

Top Ten Intellectual Property Myths with Wine and Spirits

**ABA-YLD Spring Conference
May 13, 2011**



Key acronyms

- TTB = Tax and Trade Bureau (old BATF)
- COLA = Certificate of Label Approval
- USPTO = United States Patent and Trademark Office
- TRIPS = WTO Agreement on Trade-Related Aspects of Intellectual Property Rights
- CBP = U.S. Customs and Border Protection
- AVAs = American Viticultural Areas



Key terminology

- **Trademark:** anything that identifies and distinguishes the source of a product or service, such as words, stylized designs, logos, slogans, taglines, colors, and scents
- **Copyright:** original works of authorship fixed in a tangible form, such as artwork, books, sculpture, music, video and audio recordings, and photography
- **Trade dress:** the combination of elements on packaging, containers, wrappers, or labels that is unique to a particular owner
- **Geographic indications:** sign used on goods which correspond to a specific geographic location or origin (country, state, region)
- **Appellations/AVAs:** geographic indications used to identify where grapes for wine were grown; defined as an area with clearly defined boundaries with shared geographical features, such as climate, soil type, elevation, physical features, etc.

State of the Wine Industry

**Myth #10: Imitation Is the
Sincerest Form of Flattery.**

Imitation

- Some wine and spirits clients are reluctant to enforce their marks against other producers either because they think “imitation is the sincerest form of flattery” and/or because they don’t want to be perceived as a bully.
- This is a particularly relevant issue in the somewhat incestuous wine industry.

Example

- *Kendall-Jackson v. E&J Gallo Winery*, 150 F.3d 1042 (9th Cir. 1998)
- Gallo adopted “Turning Leaf,” which featured a multi-colored grape-leaf design.
- KJ claimed that the use infringed its prior trade dress and trademark that featured a grape-leaf design.
- The court found that a grape-leaf design is merely generic in the wine industry.



Myth #9: A Trademark Registration Means that a Mark May Safely Be Used with Wine and Spirits.

Registration ≠ Safe to Use

- A trademark registration is obtained from the USPTO, which will approve a mark for potential registration if it is distinctive and not confusingly similar to a prior registration (among other qualifications).
- A label (COLA) must be approved by the TTB for use with alcohol sales in the United States.
- Most importantly, a trademark registration can ultimately be trumped by the establishment of an AVA
 - Santa Rita Hills
 - Calistoga

Int. Cl.: 33

Prior U.S. Cls.: 47 and 49

United States Patent and Trademark Office

Reg. No. 3,187,029

Registered Dec. 19, 2006

TRADEMARK
PRINCIPAL REGISTER

BLISS

BRUTOCAO VINEYARDS, INC. (CALIFORNIA
CORPORATION)

2300 HIGHWAY 175
HOPLAND, CA 95449

FOR: WINES, IN CLASS 33 (U.S. CLS. 47 AND 49).

FIRST USE 3-1-1999; IN COMMERCE 3-1-1999.

THE MARK CONSISTS OF STANDARD CHAR-
ACTERS WITHOUT CLAIM TO ANY PARTICULAR
FONT, STYLE, SIZE, OR COLOR.

OWNER OF U.S. REG. NO. 2,436,401.

SER. NO. 78-811,280, FILED 2-9-2006.

DOMINICK J. SALEMI, EXAMINING ATTORNEY



FOR TTB USE ONLY			DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU APPLICATION FOR AND CERTIFICATION/EXEMPTION OF LABEL/BOTTLE APPROVAL (See Instructions and Paperwork Reduction Act Notice on Back)
TTB ID 08324001000138			
1. REP. ID. NO. (If any)	CT 88	OR 01	

