

Blog Post

Prior Use Under the Pan-American Convention

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The United States is a party to the General Inter-American Convention for Trade Mark and Commercial Protection of Washington, 1929 (Pan-American Convention), along with Colombia, Cuba, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Peru. The Pan-American Convention governs the treatment of trademarks, trade names, unfair competition, and false indications of geographical origin or source. It basically gives trademark owners in contracting states protection of their marks in other contracting states “where the mark was known to have been previously used in the region.” This confers unique benefits to trademark owners from these countries, because generally trademark rights are territorial — a trademark is protectable only where it is used or registered.

The Trademark Trial and Appeal Board (the Board) considered the Pan-American Convention in its recent ruling in *Lacteos de Hondura SA v. Industrias Sula S. De RL de CV* (Opp. No. 91243095, February 28, 2020). In this case, the trademark applicant, Industrias Sula, S. De RL de CV (Sula) applied to register its mark RICA SULA for chips and snacks. The mark was opposed by Lacteos de Honduras SA (Lacteos) based on priority and likelihood of confusion with its registered US trademarks for SULA & Design for spreads, oils, and cream-based blends. Sula filed in Answer, which included

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counterclaims to petition to cancel Lacteos's SULA marks under Article 8 of the Pan-American Convention, and asserting the affirmative defense that it has priority in the mark under Articles 7 and 8 of the Pan-American Convention based on its Honduras trademarks.

Although the Board agreed that, in general, a party may petition to cancel an interfering trademark under Article 8 of the Convention, Sula failed to state a claim in this case.

A Party May Petition to Cancel a Trademark Under Article 8 of the Pan-American Convention

First, the Board considered whether Sula's counterclaim to cancel Lacteos's mark pursuant to Article 8 of the Pan-American Convention was permissible. Article 8 authorizes a claim for cancellation if a "registration or deposit is refused." Here, registration was not "refused" during examination. However, as the Board observed, the phrase "is refused" is not limited by the word "examination." A successful opposition proceeding functions ultimately as a refusal to register a mark. Thus, the Board reasoned, the requirement for a refusal of registration in order to invoke the right to cancel an interfering mark includes not only a refusal resulting from *ex parte* examination, but also the potential for refusal resulting from an opposition proceeding.

Priority Under Article 8 of the Pan-American Convention

Next, the Board considered whether Sula could claim trademark priority over Lacteos's registered U.S. trademarks based on Sula's trademark rights in Honduras. The Board determined that it could not.

To prevail in an Article 8 claim, a plaintiff must demonstrate that (a) it enjoys legal protection for its mark in a contracting state prior to the date of the

application for the registration it seeks to cancel and (b) the defendant owner of the challenged registration had knowledge of the plaintiff's mark for the specific goods to which the challenged mark is applied. Specifically, a plaintiff (or counterclaimant) must allege:

1. Counterclaim-plaintiff seeks registration in the United States of a mark which originated in another Contracting State;
2. During ex parte examination by the United States Patent and Trademark Office, registration to the counterclaim-plaintiff has been refused because of the previous registration of an interfering mark, or an opposition has been instituted by the Trademark Trial and Appeal Board for the owner of the interfering mark;
3. Counterclaim-plaintiff enjoyed legal protection for its mark in another Contracting State to the Pan-American Convention and that legal protection existed prior to the date of the application for the registration it seeks to cancel;
4. The owner of the registration of the interfering mark (counterclaim-defendant) had knowledge of the use, employment, registration or deposit of counterclaim-plaintiff's mark in any of the Contracting States for the specific goods to which the counterclaim-defendant's interfering mark is applied; and,
5. The goods or services of the parties must be identical and the counterclaim-defendant knew of the counterclaim-plaintiff's mark prior to adoption and use of the interfering mark, or prior to the filing of the application for or deposit of the mark which is sought to be cancelled.

(emphasis added by the Board).

Put plainly, Sula needed to show that its RICA SULA mark for chips and snacks was protected in Honduras before Lacteos filed its trademark application for SULA in the United States, and that

Lacteos's US trademarks for SULA also are for chips and snacks.

Sula met the first prong: its RICA SULA mark was registered in Honduras around 1974, long prior to Lacteos's US filing dates for its SULA marks.

However, the claim failed on the second prong because the Board interpreted the phrase "specific goods" in the Article 8 to mean **the same goods**.

While Sula's trademark rights related to use on chips and snacks, Lacteos's registrations covered "spreads, namely, vegetable oil and dairy cream based blends." Sula did not allege that it owns rights in Honduras or elsewhere for "spreads," and therefore its allegations did not satisfy that crucial requirement. Thus, because Sula could not demonstrate priority in the context of a compulsory counterclaim for cancellation, the Board rejected priority as an affirmative defense and counterclaim.

* * *

Claims under the Pan-American Convention do not arise frequently and the priority clause is somewhat unique. It was designed to prevent bad-faith trademark filings of known (but not famous) brands in neighboring jurisdictions. The senior user does not have to prove fame in the country where the dispute takes place, but merely that junior user was aware of senior user's rights in the home country.

In the past, the Board has seen Pan-American Convention claims relating to Cuban brands being fraudulently registered in the United States. Today's practitioners may wish that Venezuela – a current hotbed for cross border use of marks – would become a contracting country.

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