

NO STOLEN TRADEMARKS HONORED IN AMERICA ACT OF 2023

SEPTEMBER 29, 2023.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. JORDAN, from the Committee on the Judiciary,
submitted the following

R E P O R T

[To accompany H.R. 1505]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 1505) to modify the prohibition on recognition by United States courts of certain rights relating to certain marks, trade names, or commercial names, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “No Stolen Trademarks Honored in America Act of 2023”.

SEC. 2. MODIFICATION OF PROHIBITION.

Section 211 of the Department of Commerce and Related Agencies Appropriations Act, 1999 (as contained in section 101(b) of division A of Public Law 105–277; 112 Stat. 2681–88) is amended—

(1) in subsection (a)(2)—

(A) by inserting “or entity of the executive branch” after “U.S. court”;

(B) by striking “by a designated national”; and

(C) by inserting before the period “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 bonafide successor-in-interest has expressly consented”;

(2) in subsection (b)—

(A) by inserting “or entity of the executive branch” after “U.S. court”; and

(B) by striking “by a designated national or its successor-in-interest”;

(3) by redesignating subsection (d) as subsection (e);

(4) by inserting after subsection (c) the following:

“(d) Subsections (a)(2) and (b) of this section shall apply only if the person or entity asserting the rights knew or had reason to know at the time when the person or entity acquired the rights asserted that the mark, trade name, or commercial name was 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.”; and

(5) in subsection (e), as so redesignated, by striking “In this section:” and all that follows through “(2) The term” and inserting “In this section, the term”.

Purpose and Summary

H.R. 1505, the No Stolen Trademarks Honored in America Act of 2023, introduced by Rep. Darrell Issa (R–CA), prohibits any executive agency, including the U.S. Patent and Trademark Office, from recognizing, enforcing, or validating any trademark that was used in connection with a business or asset that was confiscated without the consent of the original owner or successor-in-interest.

Background and Need for the Legislation

Prior to the 1959 Communist coup in Cuba, two of the primary makers of Cuban rum were the Arechabala and Bacardi families.¹ The Arechabala family’s main rum brand was Havana Club, which became one of the most popular brands of rum in the world.² When the Castro regime overthrew the Cuban government, it began seizing businesses and confiscating property, including that of both the Arechabala and Bacardi families.³ The state-owned Cuban rum industry began producing rum under the Havana Club trademark and began exporting it worldwide (except the United States due to the trade embargo).⁴

In 1995, Bacardi acquired all rights in the “Havana Club” trademark from the Arechabala family and began producing rum in the United States under that brand.⁵ In 1993, Pernod Ricard, a French spirits company, entered into a joint venture with the state-owned Cuban rum industry with control over the confiscated “Havana

¹Paul Senft, *The Havana Club Trademark War* (Sep. 14, 2016), <https://distiller.com/articles/havana-club-trademark-war>.

²*Id.*

³*Id.*

⁴*Id.*

⁵*Id.*; see also Blake Brittain, U.S. trademark agency beats Bacardi lawsuit over Cuba’s ‘Havana Club,’ *REUTERS* (Apr. 7, 2022).

Club” trademark.⁶ The joint venture then began producing rum under that brand for much of the international market outside of the United States.⁷ Eventually, Bacardi and Pernod Ricard began decades-long litigation over their competing claims on the “Havana Club” trademark, which resulted in a victory for Bacardi in 2012.⁸

However, in 2016, the Obama Administration recognized the claim of the Pernod Ricard-Cuban government on the “Havana Club” trademark, which allowed them to renew the trademark and to restart litigation against Bacardi.⁹ Bacardi sued the U.S. Patent and Trademark Office over their recognition of the Pernod Ricard-Cuban government claim to the trademark, but the case was dismissed in 2022.¹⁰

To resolve this long-running controversy, the No Stolen Trademarks Honored in America Act of 2023 would prohibit any executive agency, including the U.S. Patent and Trademark Office, from recognizing, enforcing, or validating any trademark that was used in connection with a business or assets that were confiscated without the consent of the original owner or successor-in-interest. This bill would prevent anyone from using U.S. agencies to benefit from intellectual property stolen from its rightful owner.

Hearings

For the purposes of clause 3(c)(6)(A) of House rule XIII, the following hearing was used to develop H.R. 1505: “Oversight of the U.S. Patent and Trademark Office,” a hearing held on April 27, 2023 before the Subcommittee on Courts, Intellectual Property, and the Internet of the Committee on the Judiciary. The Subcommittee heard testimony from the following witnesses:

- The Honorable Kathi Vidal, Undersecretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

The hearing addressed a number of topics related to patent and trademark law, including trademarks and businesses confiscated by the Cuban Government after the 1959 Communist revolution.

Committee Consideration

On May 24, 2023, the Committee met in open session and ordered the bill, H.R. 1505, favorably reported by voice vote, a quorum being present.