PART I - APPLICATION

2. PLANT REGISTRY/BASIC PERMIT/BREWER'S NO. (Required) BW-CA-5580	3. SOURCE OF PRODUCT (Required) <input checked="" type="checkbox"/> Domestic <input type="checkbox"/> Imported	8. NAME AND ADDRESS OF APPLICANT AS SHOWN ON PLANT REGISTRY, BASIC PERMIT OR BREWER'S NOTICE. INCLUDE APPROVED DBA OR TRADENAME IF USED ON LABEL (Required) BRUTOCAO CELLARS, LEONARD J. BRUTOCAO (GENERAL PARTNER) 1400 HIGHWAY 175 HOPLAND CA 95449 BLISS VINEYARDS (Used on label)	
4. SERIAL NUMBER (Required) 081311	5. TYPE OF PRODUCT (Required) <input checked="" type="checkbox"/> WINE <input type="checkbox"/> DISTILLED SPIRITS <input type="checkbox"/> MALT BEVERAGE		
6. BRAND NAME (Required) BLISS FAMILY VINEYARDS		8a. MAILING ADDRESS, IF DIFFERENT	
7. FANCIFUL NAME (If any)			
9. EMAIL ADDRESS BRUTOCAO@PACIFIC.NET	10. FORMULA/SOP NO. (If any)	11. LAB. NO. & DATE / PREIMPORT NO. & DATE (If any)	18. TYPE OF APPLICATION (Check applicable box(es)) a. <input checked="" type="checkbox"/> CERTIFICATE OF LABEL APPROVAL b. <input type="checkbox"/> CERTIFICATE OF EXEMPTION FROM LABEL APPROVAL "For sale in _____ only" (Fill in state abbreviation.) c. <input type="checkbox"/> DISTINCTIVE LIQUOR BOTTLE APPROVAL. TOTAL BOTTLE CAPACITY BEFORE CLOSURE _____ (Fill in amount) d. <input type="checkbox"/> RESUBMISSION AFTER REJECTION TTB ID. NO. _____
12. NET CONTENTS 750 MILLILITERS	13. ALCOHOL CONTENT 14.5	14. WINE APPELLATION IF ON LABEL CALIFORNIA	
15. WINE VINTAGE DATE IF ON LABEL 2006	16. PHONE NUMBER (707) 744-1066	17. FAX NUMBER (707) 744-1046	

19. SHOW ANY WORDING (a) APPEARING ON MATERIALS FIRMLY AFFIXED TO THE CONTAINER (e.g., caps, corks, seals)



Bliss

FAMILY VINEYARDS

2006

ZINFANDEL

California

ALC. 14.5%/VOL.

"Music played an important part in the lives of Irv and Lona Bliss. They imparted a love for music in their three daughters that has continued to be passed down through generations. Whether it's classical or country, it certainly sets the stage. It evokes emotions. The music you love with a glass of wine, a good meal and friends.."

Our Bliss Zinfandel

Ripe bright fruit, berry flavors with hints of spice. Well made with a balanced finish. Enjoy it with pork, poultry, pizza, or pasta. Uncork a bottle and by all means, turn on the music.

Sustainable Winegrower
www.blissvineyard.com

CELLARED AND BOTTLED BY
BLISS VINEYARDS, HOPLAND, CA

IMPORTED BY BORNICON & SALMING,
STOCKHOLM, SWEDEN.

PRODUCT OF USA

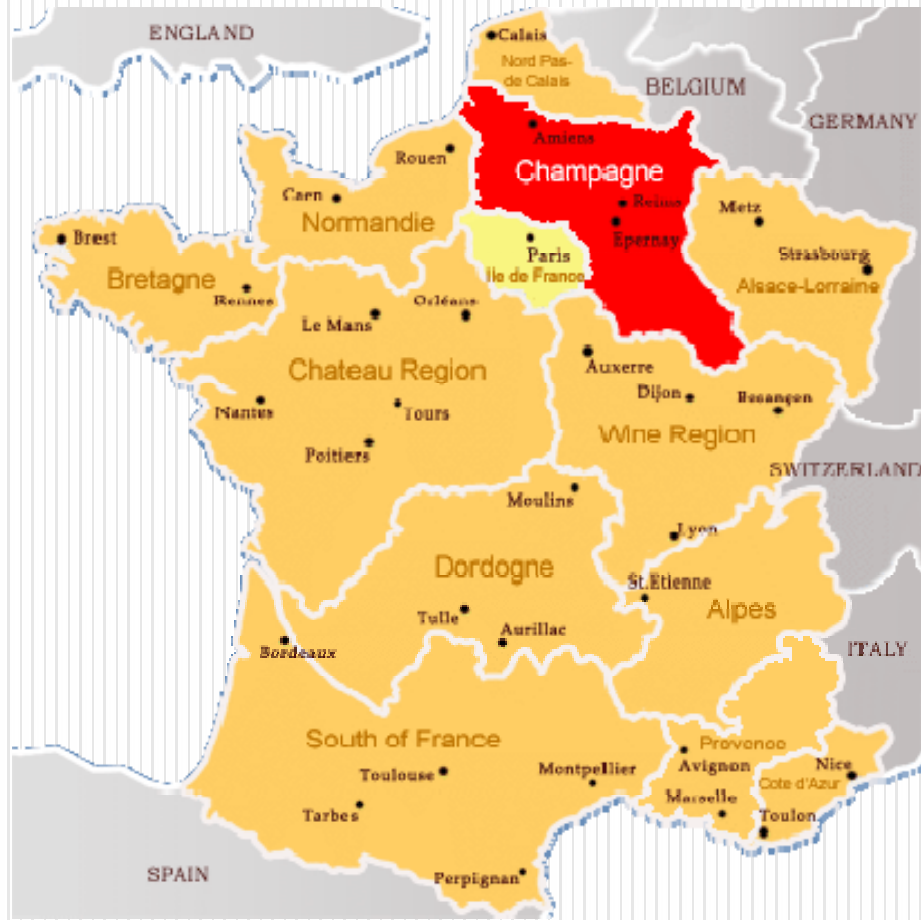
CONTAINS SULFITES/SULPHITES
750 ml/75 cl ALC. 14.5%/VOL.

