**Responses to Questions for the Record for**
**Mary Boney Denison**
Commissioner for Trademarks
U.S. Patent and Trademark Office (USPTO)

Subcommittee on Courts, Intellectual Property and the Internet
Committee on the Judiciary, U.S. House of Representatives
*February 11, 2016 Hearing on "Resolving Issues with Confiscated Property in Cuba, Havana Club Rum and Other Property"*

*Submitted on May 24, 2016*

**Responses to Representative Issa (CA-49)**

**Question 1: You stated in your testimony that after Cubaexport's unsuccessful litigation ended, there was extended back and forth between your office and OFAC, which prevented PTO from acting. However, by November 2012, the Director of OFAC at the time, Adam Szubin, specifically advised the PTO in writing that there was nothing to prevent the PTO from performing the "ministerial, record-keeping function" of updating its registry to reflect that Trademark Registration No. 1031651 had been cancelled or expired. Why did the PTO ignore Director Szubin's advice? Please explain all reasons (legal and factual) why the PTO did not take action on the Petition at or around this time? Or at any time during the subsequent two years?**

**Response:**
In June 2012, Cubaexport made an argument to the USPTO that, based on the Cuban Assets Control Regulations, 31 C.F.R. part 515 (CACR), which are regulations administered by the Department of the Treasury's Office of Foreign Assets Control (OFAC), certain USPTO actions regarding the HAVANA CLUB trademark registration would be prohibited unless licensed by OFAC. If correct, these arguments could have affected the USPTO's ability to take action if, upon review of the petition, the USPTO were to decide the petition should be denied. Cubaexport also informed OFAC of its views, and OFAC reached out to the USPTO for information to assess the validity of Cubaexport's arguments. In his letter to the USPTO, then Director Szubin expressed OFAC's view that no authorization is required under the CACR either for the expiration of a blocked Cuban trademark registration or for the USPTO to update its records to reflect such an expiration. Director Szubin's response simply clarified the applicability of the regulations OFAC administers; it did not advise the USPTO regarding the USPTO's own processes or the merits of the petition decision. The USPTO did not take action to decide the petition at that time or in the two years that followed because Cubaexport's petition was complex and raised unique issues.

**Question 2: You testified that the White House contacted the PTO to inquire about the Petition process. Please produce any documents, including emails or memos, regarding those communications. Please identify all people involved in those communications, the**

**dates of the communications, and describe in detail the substance and nature of those communications.**

**Response:**
The USPTO often receives inquiries and provides information to other parts of the U.S. government with respect to USPTO processes and procedures. The nature and substance of the information that the USPTO provided to the White House and other departments of the U.S. government concerned the history and status of the HAVANA CLUB trademark registration as shown in the USPTO's public records, the requirements of U.S. trademark law with respect to maintenance and renewal of a registration, and USPTO processes and procedures with respect to maintenance, renewal, and petitions to the Director.

**Question 3: You testified several times that the PTO is obligated to carry out the treaty obligations of the United States pursuant to Section 44 of the Lanham Act, which justified your decision to permit registration and renewal of the Cubaexport registration. What if any consideration did the PTO give to the decision by the Court of Appeals for the Second Circuit, in a case involving the Havana Club trade name, which held that Section 211 precluded assertion of treaty rights under Section 44 of the Lanham Act, *see Havana Club Holdings S.A. v. Galleon S.A.*, 203 F.3d 116 (2d Cir. 2000)? Please explain why that decision and Section 211 do not preclude renewal of Cubaexport's registration.**

**Response:**
The USPTO is responsible for administering the U.S. trademark laws. I testified that the USPTO followed the requirements of the applicable provisions of the U.S. trademark laws when we originally accepted Cubaexport's application for the mark HAVANA CLUB, when we registered the mark, and when we renewed the registration.

With regard to treaty obligations of the United States, I testified that the Lanham Act Section 44(e) provides an exception to the requirement of establishing use in commerce for foreign nationals, and thus provided Cubaexport with the means to obtain a registration without having to use the mark in commerce in the United States. I also testified that the Lanham Act implements treaty obligations by providing for a showing of excusable nonuse to maintain a registration, which would be applicable in the case where there was an embargo that prevented the product from being imported into the United States. On a separate issue, I testified that in keeping with treaty obligations, Sections 8 and 9 of the Lanham Act do not provide for the USPTO to conduct a new examination of registrability, including questioning ownership, at the post-registration maintenance and renewal stage.

I do not consider the Second Circuit's decision in *Havana Club Holdings S.A. v. Galleon S.A.*, *Havana Club Holdings*, 203 F.3d 116 (2d Cir. 2000), as precluding renewal of Cubaexport's registration or as having any relevance to my decision on the petition. That case involved whether Havana Club Holdings (HCH), not Cubaexport, had any enforceable rights to HAVANA CLUB as a trademark or trade name. The Second Circuit held that Section 211 barred HCH from asserting treaty rights relating to its trade name under the InterAmerican Convention for Trade Mark and Commercial Protection, but noted that "[i]f the unfair competition claim were viable, it would not encounter the obstacle of section 211(b) of the

Omnibus Act, which does not expressly preclude a court from enforcing treaty rights under section 44(b) relating to the repression of unfair competition." 203 F.3d at 134 n. 18. Also, in addressing whether the registration was validly assigned to HCH, the Second Circuit noted that "only Cubaexport, the original registrant of the United States registration for the 'Havana Club' trademark, has the authority to renew the 'Havana Club' trademark . . . ." *Id*. at 124. The decision simply cannot be read as precluding renewal of the registration under circumstances where Cubaexport complied with the requirements of the U.S. trademark laws and the CACR, by obtaining a specific license from OFAC to engage in all transactions necessary to renew and maintain the registration, and pursuant to that license, submitting the required documents and fees to the USPTO.

**Question 4: Was the decision to grant the petition written before January 13, 2016 and if so, when? Please provide all drafts.**

**Response:**
After my office received Cubaexport's supplemental submission on January 12, 2016, I reviewed the petition materials and considered what my decision would be. We issued the decision on January 13, 2016.

**Question 5: In the decision, it states that Cubaexport's failure to pay the filing fee in 2006 was a deficiency which can be corrected "within the time prescribed after notification of the deficiency". The time prescribed for correcting the deficiency was 6 months. Under what authority did the Director of the PTO permit correction of Cubaexport's deficiency 10 years later? Who made that decision? Were any other government agencies or executive offices (including the White House) consulted on this decision?**

**Response:**
We made the decision to permit the fee deficiency to be corrected pursuant to the legal authority that allows for maintenance and renewal fee deficiencies to be corrected. That authority includes 15 U.S.C. §§ 1058(c) and 1059(c), 37 C.F.R. §§ 2.164 and 2.185, and TMEP §§ 1064.06, 1604.17, 1604.19, 1606.05, and 1606.13. The decision to allow the fee deficiency to be corrected on petition is consistent with those provisions and petition decisions invoking the Director's supervisory authority under 37 C.F.R. § 2.146(a)(3) regarding fee and other correctable deficiencies in the post-registration context. No other government agencies or executive offices were consulted on that decision.

**Question 6: Is it the PTO's position that all deficiencies in registration and renewal applications can be corrected at any time provided that a timely petition is still pending with the director? On what statute or regulation does the PTO base this position?**

**Response:**
No.