, which were 35.5% for JONES, 19.0% for MAEPOE, and 30.1% for PF PHLYERS.

VIII. CONCLUSIONS AND IMPLICATIONS

Based on our surveys and analysis, we conclude that aided awareness is the key measure for deciding whether a mark is appropriate for the Eveready survey format. If an Eveready survey is used to measure confusion relative to a mark that does not have appreciable levels of aided awareness, the survey will not show substantial levels of confusion. Aided awareness is key for establishing suitability for an Eveready survey because very low levels of aided awareness impede the "pattern matching"[48] that is at the heart of the Eveready format. When aided awareness is low, respondents do not have the reference mark in mind to compare against the mark they are shown.

Our conclusions are generally consistent with two perspectives that previously seemed to conflict. We agree with prior scholars who have argued that Eveready surveys are appropriate only for brands that are "widely recognized,"[49] and that using an Eveready survey for a mark that is not readily available in the memory of consumers may underestimate confusion.[50] We also agree with "An Empirical Assessment" that a wider range of brands may be appropriate for Eveready surveys than was previously appreciated.

These positions are not mutually exclusive if aided awareness is the measure to evaluate whether a brand is widely recognized, with the applicability of the Eveready format to any mark evaluated according to that mark's level of aided awareness. On the one hand, to be suitable for Eveready, a mark must be widely recognized or well known, as measured by aided awareness. On the other hand, many brands—even those that are not market leaders or may not be recalled on an unaided basis—can have levels of aided awareness sufficiently high to make them appropriate for an Eveready survey.

For example, consumers may be aware of brands that they used to purchase in the past but do not purchase any more.[51] Such brands

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measure for PF PHLYERS to 0.0%. This article does not opine on whether any specific percentage represents a substantial likelihood of confusion.

48 Swann, *Cognitively Updated*, *supra* note 3, at 742.

49 McCarthy, *supra* note 3, § 32:173.50, n.2 (citations omitted).

50 Itamar Simonson, *Trademark Infringement from the Buyer Perspective: Conceptual Analysis and Measurement Implications*, 13 J. Pub. Pol'y & Mktg. 183 (1994).

51 Over time, the market position of certain brands fades, sometimes due to ". . . the failure of companies to stay atop their industries when they confront certain types of market and technological change." Even well-managed brands that listen attentively to their customers may fail to keep up with "disruptive" changes in competitive product offerings. Clayton M. Christensen, The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail ix, xv (1st ed. 1997).

may come to mind only with the prompting in an aided awareness question. For soft drinks, consumers may frequently see or regularly purchase market leaders such as COKE or PEPSI, but they may also be aware of many other soda brands that they do not drink as often, such as FANTA or FRESCA. In other contexts, consumers may similarly have aided awareness of brands that serve niche segments of the market, but those niche brands may not come to mind on an unaided basis as easily as mainstream brands.

This discussion raises the question of how to recognize the contexts where a mark is likely to have sufficient levels of unaided awareness for Eveready. There are a few indicators that courts, attorneys, and experts can use to determine whether a mark has sufficient levels of unaided awareness to make Eveready an appropriate format.[52]

One indicator is an awareness survey, such as the awareness surveys that the authors conducted for this article. An awareness survey to evaluate whether a mark is appropriate for Eveready would measure whether respondents are aware of that mark, on an aided basis. The awareness survey described in this article is not the only valid format for an awareness survey; an awareness survey can measure words, phrases, or trade dress, and should include other elements of reliable survey design, such as survey controls.[53]

If an awareness survey measures both unaided and aided awareness, the key measure for considering whether to conduct an Eveready survey is aided awareness. If an awareness survey measures only unaided awareness, the survey can still be relevant because, as discussed earlier, unaided awareness provides a floor, or minimum, for aided awareness. A low measure of unaided awareness is not valid cause to decline an Eveready survey, because aided awareness can be much higher than unaided awareness in any given context.

It is not always necessary to conduct an awareness survey to evaluate whether the context is appropriate for Eveready, because indicators other than an awareness survey can identify whether a mark is well known.

One such indicator is the mark's history or longevity with consumers. Many brands that are ubiquitous in American

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[52] Given that standards to evaluate percentage measures from likelihood of confusion surveys vary across venues and courts, this article does not provide guidance for the specific percentage of unaided awareness that would justify an Eveready survey.

[53] For example, in a matter involving trade dress for bottles containing alcoholic beverages, a survey conducted by one of the authors showed pictures of the bottles with brand names removed, and asked, "Even though the picture of the product has been altered, have you ever seen the product shown in this picture before? You may answer 'yes,' 'no,' or that you 'don't know.'" Respondents who answered affirmatively were also asked, "What do you think is the brand name of this product? If you don't know or are not sure, you may simply say that you don't know." *See* Globefill, Inc. v. Elements Spirits, Inc., No. 2:10-CV-02034, 2016 WL 8944644, at 9 (C.D. Cal. Sept. 20, 2016).

households, such as COCA-COLA, PEPSI-COLA, IVORY, QUAKER, FORD, or GENERAL MOTORS, have become well known by marketplace activities that were conducted over a long period of time. For example, around the time of the turn of the twentieth century, innovations such as the telegraph, railroads, and mass production, along with modern marketing techniques, made possible some of the first brands of household consumer products oriented for the mass markets. Many marks introduced and developed long ago, sometimes as far back as the turn of the prior century, are still well known today.[54]

Although history can help a mark become well known, it is, of course, possible that a mark with a long history is not well known, or that a mark can become well known over a relatively short period of time. Another indicator to evaluate whether a mark is well known is provided by the mark's marketplace success, evaluated by measures such as sales or market share, or the level of marketplace activities related to the mark in areas such as marketing, advertising, public relations, and social media. Due to marketplace success and high levels of marketplace activities, companies such as Apple, Nike, Amazon, Tesla, and Google have become well known.[55]

An awareness survey is not always necessary to determine whether a mark is appropriate for an Eveready survey, but our research sheds light on the importance of aided awareness. Where it is otherwise difficult to evaluate whether a mark is readily recalled by consumers, the evaluation can be conducted by a survey, or it can be conducted by looking at other measures, such as marketplace success, the level of marketplace activities, or other similar considerations.

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[54] For example, COCA-COLA was invented in 1886 and PEPSI-COLA was invented in the 1890s. The Ford Motor Company was incorporated in 1903; General Motors was founded in 1908, and by the 1920s was operating brands such as OLDSMOBILE, BUICK, and CADILLAC. Richard S. Tedlow, New and Improved: The Story of Mass Marketing in America 22-23, 120, 147, 150 (1990). In the 1880s, innovation in packaging, distribution, manufacturing, and marketing made possible such brands as PILLSBURY, QUAKER, HEINZ, IVORY, COLGATE, SHERWIN WILLIAMS, SWIFT, ARMOUR, and ANHEUSER. Alfred D. Chandler, Jr., Scale and Scope: the Dynamics of Industrial Capitalism 63-65 (1990).

[55] The company now known as Nike adopted its name in 1971; Apple was founded in 1976; Amazon was founded in 1994; Tesla was founded in 2003; and Google was founded in 1998. Phil Knight, Shoe Dog: A Memoir by the Creator of Nike (2016). Apple History, http://www.applemuseum.com/en/apple-history (last visited Sept. 8, 2020). Encyclopedia Britannica: Amazon.com, https://www.britannica.com/topic/Amazoncom (last visited Sept. 8, 2020). About Tesla, https://www.tesla.com/about (last visited Sept. 8, 2020). From the Garage to the Googleplex, https://about.google/our-story/ (last visited Sept. 8, 2020).

EXPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS: THE HAVANA CLUB TRADEMARK*

*By Pablo Balañá-Vicente***

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* Adapted by the author from "Birth, Metamorphosis, and Resurrection: Let the 'Little' Havana Club Prevail," 2020 Ladas Memorial Award Winner, Student Category.

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I. INTRODUCTION

The history of the HAVANA CLUB brand can be traced back to 1862 when José Arechabala y Aldama emigrated from his native town of Gordejuela, Vizcaya, Spain, to Cuba in search of a better future.[1] In Cuba, José Arechabala y Aldama would eventually establish the distillery that would become the producer of HAVANA CLUB rum, one of the most iconic rum brands in the market.[2] The history of HAVANA CLUB rum is a history of Cuba, Spain, and Florida; of national and international politics; and of ironies and contradictions. But, above all, the history of HAVANA CLUB rum is the history of an epic legal battle that Bacardi USA, Inc. and Bacardi & Company Limited (collectively, "Bacardi") have been fighting for decades to reverse the effects of the Cuban government's expropriation of the assets of the Cuban company José Arechabala, S.A. and its Cuban HAVANA CLUB trademark.

