



Trademark Issues for the Wine Industry, Part I



At NEAL & McDEVITT, we help those in the wine industry understand intellectual property law with our world-class expertise and an appreciation of our clients' concerns. We have prepared a series of short articles to help you understand how trademarks (as well as other intellectual property, such as copyrights, trade dress, and trade secrets) impact your business. We hope that you will find this information helpful.

WHAT IS A TRADEMARK?

In its purest form, a trademark is anything that tells a consumer where a particular product or service comes from. You don't have to look far to come face-to-face with some of the world's most famous trademarks – COCA-COLA, STARBUCKS, GOOGLE, or CHEVROLET, just to name a few. You also may not have to look beyond your own wine cellar to find some of the most famous trademarks in the wine industry. All of these marks have one thing in common—they identify and distinguish the source of their related goods or services.

When you see a label you think you recognize or open up a bottle of wine that bears a familiar label of your favorite producer, you expect to be sipping wine from precisely that producer. Wouldn't you be surprised, however, if the wine was from somewhere else? This type of consumer confusion is precisely what trademark law is intended to protect against.

Over the years, trademarks have taken on many forms. There are the traditional word marks (names), design marks (logos), and slogans or taglines that we are all familiar with. There are also non-traditional marks such as sound marks (think of the NBC three-tone chime), color marks (the color pink for fiberglass insulation), trade dress (the shape of the famous COCA-COLA bottle) and even scent marks (believe it or not, the smell of fresh cut grass for tennis balls is a registered trademark). In reality, anything that denotes the source of a product or service can function as a trademark.

In our next issue, we will discuss how selecting a mark is critical to its protectability and give you some pointers for picking out the best marks for your various projects.

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Trademark Issues for the Wine Industry, Part II

SELECTING A PROTECTABLE MARK FOR YOUR WINE BUSINESS



As a member of the wine industry, you have a lot invested in your winery brand, your vineyard name, and/or your label text and art. Protecting them is imperative, regardless of the size or scope of your operations. Trademarks are key business assets that distinguish you from your competitors and help build customer loyalty and goodwill in your business. Thus, the selection of strong, protectable trademarks can be the building blocks to your long-term success.

When you select a trademark for your winery, vineyard, or label, you should consider that there is a “spectrum” of protection in trademarks. Simply put, the more distinctive a trademark is, the stronger it is and the more protection it can receive. The strongest marks, for trademark purposes, are **coined** or **fanciful** terms that have no meaning in the common English language, such as KODAK or XEROX. For a winery, a made-up term such as KITTAIN could be immediately protectable as a coined mark once it is used in commerce. **Arbitrary** trademarks are commonplace terms used out of context, such as APPLE for computers. The use of the mark LACE for a wine label could be an arbitrary mark that, like a coined or fanciful mark, is immediately protectable.

Suggestive trademarks require some imagination, thought, or perception to reach a conclusion as to the nature of the product or service—they hint at or suggest something about the product or service. Suggestive marks, such as HARVEST RED, are immediately protectable. **Descriptive** marks immediately convey some aspect or feature of a product or service. Unlike coined, arbitrary and suggestive marks, descriptive marks may only be protected as trademarks if they can acquire distinctiveness over time. An example of a descriptive mark for a vineyard would be MENDOCINO COUNTY VINEYARDS. Also, family names, such as MILLER FAMILY CELLARS, may be merely descriptive marks.

Finally, **generic** terms describe a category of product or service rather than a brand of product or service. Generic terms, such as HOUSE WINE, are incapable of serving the essential trademark function of distinguishing the products or services of one user from the products or services of other users, and therefore cannot be protected as trademarks.

When you are brainstorming new ideas for potential trademarks, be sure to keep this spectrum of protection in mind. The selection of a coined, arbitrary, or suggestive mark not only offers the most protection for your brand, but you can potentially seek immediate federal registration of the mark with the U.S. Patent and Trademark Office, as long as there is no other entity using the same or a confusingly similar mark with similar goods and services. If you would like help understanding the inherent strength or distinctiveness of your intended or existing trademark, please contact us.

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Trademark Issues for the Wine Industry, Part III

CLEARING A TRADEMARK FOR USE AND POTENTIAL REGISTRATION



Once you have selected one or more potential trademarks for use as your overarching brand, vineyard name, or wine label, the next step is to ensure that the proposed mark is “clear” for use. A mark may be used as a brand or trademark if (1) it serves to identify and distinguish the source of that person’s goods and services and (2) the use of that mark is not likely to infringe a prior user’s mark. In our previous article, we discussed that arbitrary, fanciful, and suggestive marks can immediately distinguish the source of a party’s goods, while descriptive marks are capable of distinguishing source if they acquire distinctiveness.

