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Client Alert: U.S. Brand Holders Anticipating Business in Cuba Can and Should Protect Trademarks

As we noted in our Client Alert on December 18, 2014, President Obama has announced that he will take steps to ease regulations that have largely prevented U.S. companies from conducting business in Cuba for more than 50 years. While an act of Congress is required to completely lift the U.S. embargo on trade and commercial activity with Cuba, many companies anticipate being able to enter the Cuban market in the near future. Cuba's appeal as a potential travel destination makes it especially attractive to companies in the hospitality industry. U.S. brand owners considering expansion into Cuba can and should take important steps to protect their trademark rights before entering the new market.

Under an exception to the embargo enacted in 1995, U.S. companies may apply for trademark registrations, conduct trademark opposition and infringement proceedings, and pay fees as necessary to protect their rights in trademarks and other intellectual property in Cuba. Before President Obama's announcement, few U.S. companies had a significant interest in Cuban trademark protection. As the prospect of doing business with or within Cuba becomes more realistic, however, U.S. brand holders should give serious consideration to registering their brands in Cuba to avoid potential squatters enabled by Cuban trademark law.

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Like many Latin American countries including Brazil and Mexico, Cuba is a "first-to-file" jurisdiction, meaning that trademark rights are granted based on registration rather than use. To obtain a Cuban registration, unlike in the U.S., an applicant need not have used or have a bona fide intent to use the trademark in commerce. Accordingly, a squatter with no intent or ability to actually use a mark can "reserve" the mark and prevent a U.S. brand holder from using and registering its trademark in Cuba. While trademark registrations in Cuba are vulnerable to cancellation if the mark has not been used for three consecutive years, cancellation proceedings can require significant time and expense to resolve. Cuban law also allow for trademark registrations to be invalidated based on bad faith in registering the internationally famous mark of another, but because of the very limited interaction between U.S. brand holders and the Oficina Cubana de la Propiedad Industrial (OCPI, the Cuban equivalent of the U.S. Patent and Trademark Office), the amount and type of evidence necessary to show bad faith and fame is unclear, and often foreign trademark offices are perceived to favor locals. The burden is substantial for similar invalidation actions in other Latin American "first-to-file" jurisdictions such as Mexico.

The "first-to-file" rule, however, also works to U.S. brand holders' advantage in that they may file for protection of their marks in Cuba before actually entering the Cuban market. Companies seeking to register a trademark in Cuba can either (1) file an international application pursuant to the Madrid Protocol treaty to extend protection of an existing U.S. registration to Cuba (or designate Cuba for protection under an existing Madrid registration); or (2) file a national Cuban trademark application through OCPI.

As restrictions on travel to and commerce with Cuba are eased, we strongly recommend that U.S. brand holders who see a post-embargo Cuba as a significant market

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for their goods and services take important proactive steps to protect their intellectual property, such as registering their trademarks in Cuba. Neal, Gerber & Eisenberg's multidisciplinary Hospitality & Leisure practice group can provide strategic counsel to global brands and owners to help build, grow and protect their businesses. Our attorneys are experienced in international trademark portfolio management and are available to help you register your marks in Cuba and worldwide.