Today, two different corporate factions claim title to the HAVANA CLUB trademark in the United States: Bacardi, on the one hand, and, on the other hand, Empresa Cubana Exportadora de Alimentos y Productos Varios d/b/a/ Cuba Export Company ("Cuba Export") and its exclusive distributor, the French company Pernod Ricard S.A. ("Pernod"). Whereas Cuba Export and Pernod distribute their HAVANA CLUB rum ("Cuba Export's HAVANA CLUB rum") in many countries other than the United States, Bacardi distributes its HAVANA CLUB rum ("Bacardi's HAVANA CLUB rum") only in the United States. Further, despite limited distribution of Bacardi's HAVANA CLUB rum and the fact that it cannot be called a Cuban rum because it is produced in Puerto Rico, it is distilled according to the original recipe of its Cuban creator.[3] In contrast, Cuba Export's HAVANA CLUB rum is manufactured in Cuba and distributed in many countries, but it is not distilled by successors to the original creators or according to the original recipe.[4] These contrasting facts raise the question: which should be considered the original HAVANA CLUB rum: Bacardi's, because it is produced with the original recipe purchased from the original Cuban producer, or Cuba Export's, because the brand was confiscated from its original producer, and it is produced in Cuba?

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1 Luis J. Falbelo, José Arechabala S.A., José Arechabala S.A. en su 75º Aniversario 1878–1955 (1954), page 9.

2 Alyson Sheppard, *The Forbidden Fruit of Cuba Isn't Cigars—It's Rum*. Esquire (Jan. 12, 2017), https://www.esquire.com/food-drink/drinks/a52223/cuban-rum-guide/.

3 Havana Club Rum, Forced from Home, Aged in Exile, https://www.therealhavanaclub.com.

4 Carmen Sesin, With war over Havana Club rum still in court, Bacardi turns to the court of public opinion (March 2, 2018), https://www.nbcnews.com/news/latino/war-over-havana-club-rum-still-court-bacardi-turns-court-n852426.

This article is based on the premise that there can only be one original HAVANA CLUB rum and concludes that Bacardi's HAVANA CLUB rum is the original on two grounds: first, the rum is produced according to the recipe that José Arechabala, S.A., the original creator, developed; and, second, José Arechabala, S.A. freely transferred rights to any HAVANA CLUB–related production and to any distribution rights to Bacardi. Cuba Export's and Pernod's claims for trademark infringement and unfair competition against Bacardi for distributing Barcardi's HAVANA CLUB rum in the United States results in the absurd situation where a victimizer is claiming that it is the victim. More than ironic,[5] these claims show that the confiscation of assets in Cuba did, in fact, extend extraterritorially to assets in the United States.

This article provides an overview of the historical facts, law, and policy behind the HAVANA CLUB trademark ownership dispute to suggest that the origin of the problem lies with the United States Patent and Trademark Office's ("USPTO") grant of Cuba Export's HAVANA CLUB trademark registration.[6] In this author's view, the USPTO should have never granted Cuba Export's HAVANA CLUB registration because such registration was an extraterritorial extension of a Cuban confiscation to property in the United States. First, this article will examine the facts relating to the HAVANA CLUB trademark from the founding of the company that created the trademark, through the confiscation by the Castro government in 1960, and its current ownership status in the United States. Second, this article will examine the laws that were enacted after the Cuban Revolution that led to the current dispute in the United States: Cuban Law 890 and the United States Cuban embargo laws. Third, this article will study a United States precedent and Bacardi's litigation over José Arechabala, S.A.'s HAVANA CLUB trademark in Spain. Fourth, this article will examine the arguments and legal grounds Bacardi is using in its pending lawsuit seeking cancellation of Cuba Export's HAVANA CLUB trademark in the United States. Finally, this article will examine whether Cuba Export's registration of the HAVANA CLUB trademark in the United States was an extraterritorial extension of a confiscation of assets in Cuba to assets in the United States and will conclude that the law should prevent a foreign sovereign from benefitting from the expiration of a registration in the United States, when such expiration was the foreseeable consequence of the foreign sovereign's inflicted duress and hardship.

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5 Havana Club Holding, S.A. v. Galleon, S.A., 62 F. Supp. 2d 1085, 1088 (S.D.N.Y. 1999) ("At the heart of this case lies an interesting irony: a half-Cuban company . . . brings an action to enjoin what it believes is unfair competition and to preserve its ability to some day compete in the United States market. . . . Defendants . . . owned the HAVANA CLUB rum business prior to its expropriation by the Castro government in 1960.").

6 U.S. Registration No. 1,031,651, issued January 12, 1976.

II. FROM JOSÉ ARECHABALA, S.A. TO CUBA EXPORT AND PERNOD

A. The Founding of José Arechabala, S.A. and the Original HAVANA CLUB Trademarks

In 1878, José Arechabala y Aldama's established a distillery in Cárdenas, Cuba, named "La Vizcaya," after his birthplace in the Basque region of Spain. Within a short time, the distillery became a very prosperous business.[7] José Arechabala expanded its distilling business to sugar refining.

After the start of American prohibition in 1920, Cuba became a renowned tourist destination among Americans looking for spirituous liquors, gambling, and prostitution.[8] Rum was not unknown to Americans; it had been introduced to American soldiers during the Spanish-American war and became popular when the daiquiri cocktail was first introduced to The Army and Navy Club's bar in Washington, D.C., in 1909.[9] Prohibition ended in the United States in 1933, and a year later José Arechabala, S.A. launched HAVANA CLUB rum in Cuba, registering the word trademark HAVANA CLUB under Cuban Registration No. 53,614, and associated logo designs under Cuban Registration Nos. 54,890 and 54,890-A.[10] In May 29, 1935, the company opened new offices and a private bar named "Havana Club" located in the palace Casa Conde de Bayona in Havana's Plaza de la Catedral.[11] The company used the Havana Club bar as a place to entertain the personalities who visited the city and the company.[12] Exports to the United States

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7 *Arechabala Industries*, Cárdenas, Cuba, Home Page, http://delafe.com/cardenas/arechabe.htm (last visited Sept. 27, 2020).

8 David Montgomery, *The real story of Havana Club,* https://www.hc-rumsammlung.de/Real-story-of-HC.

9 David Montgomery, *Havana Club vs. Havana Club: Inside the rum war between Bacardi and Cuba*, Wash. Post (July 23, 2016), https://www.washingtonpost.com/business/havana-club-v-havana-club-inside-the-rum-war-between-bacardi-and-cuba/2016/07/22/57c32a06-2cb4-11e6-9b37-42985f6a265c_story.html; *see also A Culinary Experience Like No Other*, The Army and Navy Club, https://www.armynavyclub.org/amenities/dining (last visited Sept. 27, 2020).

10 *See* First Amended Complaint at 9, Bacardi & Co. Ltd. v. Empresa Cubana Exportadora de Alimentos y Productos Varios, No. 1:04-cv-00519 (D.D.C. Mar. 11, 2016).

11 Falbelo, *supra* note 1, at 66.

12 Falbelo, *supra* note 1, at 78. The company published a weekly review titled *Gordejuela*, which the Basque government has made available to the public through the online portal that gathers documentation of Basque immigrants worldwide. The *Gordejuela* weekly review is available at http://urazandi.euskaletxeak.net/vol1/dvd06/CUBA/Gordejuela/htm/index.htm.The following are some of the personalities listed in *Gordejuela* as illustrious visits: Volume 160 of 1943 (Louis Naetzker, Vice-President of the National City Bank of New York); Volume 161 of 1943 (the Secretary of the U.S. Treasury): No. 10 of 1954 (Mr. N.C. Hines, Vice-President of the Caribbean System Ferry Inc.; and Senator for North Carolina Mr. S. Reynolds): and No. 11 of 1955 (Admiral Frank Virden, chief of the Navy's 6th Fleet).

soon followed, and on May 14, 1935, the USPTO granted José Arechabala, S.A. registration for the word trademark HAVANA CLUB, and registrations for the label designs.[13] Exports to Spain followed next, and in July 20, 1934, the company filed an application before the Spanish Patent and Trademark Office for the registration of the word trademark HAVANA CLUB, which was granted on April 10, 1935.[14]

The label designs of the original HAVANA CLUB trademarks that José Arechabala, S.A. registered with the USPTO are shown below:

U.S. Label design[15]



U.S. Label Design trademark[16]



U.S. Label Design trademark[17]



B. The Cuban Revolution: Confiscation of José Arechabala, S.A.'s Assets and the Metamorphosis of HAVANA CLUB Rum

The Cuban Revolution began in 1953 under Fidel Castro's leadership and ended victoriously on January 1, 1958, with the ousting of the then-current president of the Cuban Republic, Fulgencio Batista. A year later, on December 31, 1959, Special Forces led by revolutionary Calixto López seized control of José Arechabala, S.A.'s production site in Cárdenas at gunpoint, ousted

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13 HAVANA CLUB, Registration No. 324,385; HAVANA CLUB & Design, Registration No. 335,919; HAVANA CLUB & Design, Registration No. 578,679; and HAVANA CLUB & Design, Registration No. 578,680.