To determine whether a proposed mark is likely to infringe a prior user’s mark, an owner can enlist the assistance of a trademark attorney to run a comprehensive, nationwide search of previous trademark registrations, applications, state registrations, and common law uses. While the costs for such a search can exceed \$1,000.00, seeking a professional opinion can provide you with the assurance you need to use a new mark with limited legal risk.

If you simply want to see whether a wine-related mark is in use or is registered, there are two databases that, at minimum, must be reviewed. First, the U.S. Patent and Trademark Office hosts a database of registered and applied-for trademarks. The database is accessible from the USPTO’s website, www.uspto.gov. It bears noting, however, that discovering no identical hits in this database does not serve as clearance to use and seek registration of a proposed mark. Under U.S. trademark law, marks are reviewed for confusing similarity, thus even a similar (not identical) mark on similar (not identical) goods can preclude your use and potential registration of a mark.

The second resource is the Tax and Trade Bureau’s (TTB) COLA records to ensure the name, or a similar one, is not already in use on a wine label. This searchable database is available at www.ttbonline.gov/colasonline/publicSearchColasBasic.do. Unlike the USPTO, the TTB does not assess potential confusion with another’s label, but only rejects a label if there is an exact match for a prior label. Similarly, a winery owner’s acceptance by the TTB of a label does not necessarily mean the mark is clear for use as it is possible that a confusingly similar (but not identical) label is in use. Under U.S. trademark law, use of a mark which results in consumer confusion constitutes trademark infringement and is often actionable under state and federal trademark laws.

Once an owner determines that a proposed mark is “clear,” she can begin use of the brand as a mark even without registration. Trademark rights accrue once use in commerce begins, thus a later user could potentially be prevented from using the mark even without a registration. However, there are substantial benefits to seeking registration of a mark, which will be discussed in the following issues of this series.

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Trademark Issues for the Wine Industry, Part IV

SEEKING TRADEMARK REGISTRATION



There is a common misconception that you need to procure a federal trademark registration in order to protect a mark from infringement. Under the trademark laws in the United States, you simply need to “use” the mark “in commerce” in order to obtain protectable trademark rights. Simply put, as soon as your first bottles (bearing the mark on a label) of wine leave for your customer, trademark rights accrue. These rights are commonly referred to as “common law trademark rights.”

While it is not necessary to obtain a federal trademark registration to enforce your rights against a would-be infringer, there are substantial benefits to seeking registration of a mark with the United States Patent and Trademark Office (USPTO).

Both the federal and state governments issue trademark registrations, but there are significant differences between them. State registrations are relatively inexpensive and easy to obtain. The registration process varies by state, but generally the Secretary of State’s office handles the application process. A state registration provides exclusive rights *only within that state’s boundaries*. Alternatively, a federal trademark registration provides the owner with presumptive trademark rights in all fifty states.

For instance, an Oregon winery, with only a state trademark registration, cannot enforce its Oregon trademark rights against a Washington winery using an identical or confusingly similar name within the State of Washington. Instead, the Oregon winery would have to rely upon its federal common law rights to proceed against the infringer in Washington.

Most wine businesses engage in commerce across state lines, thus federal registration is the best alternative. A federal registration provides a number of benefits, such as nationwide priority, constructive notice to others of your rights in the mark, and the ability to sue in federal court for trademark infringement if necessary. A business owner can file a trademark application with the USPTO for a mark that is used with goods or services in commerce. The application could be for the name of a winery (e.g., Fairview Cellars) or for a particular wine label (e.g., Dry Sands).

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Trademark Issues for the Wine Industry, Part IV

SEEKING TRADEMARK REGISTRATION, cont'd



An applicant can apply for a mark that is only words, only a design, or a combination of the two. If your winery has a particularly valuable piece of label art, you may want to register that design component in addition to the words.

The registration process itself can vary significantly, based on the circumstances of each application. An application is generally filed online via the USPTO's website, and must include the owner's contact information, a description of the mark, and a specimen of actual use. Generally this specimen would be a picture of the label that includes the applied-for mark. Note, however, that owners can apply for registration of a mark even prior to use in commerce—as long as the owner has a bona fide intention to use the mark in commerce, she may start the application process prior to any sale of product bearing the mark in order to establish priority of use. A registration will not issue, however, until a statement of use has been filed.