Committee Votes

In compliance with clause 3(b) of House rule XIII, the Committee states that no recorded votes were taken during consideration of H.R. 1505.

Committee Oversight Findings

In compliance with clause 3(c)(1) of House rule XIII, the Committee advises that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X

⁶*Id.*

⁷*Id.*

⁸*Id.*

⁹*Id.*

¹⁰Brittain, *supra* note 5.

of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

New Budget Authority and Tax Expenditures

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the *Congressional Budget Act of 1974* has been timely submitted prior to filing of the report and is included in the report. Such a cost estimate is included in this report.

Congressional Budget Office Cost Estimate

With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, the Committee has received the enclosed cost estimate for H.R. 3496 from the Director of the Congressional Budget Office:

H.R. 1505, No Stolen Trademarks Honored in America Act of 2023			
As ordered reported by the House Committee on the Judiciary on May 24, 2023			
By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	0	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	No
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Mandate Effects	
		Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold
* = between zero and \$500,000.			

H.R. 1505 would prohibit the use of a trademark that is the same as or similar to one used in connection with a business or asset that was confiscated by the government of Cuba. CBO estimates that implementing the bill would increase administrative costs for the Patent and Trademark Office (PTO) by less than \$500,000 to review trademark applications for a small number of applicants. However, PTO is authorized to collect fees in amounts sufficient to offset its annual appropriation. Assuming appropriation actions consistent with that authority, CBO estimates that the net increase in discretionary spending for PTO would be negligible.

H.R. 1505 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) by expanding an existing prohibition on the recognition or enforcement of trademarks associated with businesses or assets confiscated by the Cuban government. CBO expects that the prohibition would be likely to arise in only a small number of cases and the associated costs would be small. Additionally, if PTO increases fees, the bill would increase the cost of an existing mandate on private entities required to pay

those fees. CBO estimates that the cost of the mandates would not exceed the private-sector threshold established in UMRA (\$198 million in 2023, adjusted annually for inflation). Because UMRA applies solely to the United States, any costs arising in international markets would not be associated with the mandate. The bill would not impose any intergovernmental mandates.

The CBO staff contacts for this estimate are Matthew Pickford (for federal costs) and Andrew Laughlin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

Committee Estimate of Budgetary Effects

With respect to the requirements of clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the *Congressional Budget Act of 1974*.

Duplication of Federal Programs

Pursuant to clause 3(c)(5) of House rule XIII, no provision of H.R. 1505 establishes or reauthorizes a program of the federal government known to be duplicative of another federal program.

Performance Goals and Objectives

The Committee states that pursuant to clause 3(c)(4) of House rule XIII, H.R. 1505 would prohibit any executive agency, including the U.S. Patent and Trademark Office, from recognizing, enforcing, or validating any trademark that was used in connection with a business or asset that was confiscated without the consent of the original owner or successor-in-interest.

Advisory on Earmarks

In accordance with clause 9 of House rule XXI, H.R. 1505 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clauses 9(d), 9(e), or 9(f) of House rule XXI.

Federal Mandates Statement

The Committee adopts as its own the estimate of federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the *Unfunded Mandates Reform Act*.

Advisory Committee Statement

No advisory committees within the meaning of section 5(b) of the *Federal Advisory Committee Act* were created by this legislation.

Applicability to Legislative Branch

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or

accommodations within the meaning of section 102(b)(3) of the *Congressional Accountability Act* (Pub. L. 104–1).

Section-by-Section Analysis

Section 1. Short Title. This section sets forth the short title of the bill as the “No Stolen Trademarks Honored in America Act.”

Section 2. Modification of Prohibition. This section prohibits the executive branch from recognizing, enforcing, or validating any trademark that was used in connection with a business or assets that were confiscated without the consent of the original owner or successor-in-interest.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

SECTION 211 OF THE DEPARTMENT OF COMMERCE AND RELATED AGENCIES APPROPRIATIONS ACT, 1999

SEC. 211. (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 *or entity of the executive branch* 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 *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 bonafide successor-in-interest has expressly consented.*

(b) No U.S. court *or entity of the executive branch* 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.

(c) The Secretary of the Treasury shall promulgate such rules and regulations as are necessary to carry out the provisions of this section.

(d) Subsections (a)(2) and (b) of this section shall apply only if the person or entity asserting the rights knew or had reason to know at the time when the person or entity acquired the rights asserted that the mark, trade name, or commercial name was 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.

[(d) In this section:] (e)

[(1) The term “designated national” has the meaning given such term in section 515.305 of title 31, Code of Federal Regulations, as in effect on September 9, 1998, and includes a national of any foreign country who is a successor-in-interest to a designated national.]

[(2) The term] *In this section, the term* “confiscated” has the meaning given such term in section 515.336 of title 31, Code of Federal Regulations, as in effect on September 9, 1998.