14 HAVANA CLUB, Spanish Registration No. 99,789.

15 HAVANA CLUB & Design, Registration No. 335,919. The registration certificate provides that the "lining on the drawing indicates the color red."

16 HAVANA CLUB & Design, Registration No. 578,679. The registration certificate provides that the "lining on the drawing indicate the colors yellow-beige and red."

17 HAVANA CLUB & Design, Registration No. 578,680. The registration certificate provides that the "lining on the drawing indicates the color red."

the company's management and expropriated the company *de facto*.[18] On October 15, 1960, Cuban Law No. 890 ("Law No. 890") was issued, expropriating for the Cuban government the physical assets, property, accounts, and business records of José Arechabala, S.A.[19] José Fermín Iturrioz y Llagino, the president of José Arechabala, S.A. was exiled to New York. Javier Arechabala, the company's lawyer, was imprisoned for several years after the Bay of Pigs invasion in 1961.[20] Ramón Arechabala, the vice-president, fled to Miami after the Castro government threw him in jail on December 31, 1963, holding him for eight days, and forcing him to choose between exile and an undefined number of years in prison under bogus charges.[21]

1. From José Arechabala, S.A. to Cuba Export

In 1965, the Cuban Ministry of Foreign Commerce established Cuba Export and, three years later, in 1968, the government assigned the rights to the Cuban HAVANA CLUB trademarks from José Arechabala, S.A. to Cuba Export.[22] On June 12, 1974, Cuba Export applied for a U.S. registration on HAVANA CLUB (AND DESIGN), and U.S. Registration No. 1031651 issued to Cuba Export on January 27, 1976.[23] Cuba Export was the government entity charged with exporting HAVANA CLUB rum from 1972 to 1993, although exports were limited to Eastern Europe and the Union of Soviet Socialist Republics.[24]

In 1993, Cuba Export reorganized its business to incorporate a foreign partner, transferring all of the assets associated with the Havana Club rum business, including its HAVANA CLUB trademark, to Havana Rum & Liquors, S.A. ("HRL"), a Cuban

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18 *See* An Examination of Section 211 of the Omnibus Appropriations Act of 1998 Before the S. Comm. on the Judiciary, 108th Cong. 45 (2004) (testimony of Ramón Arechabala, Miami, Florida). *See, also*, Havana Club Holding, S.A. v. Galleon, S.A., 62 F. Supp. 2d 1085, 1090 (S.D.N.Y. 1999) ("On or about January 1, 1960, however, armed forces from the Castro government forcibly entered into possession and confiscated the property and assets of JASA. *See* R. Arechabala Tr. at 1231-1243.")

19 Havana Club Holding, S.A. v. Galleon, S.A., 62 F. Supp. 2d 1085, 1090 (S.D.N.Y. 1999).

20 *See* Testimony of Ramón Arechabala, *supra* note 18.

21 *See Amparo Arechabala*, The Immigrant Archive Project, https://immigrantarchiveproject.org/amparo-arechabala/ (last visited Sept. 27, 2020).

22 STS, Dec. 30, 2010 (R.O.J., No. 7666, p. 2-3).

23 U.S. Application Serial No. 73023981, was filed June 12, 1974, on HAVANA CLUB for RUM, issued as Registration No. 1031651, on January 27, 1976. This registration was renewed in 1996, 2006, and 2016. Jose Ma. Arechabala Rodrigo, grandson of José Arechabala y Aldama, petitioned to cancel this registration for abandonment on May 9, 1994, which the Board denied on April 17, 1996, finding that the mark had not been abandoned.

24 Havana Club Holding, 62 F. Supp. 2d at 1090.

company.[25] In November 1993, HRL entered into an agreement with Pernod Ricard, S.A. ("Pernod"), a French Company, titled "Convenio Asociativo."[26] Pursuant to the Convenio Asociativo, HRL and Pernod each own 50% of Havana Club Holding, S.A. ("HCH"), a Luxembourg holding company that owns the HAVANA CLUB trademark in certain countries outside the United States.[27] HCH, in turn, owns Havana Club International, S.A. ("HCI"), a Cuban joint stock company. Pursuant to the Convenio Asociativo HRL transferred its rum-related assets to HCH, which, in turn, granted an exclusive license to sell HAVANA CLUB rum and use the HAVANA CLUB trademark to HCI.[28] Since 1993, Cuba Export's HAVANA CLUB rum has been distilled by Cuba Ron, a State-owned company organized in 1993.[29]

On January 10, 1994, Cuba Export assigned its interest in U.S. Registration No. 1031651 on HAVANA CLUB to HRL.[30] On June 22, 1994, HRL assigned its interest in U.S. Registration No. 1031651 on HAVANA CLUB to HCH.[31] Although Cuba Export sought and obtained the required license for this transfer, this license was retroactively revoked, voiding the transfer from Cuba Export to HRL, and the subsequent transfer from HRL to HCH. As a result, a court order dated October 20, 1997, returned ownership of the registration to Cuba Export.[32]

2. From José Arechabala, S.A. to Bacardi & Company Limited

After the Cuban government confiscated José Arechabala, S.A.'s HAVANA CLUB trademarks and the Arechabalas were forced to leave Cuba, the family started the process of rebuilding its rum business. In 1993, when Cuba Export and Pernod entered into the "Convenio Asociativo," Pernod's Spanish attorney approached Ramón Arechabala for a prospective agreement on the waiver of any claims the Arechabalas may have had in connection with the HAVANA CLUB trademarks.[33] The negotiations failed, and in 1995 the Arechabalas unsuccessfully approached International Distillers & Vintners Limited for an agreement to produce and distribute

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25 *Id.*

26 *Id.*

27 *Id.*

28 *Id.*

29 First Amended Complaint at 20, Bacardi & Co. Ltd. v. Empresa Cubana Exportadora de Alimentos y Productos Varios, No. 1:04-cv-00519 (D.D.C. Mar. 11, 2016).

30 Recorded at Reel 1104, Frame 0046, on February 10, 1994.

31 Recorded at Reel 1219, Frame 0428, on September 13, 1994.

32 Recorded at Reel 2398, Frame 0855, on January September 13, 1994.

33 Havana Club Holding, 62 F. Supp. 2d 1085, 1090 (S.D.N.Y. 1999).

HAVANA CLUB rum.[34] However, the Arechabalas found a willing partner in Bacardi & Company Limited, and in 1997 entered into a Share Purchase Agreement whereby the Arechabalas sold any rights they had in any HAVANA CLUB trademark, the related goodwill, and any rum business assets that the Arechabalas still owned.[35] To legally transfer any HAVANA CLUB trademark rights, José Arechabala, S.A.'s shareholders[36] agreed to incorporate José Arechabala International Ltd. in Luxembourg, transfer the assets, and liquidate José Arechabala, S.A.[37] Since 1997, Bacardi & Company Limited has been manufacturing HAVANA CLUB rum in Puerto Rico and distributing it in the United States.

Bacardi & Company Limited owns two pending U.S. applications on HAVANA CLUB that were filed on September 12, 1994, and June 25, 1999,[38] but action on this application has been suspended pending resolution of Bacardi's litigation with Cuba Export.