The application itself can be filed by an applicant directly, or by that party's authorized attorney. In the best case scenario, the assigned USPTO Examiner will review the application, find no bases for refusal, and pass the application on to publication status, a 30-day period in which parties that feel they would be harmed by registration of the applied-for mark can challenge the application. If no challenge is brought, the application will mature to a registration. In the more common situation, the Examiner will issue an Office Action, citing one or more bases for refusal that must be overcome in order for the application to proceed. The assistance of an attorney is especially helpful at this stage.

Once the application is registered, the owner should use the® symbol in direct proximity to the mark at all times. (Remember that it is unlawful to use the ® without a corresponding federal trademark registration – instead, you can use the TM symbol for unregistered marks.) Also, the USPTO requires a registrant to submit evidence of ongoing use of the mark at various times to retain the registration. The assistance of a trademark attorney is helpful for these activities as well. In our next article, we will discuss how to enforce your rights in your marks against would-be infringers.

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Trademark Issues for the Wine Industry, Part V

PROTECTING YOUR TRADEMARKS



Whether a trademark is registered or unregistered, a mark owner must be diligent in protecting its rights in the mark, lest they be lost. A wine business owner has an affirmative duty to monitor unauthorized uses of its mark or third party uses of marks that could be considered “confusingly similar” to its own.

As we enumerated in our last article, there are several benefits to obtaining a federal registration, most notably that the registration provides nationwide priority of use. However, this does not necessarily mean that a prior user of a common law mark could not come forward to request that you cease use of your registered mark. Remember that the cornerstone of trademark law is that the first to use a name or logo as a designation of source is the senior user and may stop other junior users of confusingly similar marks. While a registration may provide presumptions in your favor in litigation, a registration can be cancelled by a party with sufficient evidence of prior rights. A thorough search conducted prior to adoption and registration of a mark should prevent this possibility.

Monitoring third party uses of new marks, websites, logos, and trade names may require the assistance of a trademark attorney to review third party trademark applications and other common law uses of interest. Mark owners can undertake some of the monitoring tasks themselves by reviewing Internet search engines and other wine-related publications and materials for confusingly similar marks.

If you become aware of a troublesome mark, you have several strategies to consider. The most aggressive option would be to file a lawsuit for trademark infringement. This is also the most costly option, as filing a lawsuit for infringement could cost more than \$750,000 to see a case through to finality. Another option is to do nothing, based on the notion that the goods or services offered in connection with the other party’s mark are sufficiently different than yours and/or the respective marks are sufficiently dissimilar.

A final option may be to send a letter or other type of correspondence to the party. The letter should clearly establish your rights in the mark, your line of business under that mark (i.e. whether the mark represents the name of your winery, a label, or a sub-brand), and your concern about the party’s use of its mark. If the party is using your exact mark, the language may need to request that they “cease and desist” all use of the mark. In most situations though, you will want to gather more information before requesting this step.

Whether you discover a potentially infringing use, or you find yourself the recipient of a cease and desist letter, it is best to consult an attorney to formulate the best plan. After investing in a federal registration and spending the time and resources in your brand, you want to ensure that your rights in your mark are as strong and enforceable as possible.

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Intellectual Property Issues for the Wine Industry, Part VI

PROTECTING YOUR TRADE DRESS



In addition to trademarks and service marks, wine businesses may use labels and other packaging that could be protectable as “trade dress.” Essentially, trade dress is the combination of elements on packaging, containers, wrappers, or labels that is unique to a particular brand or producer. It may include features such as size, shape, color, color combinations, texture, or graphics. For example, a restaurant’s distinctive décor may be so unique that it is identified with a specific brand. Similarly, it is possible that a wine label’s look and feel, or the distinctive shape of a wine bottle, may be unique enough to constitute trade dress.

Elements of trade dress may be separately registrable as trademarks. For instance, a label may include words and designs that are themselves trademarks. Notwithstanding this overlap, unregistered trade dress is protectable under unfair competition law, much like unregistered trademarks.

The key in determining whether you own protectable trade dress is whether the label art, packaging or design has become unique enough that purchasers associate that design with your particular brand. While it is technically possible that certain types of packaging could be inherently distinctive, this is unlikely to be the case with wine-related products. Proving that would-be purchasers have come to identify your label or design as trade dress is indeed a high threshold. For instance, elements that are commonly used by competitors would not be unique enough to qualify for protection.

Should you believe that you own protectable trade dress and become aware of another party’s potentially infringing use of those materials, you should consider the same enforcement strategies that apply to traditional trademark infringement situations. The expertise of trademark counsel is essential.

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