GOVERNMENT WARNING: (1) ACCORDING TO THE SURGEON GENERAL, WOMEN SHOULD NOT DRINK ALCOHOLIC BEVERAGES DURING PREGNANCY BECAUSE OF THE RISK OF BIRTH DEFECTS. (2) CONSUMPTION OF ALCOHOLIC BEVERAGES IMPAIRS YOUR ABILITY TO DRIVE A CAR OR OPERATE MACHINERY, AND MAY CAUSE HEALTH PROBLEMS.



N&M
NEAL & MCDEVITT®

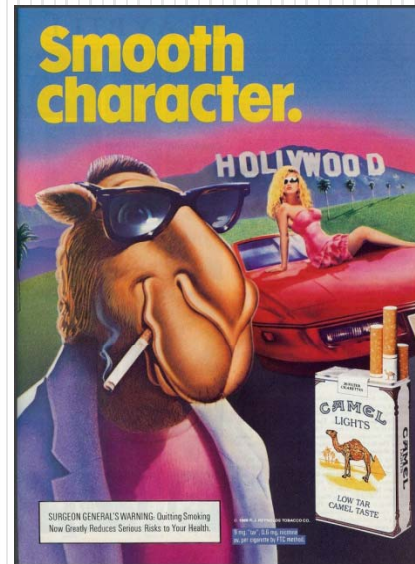
Myth #8: Any Producer Can Sell
“Champagne” or “Tequila.”





Advertising Issues

- Beyond geographic indications, alcohol advertisements must comply with various federal and state laws, including those related to advertising toward children and/or featuring immoral matters.



Example

- The State of Alabama rejected the wine label below as immoral, even though the TTB had approved it
- www.theiplawblog.com/archives/-trademark-law-wines-full-bodied-label-not-to-state-regulators-liking.html



Myth #7: Trade Dress Is Less Relevant.



Example

- *Maker's Mark Distillery, Inc. v. Diageo N.A., Inc.*, 703 F. Supp. 2d 671 (W.D. Ky. 2010).
- Jose Cuervo applied a similar red wax seal to its 100th anniversary Reserva de al Familia – high end, \$100 per bottle – tequila.
- The court found that the dripping red wax seal was not functional or aesthetically functional and thus Cuevo's use was infringing.
- In April 2010, the court granted an injunction against Jose Cuervo International for infringing the dripping red wax seal trademark of Maker's Mark.
- Maker's Mark filed a second suit in 2009 against Cuervo seeking a ruling that even a non-dripping red wax seal is infringing. The case is ongoing.



In the news

- Brooklyn Brewery's use of embossed-ring bottle (on the left) ran afoul of rights owned by Trappist monks, and agreed to modify the bottle design (on the right).



Myth #6: Winery Owns Label Artwork.