III. THE LAWS PERTAINING TO THE HAVANA CLUB TRADEMARK CONFISCATION

A. Cuban Law No. 890[39]

By means of Law No. 890, the Castro government confiscated:

- 105 companies in the sugar business (including Hershey Corporation);
- eighteen companies in the distilling business (including José Arechabala, S.A.);
- six companies in the business of spirits (including Cía. Ron Bacardí, S.A.); and
- a number of other companies in production sectors such as paper, chemicals, paint, soaps, textiles, etc.[40]

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34 *Id.*

35 *Id.*

36 The Spanish Supreme Court, in interpreting the effects of Cuban Law 890, ruled that the law did not confiscate the legal person José Arechabala, S.A. because, in order to do so, the law should have confiscated the shares from the shareholders, but the shareholders were not named as confiscated parties. STS, Dec. 30, 2010 (R.O.J., No. 7666, p. 13-14).

37 *Id.*, p. 7-8.

38 Application Serial No. 74572667, filed September 12, 1994, on HAVANA CLUB for rum and rum specialty drinks, and Application Serial No. 75751393, filed June 2, 1999, on HAVANA CLUB for clothing, namely t-shirts, hats, and baseball caps.

39 Gaceta Oficial de la Republica de Cuba, October 15, 1960. A digital copy of the October 15, 1960, issue of the Cuban Gazette where Law 890 was published may be found at http://www.drogueriataquechel.com/coverdegaceta.html.

40 *Id.*

The declarations section of Law 890 sets forth the motives that led the Castro government to confiscate the largest commercial and industrial corporations in Cuba at the time. Declaration number eight stated that it was the government's duty to "definitively liquidate the economic power of the privileged interests that conspire against the people . . . " and the means chosen to liquidate the economic power was by "nationalizing the largest commercial and industrial corporations that have not adapted to and will never be able to adapt to the revolution's reality . . . ."[41]

Article 1 of Law 890 provided the scope of the nationalization and confiscation in the following translated terms:

> "nationalization by means of forced expropriation of all industrial and commercial corporations, as well as their manufacturing plants, warehouses, storehouses, and other goods and rights, owned by the following natural or legal persons . . . ."[42]

Law 890, therefore, confiscated and nationalized José Arechabala, S.A.'s manufacturing plant, warehouse and storehouse in Cárdenas, Cuba, and the company's goods and rights, such as the rights to the HAVANA CLUB trademark.[43]

Article 2 of Law 890 provided for the transfer of all the "goods, rights and actions from all the corporations listed in Article 1" to the government. The Spanish Supreme Court concluded that under Law 890 the Cuban government confiscated all of José Arechabala, S.A.'s goods and rights but did not confiscate the company's shares.[44] The Spanish Supreme Court reasoned that the word "actions" in Article 2 could not be interpreted as the "shares" of the corporation because a corporation is not the owner of the shares, and, in order to confiscate the company's shares, Article 1 should have listed the shareholders as persons subject to confiscation.[45]

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41 *Id.* Ironically, thirty-three years after a confiscation, whose aim was to "definitively liquidate the economic power of the privileged interests that conspire against the people," the Cuban government entered into a fifty-fifty joint venture for the HAVANA CLUB rum with a French company that has never "adapted to and will never be able to adapt to the revolution's reality."

42 *Id.*

43 *Id.*

44 *See* STS, Dec. 30, 2010 (R.O.J., No. 7666, p. 13-14).

45 *Id.* at 14. In interpreting the word "actions," which in Spain means "causes of action" or "shares," depending on the context, the Supreme Court affirmed the Court of Appeal's conclusion that the word "actions" in Article 2 of Cuban Law 890 meant the causes of action that José Arechabala, S.A. may have had at the time. *Id.* If title to the shares did not transfer from José Arechabala, S.A. to the Cuban government, the question is then whether the corporation itself was then nationalized. If Law 890 did not transfer title to the corporation from José Arechabala, S.A.'s shareholders to the Cuban government, then any decision the Cuban government made in the name of José Arechabala, S.A.'s shareholders was a usurpation and subject to nullification.

Finally, Article 7 provided that the government would enact a subsequent law for the compensation owed to the natural and legal persons for the confiscation under Law 890. The Cuban government never compensated the natural and legal persons under Law 890.[46]

B. The United States Cuban Embargo Laws

The enactment of Cuban Law 890 led President Eisenhower to ban all exports to Cuba and, as the Castro government turned to the Soviet Union as its main trading partner, political tensions grew, leading to the Bay of Pigs invasion and the Cuban missile crisis.[47] President Kennedy replaced President Eisenhower's ban on all exports to Cuba with the Cuban Assets Control Regulations, authorized under the Trading with the Enemy Act of 1917.[48] The Trading with the Enemy Act of 1917 gives the President "broad authority to impose comprehensive embargoes in foreign countries as one means of dealing with both peacetime emergencies and times of war."[49] In 1942, the President's power to administer embargoes through licenses pursuant to Section 5 of the Trading with the Enemy Act was delegated to the United States Secretary of the Treasury.[50] Since 1962, however, the Office of Foreign Assets Control of the Treasury Department administers the issuance or revocation of licenses and administers embargoes pursuant to the Cuban Assets Control Act after the Secretary of State delegated its power.[51]

The Cuban Assets Control Regulations' underlying policies can be summarized as (1) limiting the availability of funds to the Cuban government, (2) using the blocked funds as leverage for future negotiations with the Cuban government, and (3) using the blocked funds in the settlement of claims.[52] The Cuban embargo was effective as of 12:01 a.m., E.S.T., July 8, 1963, and the scope of prohibition includes the following transactions:

> (b) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if such transactions involve property in which any foreign country designated under this part, or any national

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46 *Id.* at 9.

47 Joseph Bradica, *Havana Club Rum: One Step Back for U.S. International Trademark Policy*, 16 Temp. Int'l & Comp. L.J. 147, 154-155 (2002).

48 *Id.* (quoting 50. U.S.C. App. 1 et seq and 28 Fed. Reg. 6974 (1963)).

49 *Id.* (quoting Regan v. Wald, 468 U.S. 222, 225-226 (1984)).

50 *Id.*; *see also* 50. U.S.C. App. 1 § 5.

51 *See* Bradica, *supra* note 47, at 154-155.

52 *See id.* (citations omitted).

thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) 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; and

(2) All transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States.

(c) Any transaction for the purpose or which has the effect of evading or avoiding any of the prohibitions set forth in paragraph (a) or (b) of this section is hereby prohibited.[53]

In 1996, President Clinton signed the Cuban Liberty and Democratic Solidarity Act ("Libertad Act") following Congress's findings, including that after 36 years of tyranny and the international community's continuous and unethical disregard for the Cuban people, the Cuban people deserved assistance.[54] The Libertad Act has six specific purposes, including the strengthening of the Cuban Embargo, the promotion of free elections in Cuba, and "to protect United States nationals against confiscatory takings and the wrongful trafficking in property confiscated by the Castro regime."[55] Title III of the Libertad Act provides for the protection of property rights of United States nationals and lists eleven findings of Congress on the protection of property. The following two findings are particularly illustrative of the legal and historical reasons underlying the United States' strong policy against Cuban confiscations:

(2) The wrongful confiscation or taking of property belonging to United States nationals by the Cuban Government, and the subsequent exploitation of this property at the expense of the rightful owner, undermines the comity of nations, the free flow of commerce, and economic development.

(3) Since Fidel Castro seized power in Cuba in 1959:

(A) he has trampled on the fundamental rights of the Cuban people; and

(B) through his personal despotism, he has confiscated the property of-

(i) millions of his own citizens;

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53 *See* 31 C.F.R. § 515.201 (2019).

54 *See* 22 U.S.C. § 6021 (2019).

55 *See id.*

> (ii) thousands of United States nationals; and
>
> (iii) thousands more Cubans who claimed asylum in the United States as refugees because of persecution and later became naturalized citizens of the United States.[56]

The following two findings explain the economic grounds of the United States' foreign policies against Cuban confiscations:

> (5) The Cuban Government is offering foreign investors the opportunity to purchase an equity interest in, manage, or enter into joint ventures using property and assets some of which were confiscated from United States nationals.
>
> (6) This "trafficking" in confiscated property provides badly needed financial benefit, including hard currency, oil, and productive investment and expertise, to the current Cuban Government and thus undermines the foreign policy of the United States.[57]

The following three findings are particularly relevant in the protection against the extraterritorial effects of a confiscation:

> (9) International law recognizes that a nation has the ability to provide for rules of law with respect to conduct outside its territory that has or is intended to have substantial effect within its territory.
>
> (10) The United States Government has an obligation to its citizens to provide protection against wrongful confiscations by foreign nations and their citizens, including the provision of private remedies.
>
> (11) To deter trafficking in wrongfully confiscated property, United States nationals who were the victims of these confiscations should be endowed with a judicial remedy in the courts of the United States that would deny traffickers any profits from economically exploiting Castro's wrongful seizures.[58]

Specifically, Title III of the Libertad Act gives United States nationals an action for money damages against any person who "traffics in property confiscated by the Cuban Government on or

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[56] 22 U.S.C. § 6081 (2020).

