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Even without federal registration, foreign manufacturers may have protectable rights to their marks in the US.

By: Joseph R. Englander, Esq. & Janelle Weber, Esq.

A New York federal court has ruled that the Cuban company Empresa Cubana del Tabaco (Cubatabaco), has proven that a U.S. competitor infringed its Cohiba trademark in the United States even though the Cuban trade embargo prevents Cuban cigars from being sold or marketed here.

The case originated when Cubatabaco filed a trademark infringement suit against General Cigar Company, a subsidiary of cigar maker Swedish Match. Cubatabaco, which began selling cigars under the Cohiba name in the 1960s, argued that General Cigar was trying to trick consumers into believing they were smoking the famous Cuban brand. General Cigar countered that it had been selling Dominican Republic-manufactured cigars under the Cohiba name for more than twenty years, having first registered the mark in the United States in 1981. Cohiba is the word the native inhabitants of Cuba used to signify tobacco leaves.

The U.S. District for the Southern District of New York concluded that Cubatabaco had established a claim for unfair competition by misappropriation. The court recognized that a foreign plaintiff that owns a mark with reputation and goodwill in the United States can recover for unfair competition even though the plaintiff neither sells nor markets the product in this country. To prove unfair competition, the plaintiff must demonstrate that the defendant deliberately copied the plaintiff's mark and that consumers primarily associate the mark with the plaintiff. Bad faith is not required.

In the court's view, the record showed that General Cigar deliberately sought to capitalize on the goodwill of the Cohiba mark in the United States and profited in doing so. Accordingly, the court found in its favor on the unfair competition claim. Interestingly, the decision enables Cubatabaco to recover the profits of General Cigar's Cohiba sales in the United States even though Cubatabaco could not legally sell its own cigars here.

The full text of the decision, Empresa Cubana del Tabaco v. Culbro Corp. et al., 97-civ-8399 (Nov. 19, 2008) is at <http://pub.bna.com/ptcj/978399Nov19.pdf>.