[57] *Id.*

[58] *Id.*

after 1959."[59] In resolving the merits of such action for money damages, courts are directed to not apply the Act of State Doctrine.[60]

The enactment of the Libertad Act caused a strong reaction from many nations, including members of the European Union, Canada, and Mexico, that ultimately resulted in President Clinton's suspension of Title III, as authorized under Section 6082.[61] The strong reaction was because many countries had started negotiating foreign investment agreements with the Cuban Government in 1993, which placed them as "traffickers" of confiscated property under the Libertad Act.[62] Additionally, nations interpreted the Libertad Act as an extraterritorial application of United States law and an interference with a nation's sovereignty to decide with whom to establish commercial relations.[63] However, on April 17, 2019, Secretary of State Mike Pompeo issued a press release announcing that, after twenty-two years of continued suspension of Title III of the Libertad Act, President Trump would allow Title III to go into effect.[64]

Finally, in 1999 Congress passed the Omnibus Consolidated and Emergency Supplemental Appropriations Act with Section 211, which is informally referred to as the "Bacardi Bill."[65] Senator Connie Mack introduced Section 211 with the purpose of "covering property stolen by Fidel Castro[, which] did not apply to trademarks."[66] Section 211 was passed after Cuba and Pernod's

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59 22 U.S.C. § 6082(a)(1)(A). Section 6082(a)(4)(B), however, prevents United States nationals from bringing actions for money damages where the United States national acquired "ownership of the claim to the confiscated property" before March 12, 1996. Bacardi initiated in 1995 a proceeding before the United States Patent and Trademark Office to cancel Cuba's United States HAVANA CLUB trademark. *See* First Amended Complaint at 26, Bacardi & Co. Ltd. v. Empresa Cubana Exportadora de Alimentos y Productos Varios, No. 1:04-cv-00519 (D.D.C. Mar. 11, 2016). Subsection (f) provides that an action under Title III of the Libertad Act is incompatible with any other claim under the common law, Federal law, or the law of any states, and therefore, a prospective plaintiff must choose between an action under Title III of the Libertad Act or a cause of action under any other authority.

60 *See* 22 U.S.C. § 6082(a)(6).

61 *See* Michael Riley, *Cigars and Rum: Hazardous to the Health of Intellectual Property Law?: How the Cohiba Cigar and Havana Club Rum Cases Reveal a 'Carve-Out' for Intellectual Property Disputes with a Cuban Nexus*, 38 U. Miami Inter-Am. L. Rev. 458, 463 (2007).

62 *See* Bradica, *supra* note 47, at 157.

63 *See id.*

64 Michael R. Pompeo, *Remarks to the Press*, U.S. Department of State, https://www.state.gov/remarks-to-the-press-11/ (Apr. 17, 2019).

65 Michael Riley, *supra* note 61, at 466.

66 *See id.* (quoting Senator Mack's Congressional office release issued almost a year after the law was passed). However, Section 6023(A)(12) of the Libertad Act defines "property" as follows: "The term 'property' means any property (including patents, copyrights, **trademarks**, and any other form of intellectual property), whether real, personal, or mixed, and any present, future, or contingent right, security, or other interest therein, including any leasehold interest."

joint venture had filed a lawsuit against Bacardi for the importation and distribution of Cuba's HAVANA CLUB rum in the United States starting in 1997. Carefully drafted to prevent relief to Pernod's joint venture, Section 211 provides that:[67]

> (a)(1) Notwithstanding any other provision of law, no transaction or payment shall be authorized or approved pursuant to section 515.527 of title 31, Code of Federal Regulations, as in effect on September 9, 1998, with respect to 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 the mark, trade name, or commercial name, or the bona fide successor-in-interest has expressly consented.
>
> (2) No U.S. court shall recognize, enforce or otherwise validate any assertion of rights by a designated national based on common law rights or registration obtained under such section 515.527 of such a confiscated mark, trade name, or commercial name.
>
> (b) 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.[68]

The choice of the phrase "use in connection with" instead of "register" in Sections 211(a) and (b) was made to overcome the hurdle that the José Arechabala S.A.'s HAVANA CLUB trademark registrations in the United States had expired, and that Bacardi had filed new trademark applications for the HAVANA CLUB mark. The definition of "designated national" in Section 211(d) was broadened to include "a national of a foreign country who is a successor-in-interest to a designated national," that is, HCI, the company that Cuba and Pernod incorporated pursuant to the joint

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67 *See id. at* 468.

68 Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999, Pub. L. No. 105-277, § 211(a) and (b), 112 Stat. 2681 (1998). Section 211(b) partially codifies the "non-recognition doctrine," according to which a foreign government's expropriation of assets without adequate compensation is repugnant to U.S. public policy.

venture agreement.[69] Reference to a "basis in common law rights or registration" in Section 211(a)(2) was specifically made to foreclose Cuba and Pernod's joint venture from claiming rights deriving from or related to Cuba Export's HAVANA CLUB trademarks in the United States. Finally, the need for the express consent of the "original owner or its bona fide successor-in-interest" was included to place Bacardi out of the scope of Section 211(a) and (b) and acknowledge that the original owner of the trademark HAVANA CLUB had effected a transfer of its interest to a bona fide successor.[70]

Congress's enactment of Section 211 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act caused the European Union to file a complaint with the World Trade Organization alleging that the United State had violated the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS Agreement.")[71] On appeal, the Appellate Body held that section 211(a)(2) violates Article 3.1 of the TRIPS Agreement because it applies only to designated nationals and their non-U.S. successors-in-interest, which is a violation of the obligation to afford the same treatment to nationals and non-nationals.[72]

IV. LITIGATION FOLLOWING CONFISCATIONS UNDER CUBAN LAW 890

A. The CRISTAL Trademark Precedent

The CRISTAL trademark case involved facts very similar to José Arechabala, S.A.'s HAVANA CLUB trademark situation. The Cuban company Nueva Fábrica de Hielo, S.A. ("Nueva Fábrica") had produced and distributed beer and malta since 1885 and owned the CRISTAL trademark in Cuba until 1960, when, pursuant to Law 890, the company's assets were confiscated.[73] In 1957, however, Nueva Fábrica had registered the trademark CERVEZA CRISTAL with the USPTO.[74] After confiscation, Nueva Fábrica's shareholders sought asylum in the United States and, in 1961, the shareholders met and decided that (1) they would try to retain ownership of the CRISTAL trademark, given the large number of Cuban exiles in the United States; and (2) they would try to find a brewery willing to

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69 *See* Riley, *supra* note 61, at 469. Following Cuba and Pernod's joint venture, the parties incorporated Havana Club Holding, S.A., a company of Luxembourgian nationality, and Havana Club International, S.A., a company of Cuban nationality.

70 *See id.*

71 *See id.* at 472.

72 *See id.*; *see also* WTO, Panel Report, United States – Section 211 Omnibus Appropriations Act of 1998, U.N. Doc. WT/DS176/R at 76-77.

73 *See* Maltina Corp. v. Cawy Bottling Co., 462 F.2d 1021, 1023 (5th Cir. 1972).

74 *Id.*

produce malta with the CRISTAL trademark and recipe.[75] In 1961, the company's general counsel filed with the USPTO an affidavit stating that the "Cristal" trademark was still in use to prevent expiration of the registration.[76] Nueva Fábrica's shareholders incorporated Maltina Corporation and started distributing National Brewing Company's Malta Regal[77] because they thought they could not legally function as Nueva Fábrica in the United States after the Castro government's expropriation in Cuba.[78] Nueva Fábrica's shareholders also agreed to assign the CRISTAL trademark to Maltina Corporation.[79] However, it was not until 1969 that Maltina Corporation started distributing malta with the CRISTAL label after they reached an agreement with National Brewing Company.[80]

The dispute over the CRISTAL trademark arose in 1967 when Cawy Bottling Company ("Cawy") attempted to register the CRISTAL trademark after finding that it was not being used in the United States.[81] After the USPTO rejected Cawy's application, Cawy sued in federal court to cancel Nueva Fábrica's CRISTAL trademark.[82] In resolving the dispute, the district court analogized the position of Nueva Fábrica's shareholders to that of a "crew without a ship," and held that the transfer of the CRISTAL trademark from Nueva Fábrica to Maltina Corporation was done without title because, as an effect of the confiscation, Nueva Fábrica was dissolved as a business entity.[83] On appeal, the issue before the court was precisely crafted:

> whether a foreign sovereign's dissolution of its own corporation is dispositive of the corporation's power to exercise dominion over assets located within the United States simply because the dissolution of the corporation is an act of a foreign state, done within its own territory; or whether the foreign sovereign's action is to be treated as a

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75 *See id.*

76 *See id.*

77 *See id.* at 1023-1024.

78 *See id.*

79 *See id.* at 1024.

80 *See id.*

81 *See id.*

82 *See id.*

83 *See id.* The district court based its holding on the testimony of an expert in Cuban law who testified that the entire loss of capital to the Cuban Government after confiscation was the cause of the company's dissolution under Article 221 of Cuba's Commercial Code. This testimony, however, is in direct contradiction with the Spanish Supreme Court's reasoning that the effects of the confiscation under Cuban Law 890 were limited to the company's assets and not the entity itself because the shareholders were not named as parties confiscated and therefore the Cuban Government never acquired title to the shares or capital. STS Dec. 30, 2010 (R.O.J., No. 7666, p. 13-14).

> foreign decree governing property located within the United States and therefore to be recognized only if consistent with policy and laws.[84]

In reversing the district court's holding, the Fifth Circuit Court of Appeals held that Nueva Fábrica's dissolution following the Cuban Government's confiscation was, to the extent it affected the United States CRISTAL trademark, a "foreign decree governing property located within the United States" that violated "bedrock principles of this forum."[85] In its analysis, the court reasoned that courts must take a "pragmatic view of what constitutes an extraterritorial action by a foreign state" and that "[a] foreign dissolution, if effective to destroy the 'existence' of a foreign corporation and its claims to ownership of property in the United States, would allow the foreign sovereign to control (at least in a negative way) the disposition of valuable assets within the United States."[86] The court also explained that "in tracing ownership of United States property cast adrift by the 'extraordinary and basically unfair measure' of expropriation without compensation, 'our courts have developed a willingness to disregard technicalities in favor of equitable title to the American property' . . . the former owners retain equitable title to the American property."[87]

B. Bacardi's Litigation Over the Ownership of José Arechabala, S.A.'s HAVANA CLUB Trademark in Spain

After confiscation under Cuban Law 890 of 1960, the Cuban Government assigned the Cuban trademark HAVANA CLUB to Cuba Export. In 1966, Cuba Export filed before the Spanish Trademark Office—in the name of José Arechabala, S.A.—a request for the rehabilitation and assignment of José Arechabala, S.A.'s HAVANA CLUB trademark, Registration No. 99,789, in Spain from José Arechabala, S.A. to Cuba Export. Cuba Export assumed that, by virtue of Cuban Law 890, Cuba Export had acquired ownership of, and had subrogated into the position of, José Arechabala, S.A.[88] In 1967, the Spanish Trademark Office recorded the rehabilitation of the trademark and the transfer of the trademark from José Arechabala, S.A. to Cuba Export.[89] Thirty-two years later, in June 1999, Bacardi and José Arechabala, S.A. filed suit against Cuba

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84 *See id.* at 1026.

85 *See id.* at 1027.

86 *See id.*

87 *See id.* at 1028 (quoting Carl Zeiss Stiftung v. V. E. B. Carl Zeiss, Jena, S.D.N.Y. 1968, 293 F. Supp. 892, 898 (2d. Cir. 1970).

88 SJPI Madrid 188/2005, June 23, 2005 (R.O.J., No. 70, p. 7).

89 *Id.* at 1.

Export and its joint venture with Pernod to nullify the Spanish Trademark Office's recordation of the assignment.[90] Bacardi requested the following relief to the court:

> (1) the court's declaration that the recordation of the trademark's transfer from José Arechabala, S.A. to Cuba Export was null and void;
>
> (2) the court's declaration that any subsequent transfers from Cuba Export were void, together with a declaration that any rights that may have accrued were ineffective, and a court's order cancelling Cuba Export's recordation of the trademark's transfer from José Arechabala, S.A. to Cuba Export;
>
> (3) the court's order to the Spanish Trademark Office for the recordation of Bacardi's title to the trademark;
>
> (4) the court's declaration that any trademarks granted after Cuba Export's recordation of title were void, together with a declaration that any rights that may have accrued in connection with these subsequent trademarks were ineffective; and
>
> (5) the court's decision that defendants should pay attorney's fees and court costs.[91]

In dismissing Bacardi's complaint, the trial court reasoned that, pursuant to Cuban Law 890, the Cuban government had confiscated José Arechabala, S.A.'s shares, and, as the new owner of José Arechabala, S.A., the Cuban government held title to any rights José Arechabala, S.A. had at the time of confiscation, including the HAVANA CLUB trademark in Cuba.[92] The trial court distinguished between confiscation of the company and indirect acquisition of title to the HAVANA CLUB trademark in Cuba, and direct acquisition of title to the HAVANA CLUB trademark in Cuba by confiscation under Cuban Law 890. Finally, the trial court held that the Spanish Trademark Office's recordation of the assignment of the HAVANA CLUB trademark in Spain from José Arechabala, S.A. to Cuba Export was valid because Cuba Export had acquired ownership of José Arechabala, S.A. under Cuban Law 890 and, therefore, Cuba Export could rightfully request the rehabilitation and assignment in the name and on behalf of José Arechabala, S.A.[93]

The Court of Appeals affirmed the trial court's dismissal, principally, on the ground that the statute of limitations barred Bacardi's actions, which the court of appeals categorized as actions

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90 *Id.*

91 *Id.* at 2.

92 *Id.* at 8-9.

93 *Id.* at 11.

for the vindication of a *res* under the cover of an action for the declaration that the transfer of title and its recordation were null and void.[94] In analyzing the effects of Cuban Law 890 with respect to José Arechabala, S.A., the court held that Law 890 confiscated the Cuban assets of José Arechabala, S.A. but did not confiscate the corporate entity and could not reach the HAVANA CLUB trademark in Spain.[95] The court reasoned that Cuban Law 890 failed to mention José Arechabala, S.A.'s shareholders as individuals subject to confiscation and, because shareholders hold title to a corporation, the Cuban government did not acquire title to José Arechabala, S.A.[96] The court of appeals explained that, consequently, the Cuban Government's deed used as the basis for the transfer of the HAVANA CLUB trademark in Spain to Cuba Export was ineffective because Cuba Export could not transfer a title it did not have.[97]

On appeal, the Supreme Court affirmed on the basis that the statute of limitations barred Bacardi's action to recover title but reached the conclusion with a different analysis of the types of actions Bacardi had exercised and the applicable statute of limitations.[98] The Supreme Court explained that Bacardi had exercised two types of actions.[99] The first type of action was an action to recover title to the trademark, which was barred under the limitations period of articles 1964 of the Spanish Civil Code.[100] The second type of action was for the declaration that the recordation of the transfer of the Spanish trademark from José Arechabala, S.A. to Cuba Export was null and void, which the Supreme Court

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94 SAP Madrid 35/2007, Sept. 2, 2007 (R.O.J., No. 748, p. 8-9). The court explained that an action for the vindication of the *res* is tolled after twenty years whereas an action for a declaration that the Spanish Trademark's Office recordation of the transfer of title was void is not subject to a statute of limitations. The court held that Bacardi had truly exercised was an action to vindicate title to the Spanish trademark No. 99.789 under the cover of an action for a declaration that the transfer of title and its recordation was null and void, to overcome the fact that the true action was tolled at the time Bacardi exercised it.

95 *Id.* at 5.

96 *Id.* In interpreting the provisions of Cuban Law 890 the court took into account the testimony of three experts on Cuban law: Ms. Gisela María Pérez Fuentes, Ms. Luisa E. Rodríguez Grillo, and Mr. Alberto Díaz Moreno. This testimony contradicts the court's finding in *Maltina Corp.*, where the court concluded that Cuban Law 890 dissolved an analogous company after expert testimony that title to that company's shares was transferred to the Cuban Government. Maltina Corp. v. Cawy Bottling Co., 462 F.2d 1021, 1024 (5th Cir. 1972).

97 SAP, Sept. 2, 2007 (R.O.J., No. 748, p. 5). The court held that transfer of Spanish trademark 99.789 from José Arechabala, S.A. to Cubaexport was ineffective for transfer of title purposes but was not void because the transfer of title to an unowned thing meets the requirements of consent, object, and cause.

98 STS Dec. 30, 2010 (R.O.J., No. 7666, p. 16-17).

99 *Id. at* 12.

100 *Id. at* 17.

explained that it was not subject to a limitations period, following the rule in 50.17.29 of the Digest that an act that is wrongful from the beginning may not be cured by the passage of time.[101] Finally, the Supreme Court agreed with the Court of Appeals that Cuban Law 890 did not confiscate the corporation José Arechabala, S.A. because the shares of a corporation represent title to the corporation, and the shareholders were not listed as persons whose assets were being confiscated.[102]

Although the Spanish Supreme Court found that Jose Arechabala, S.A. (and thus its successor, Bacardi & Company Limited) was illegally deprived of the HAVANA CLUB trademark, it did not restore the mark to Bacardi because its claim was barred by the statute of limitations.

C. Bacardi's Current Proceeding for the Ownership of the HAVANA CLUB Trademark in the United States

On July 12, 1995, Bacardi filed a petition to cancel HCH's and HRL's HAVANA CLUB U.S. Trademark Registration No. 1031651.[103]

On December 24, 1996, HCH and HCI sued Barcardi in the U.S. District Court for the Southern District of New York[104] seeking to enjoin defendants from using the words "Havana Club" as part of any trademark, service mark, brand name, trade name, or other business or commercial designation in connection with the sale, distribution, advertising, or promotion of rum or rum products in the United States. On January 28, 1997, Bacardi moved to suspend its cancellation proceeding pending resolution of the HCH and HCI's suit, which was granted.[105] In that suit, Bacardi asserted that the assignment of the HAVANA CLUB trademark and the U.S. registration thereon to HCH was null and void, because the license HCH obtained from the United States Department of the Treasury's Office of Foreign Asset Control ("OFAC") authorizing the assignment of the Havana Club mark was procured by fraud. The district court ruled in *Havana Club I* that it lacked with authority to review the grant of the license by OFAC.[106]

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101 *Id. at* 16-17. (*quod ab initio vitiosum est, non potest tractu tempore convalescere).*

102 *Id. at* 14.

103 *See* Cancellation No. 92024108, filed July 12, 1995, Paper No. 2, initiated August 15, 1995.

104 Havana Club Holding, S.A. and Havana Club Int'l, S.A., v. GALLEON S.A., Bacardi–Martini USA, Inc., Gallo Wine Distributors, Inc., G.W.D. Holdings, Inc. and Premier Wine and Spirits, No. 96 Civ. 9655 (SAS) (Dec. 24, 1996).

105 Cancellation No. 92024108, Paper 33, granted March 17, 1997, Paper 37.

106 Havana Club Holding, S.A. v. Galleon S.A. (*Havana Club I*), 961 F. Supp. 498 (S.D.N.Y. 1997).

Less than a month after the court's decision in *Havana Club I*, the OFAC retroactively revoked Cuba Export's license to assign the HAVANA CLUB mark in the United States.[107] As a result, the district court in *Havana Club II* held that Cuba Export's assignment of the HAVANA CLUB mark was invalid under Cuban Assets Control Regulations, and thus the HAVANA CLUB mark reverted to Cuba Export, and the plaintiffs were entitled to amend their complaint against Bacardi.[108]

After plaintiffs filed their amended complaint and Bacardi filed its answer and affirmative defenses, in *Havana Club III* the district court granted in part and denied in part plaintiff's motion in strike some of those affirmative defenses.[109]

Finally in *Havana Club IV*, the district court held that Section 211 of the Omnibus Appropriations Act barred assertion of trademark and trade name rights in marks that were used in connection with property confiscated by a foreign government, precluded plaintiff's assertion of trademark infringement claims against Bacardi, and held that plaintiffs lacked standing to assert a claim for false designation of origin.[110] The Second Circuit affirmed the district court in *Havana Club V*.[111]

When the litigation finally ended, proceedings in Bacardi's cancellation proceeding resumed April 15, 2003. The TTAB dismissed Bacardi's petition on January 29, 2004. Bacardi appealed the TTAB decision on March 29, 2004, to the U.S. District Court for the District of Colombia.[112] On March 11, 2016, Bacardi filed a first amended complaint requesting the court to:

(1) cancel Cuba Export's registration for the HAVANA CLUB & Design HAVANA CLUB trademark because Cuba Export had fraudulently obtained, maintained and renewed its registration;

(2) declare that Bacardi owns exclusively the common law rights in the U.S. HAVANA CLUB trademark;

(3) declare that Bacardi's use of the HAVANA CLUB trademark does not violate Cuba Export and Pernod's joint venture rights because long-standing U.S. public policy and the Cuban embargo laws, including, more

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107 Havana Club Holding, S.A. v. Galleon S.A. (*Havana Club II*), 974 F. Supp. 302 (S.D.N.Y. 1997).

108 *Id*.

109 Havana Club Holding, S.A. v. Galleon S.A. (*Havana Club III*), 1998 WL 15098349 U.S.P.Q.2d 1296 (S.D.N.Y. 1998).

110 Havana Club Holding, S.A. v. Galleon S.A. (*Havana Club IV*), 62 F. Supp. 2d 1085 (S.D.N.Y. 1999).

111 Havana Club Holding, S.A. v. Galleon S.A. (*Havana Club V*), 203 F.3d 116 (2d Cir. 2000).

112 Bacardi & Company Ltd. et al. v. Empresa Cubana Exportadora de Alimentos y Productos Varios et al., 1:04-cv-00519-EGS.

specifically, Section 211 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, preclude the recognition and enforcement of rights in a trademark obtained after the Cuban government's expropriation of assets; and

(4) issue an injunction preventing Cuba Export from using or registering the HAVANA CLUB trademark in the USPTO or any of the States.[113]

In support of its request that the court should cancel Cuba Export's HAVANA CLUB trademark for fraud, Bacardi pled that Cuba Export wait until José Arechabala, S.A.'s HAVANA CLUB trademarks in the United States had expired in 1973 to file an application in early 1974 to register the HAVANA CLUB trademark, based on a newly issued Cuban registration.[114] Bacardi pled that the strategy Cuba Export used to register its HAVANA CLUB trademark in the United States reveals Cuba Export's efforts to conceal that the trademark derived from a confiscation.[115] Moreover, Bacardi pled that, in pursuing its registration strategy, Cuba Export falsely represented that it owned the HAVANA CLUB trademark in the United States when, in fact, Cuba Export knew that the basis of its trademark was the confiscation from José Arechabala, S.A.[116] Additionally, Bacardi pled that Cuba Export falsely represented the origin of the product when it included the label statement "Fundada en 1878" in Cuba Export's HAVANA CLUB trademark application because Cuba Export was established in 1956.[117]

A careful analysis of José Arechabala, S.A. and Cuba Export's HAVANA CLUB trademark designs in the United States reveals how Cuba Export's registration omitted any reference to José Arechabala, S.A.; to the city of Cárdenas, Cuba, where rum was distilled; and to the Guernica tree, the Arechabala's family symbol. Cuba Export solely kept the bare minimum references needed to connect Cuba Export's rum to the goodwill associated with José Arechabala, S.A.'s HAVANA CLUB rum, that is, the HAVANA CLUB trademark, and the date José Arechabala y Aldama founded La Vizcaya, predecessor of José Arechabala, S.A.:

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113 First Amended Complaint at 4-5, Bacardi & Co. Ltd. v. Empresa Cubana Exportadora de Alimentos y Productos Varios, No. 1:04-cv-00519 (D.D.C. Mar. 11, 2016).

114 *See, id.* at 45-46. As the First Amended complaint explains, José Arechabala, S.A.'s original Cuban HAVANA CLUB trademark registrations were still in force at the time Cubaexport applied for registration before the USPTO.

115 *See, id.* at 45.

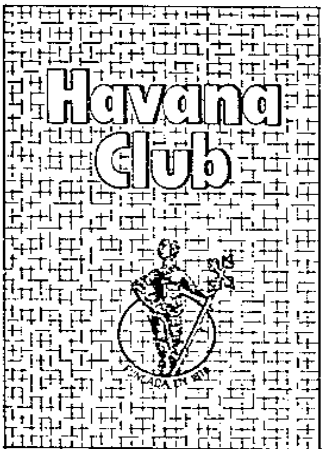
116 *See, id.* at 46.

117 *See, id.* at 47.

José Arechabala S.A.'s HAVANA CLUB trademark in the United States[118]



Cuba Export's HAVANA CLUB trademark in the United States[119]



Cuba Export and HCH filed brief motions to dismiss and for summary judgment on April 29, 2016. Bacardi's petition to cancel Registration No. 1031651 for HAVANA CLUB remains suspended pending the outcome of Bacardi's suit.

V. CUBA'S HAVANA CLUB TRADEMARK REGISTRATION IN THE UNITED STATES WAS AN EXTRATERRITORIAL EXTENSION OF THE CUBAN CONFISCATION TO PROPERTY IN THE UNITED STATES

The Act of State Doctrine is a conflicts of laws principle applied in the United States and other nations that precludes the courts of one nation "from inquiring into the validity of the public acts which a recognized foreign sovereign power commits within its own territory."[120] When a foreign sovereign confiscates a trademark, courts view the situs of the right to use the trademark or market the product as being in the nation that grants the right, and not in the country where the original manufacturer or owner of the trademark was located.[121] Consequently, courts in the United States have

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118 HAVANA CLUB & Design, Registration No. 578,680. The registration certificate provides that the "lining on the drawing indicates the color red."

119 HAVANA CLUB & Design, Registration No. 1,031,651. The U.S. registration certificate provides that the trademark is based on Cuban Registration No. 110,353 of February 12, 1974. The drawing is lined in color gold.

120 Donald T. Kramer, Annotation, *Modern Status of the Act of State Doctrine*, 12 A.L.R. Fed 707, 1 (1972) (quoting the Restatement (Second) of Foreign Relations Law of the United States § 41 cmt. a, c)).

121 *Id.* at 14.

recognized that, while confiscation of a trademark granted in a confiscating country must be viewed as valid, United States courts may inquire into the validity of the use of such trademarks in the United States.[122]

The application of the Act of State Doctrine in connection with a Cuban confiscation under Law 890 and the ownership of a trademark in the United States led the court in *Maltina* to distinguish between the effects of confiscation with respect to property in Cuba and the extraterritorial effects of the confiscation with respect to property in the United States, which a United States court may negate on the basis of violation of "bedrock principles."[123] The Court in *Maltina* refused to give full faith and credit to the automatic dissolution of Nueva Fábrica after confiscation under Cuban Law 890, to the extent that Nueva Fábrica owned a trademark in the United States."[124] In holding that Nueva Fábrica had validly transferred a trademark in the United States to Maltina Corporation after Nueva Fábrica was confiscated in Cuba, the court explained that a foreign sovereign cannot control assets in the United States in a negative way (with a negative act), that is, by giving effect to the dissolution "of a foreign corporation and its claims to ownership of property in the United States."[125] Similarly, the application of the Act of State Doctrine in connection with José Arechabala, S.A.'s HAVANA CLUB trademark in Spain led the Court of Appeals of Madrid and the Supreme Court of Spain to explain that Cuba Export's transfer of José Arechabala, S.A.'s HAVANA CLUB trademark in Spain in its own name (a positive act) constituted an extraterritorial effect of a confiscation of assets in Cuba, and was void.[126]

In its First Amended Complaint, Bacardi did not explicitly advance the argument that the USPTO's grant of Cuba Export's HAVANA CLUB trademark in the United States was an extraterritorial effect of a confiscation of assets in Cuba. The sequence of events from confiscation in Cuba to extended effects in connection with property in Spain and the United States may be summarized as follows:

(1) a *de facto* confiscation of assets in Cuba by armed militia through violence and intimidation;

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122 *Id.*

123 *See* Maltina Corp. v. Cawy Bottling Co., 462 F.2d 1021, 1027 (5th Cir. 1972).

124 *See id.*

125 *See id.*

126 *See* SAP, Sept. 2, 2007 (R.O.J., No. 748, p. 16-17).

(2) an *ex lege* confiscation of assets in Cuba by means of Law 890;[127]

(3) a *contra lege* transfer of the HAVANA CLUB trademark in Spain by Cuba Export in the name and on behalf of José Arechabala, S.A. (a positive act); and

(4) a fraudulent *de novo* registration of the HAVANA CLUB trademark in the United States after the confiscation of José Arechabala, S.A.'s assets in Cuba ripened in the expiration of José Arechabala, S.A.'s registration in the United States (a negative act).

The Spanish litigation for the ownership of the HAVANA CLUB trademark resulted in victory for Cuba Export because of a procedural technicality (the statute of limitations), but not on the merits of the case. Cuba Export achieved extraterritorial effects of a confiscation of assets with situs in Cuba by the positive act of asserting a right of ownership to a trademark with situs in Spain. By contrast, Cuba Export achieved extraterritorial effects of a confiscation in the United States by the negative act of leaving a "crew without a ship,"[128] so the ship would, with the passage of time, become *res nullius* or fall in the public domain, thus allowing Cuba Export to fraudulently obtain title anew. Bacardi pleads in its First Amended Complaint:

> The Cuban government deprived JASA ["José Arechabala, S.A."] of its assets, took away its rum and other businesses, seized its funds and corporate records (including records of JASA's trademark registrations abroad and its trademark agents) and imprisoned or intimidated JASA's senior executives and shareholders and eventually drove them into exile in various countries.[129]

This article supports the claim that Cuba Export's HAVANA CLUB trademark registration in the United States was an extraterritorial effect of a confiscation of assets in Cuba, which was achieved through duress, hardship, and the passage of time as the means to clear the path to obtain title. Moreover, this article contends that an argument to solve the dispute for the ownership of the HAVANA CLUB trademark in the United States, both in court and in the national and international public opinion, is extraterritoriality. While applying Section 211 of the Omnibus Act may give Bacardi more predictability in the outcome of the dispute, the WTO held that it violated the TRIPS Agreement following a claim by European

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127 Law 890 does not provide for retroactive application, but José Arechabala, S.A. was *de facto* confiscated before Law 890 was passed.

128 *See Maltina*, 462 F.2d at 1024.

129 First Amended Complaint at 11, Bacardi & Co. Ltd. v. Empresa Cubana Exportadora de Alimentos y Productos Varios, No. 1:04-cv-00519 (D.D.C. Mar. 11, 2016).

Union members. Scholars have also criticized the Cuban embargo laws as an extraterritorial application of United States law. Fighting the extraterritorial effects of foreign laws with the extraterritorial application of domestic law may help a party win in domestic courts but lose the case in the public opinion arena.[130] By contrast, the Act of State Doctrine and the non-recognition of extraterritorial effects of confiscation of national assets is a rule of international law applied and recognized by most civilized nations, which may help a party win both in court and in the forum of public opinion.

VI. CONCLUSION

After thirty years, the Arechabala family finally found a champion that was willing fight for the HAVANA CLUB brand. In Bacardi, the Arechabalas found a Don Quixote ready, willing, and able to contest the expropriation of the HAVANA CLUB brand in the United States, just as it had contested the expropriation of its own brand. For thirty more years Bacardi has carried on the fight for HAVANA CLUB, ultimately losing the battle in Spain in 2011. In the United States, Bacardi has fared better, defeating Cuba Export's attacks on its use of HAVANA CLUB in the United States, but it still has not secured HAVANA CLUB. The lawsuit Bacardi filed in the United States sixteen years ago is still pending, and Bacardi's application to register HAVANA CLUB, as well as its petition to cancel Cuba Export's registration on HAVANA CLUB have been suspended pending resolution of that suit.

In the opinion of the author, the expropriation of the HAVANA CLUB brand had more than political and economic effect, it also stripped the creators of HAVANA CLUB rum of the rightful credit for their creation. Allowing HAVANA CLUB to be used on a different product from the one the creators intended compounds this insult to the Arechabalas, and undermines a basic tenet of trademark law, that goodwill must pass with the mark.

This long-lasting fight and its undesired effects might have been avoided if the law as applied to the confiscation of trademarks and other registered intellectual property rights expressly recognized that duress and hardship resulting in a registration's expiration is an extension of effects of a confiscation in a foreign country on assets in the United States, and, consequently, prevent that foreign sovereign from reaping its benefits. It is up to Bacardi to vindicate the Arechabalas and finish the fight, and live up to José Arechabala y Aldama's motto: "Always at the forefront! Always ahead! Never stop! Never flinch!"[131]

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130 *See* Bradica, *supra* note 47, at 157.

131 Falbelo, *supra* note 1, at 6.

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