Artwork

- The art on a label may be protectable as a trademark if it functions as a source identifier.
- It is also likely to be copyrightable as a work of art.
- If the label art was created by an independent artist and the winery would like to register the label art as either a trademark or a copyright, it needs to get an assignment from the artist.
- If a producer finds pre-existing art and would like to use it on a label, the best practice is to get permission first (although works in the public domain may be available for use without permission).



VIADER

NAPA VALLEY

VELLUM



CABERNET SAUVIGNON

NAPA VALLEY, CALIFORNIA

*K.R. LEHMANN & J.W. MATHY
VELLUM WINE CRAFT
900 CASES PRODUCED
ALC 13.8% BY VOL*





Myth #5: Surname = Best Name

Surnames

- The use of a surname as a business name is rather common with wineries (less so for spirits makers).
- If a client desires to use its surname as a brand, it is very important to explain surname issues.
 - Most importantly, having a certain surname is not a right to use a name as a trademark.
- The best surnames are those that are unique.
- But don't disregard surnames.

Cakebread Cellars
NAPA VALLEY

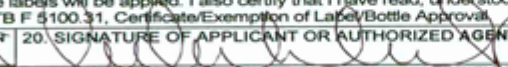




DALLA VALLE
Vineyards

Myth #4: COLA Owner = Trademark Owner

COLA Owner vs. Trademark Owner

- COLA applicant may be a distributor, wholesaler, or producer.
- A trademark owner is the party to whom use of the mark inures, that is, who owns the right in the actual name, logo, etc.

TTB ID 04070-000-000158		DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU APPLICATION FOR AND CERTIFICATION/EXEMPTION OF LABEL/BOTTLE APPROVAL <i>(See instructions and Paperwork Reduction Act Notice on Back)</i>	
1. REP. ID. NO. (If any) 1270		CT <u>80</u> OR <u>01</u>	PART I - APPLICATION
2. PLANT REGISTRY/BASIC PERMIT/BREWER'S NO. (Required) BW-CA-3832		7. NAME AND ADDRESS OF APPLICANT AS SHOWN ON PLANT REGISTRY, BASIC PERMIT OR BREWER'S NOTICE. INCLUDE APPROVED DBA OR TRADENAME IF USED ON THE LABEL. (Required) PARDUCCI WINE ESTATES, LLC dba BLISS VINEYARD 501 PARDUCCI ROAD UKIAH, CA 95482-3015	
3. SERIAL NUMBER (Required) YEAR 0 4 - 0 0 0 9		4. TYPE OF PRODUCT (Required) <input checked="" type="checkbox"/> WINE <input type="checkbox"/> DISTILLED SPIRITS <input type="checkbox"/> MALT BEVERAGE	
5. BRAND NAME (Required) BLISS		7a. MAILING ADDRESS, IF DIFFERENT	
6. FANCIFUL NAME (If any)			
8. EMAIL ADDRESS andrea@aoi.com		9. FORMULA/SOP NO. (If any)	10. LAB. NO. & DATE/PRE-IMPORT NO. & DATE (If any)
11. NET CONTENTS 750 ML		12. ALCOHOL CONTENT 13.5%	13. WINE APPELLATION (If on label) MENDOCINO
14. WINE VINTAGE DATE (If on label) 2002		15. PHONE NUMBER (800) 788-0212	16. FAX NUMBER (800) 954-9463
17. TYPE OF APPLICATION (Check applicable box(es)) a. <input checked="" type="checkbox"/> CERTIFICATE OF LABEL APPROVAL b. <input type="checkbox"/> CERTIFICATE OF EXEMPTION FROM LABEL APPROVAL "For sale in _____ only" (Fill in State abbreviation) c. <input type="checkbox"/> DISTINCTIVE LIQUOR BOTTLE APPROVAL. TOTAL BOTTLE CAPACITY BEFORE CLOSURE _____ (Fill in amount) d. <input type="checkbox"/> RESUBMISSION AFTER REJECTION TTB ID _____			
18. SHOW ANY WORDING (a) APPEARING ON MATERIALS FIRMLY AFFIXED TO THE CONTAINER (e.g., caps, celloseals, corks, etc.) OTHER THAN THE LABELS AFFIXED BELOW OR (b) BLOWN, BRANDED OR EMBOSSED ON THE CONTAINER (e.g., net contents, etc.). THIS WORDING MUST BE NOTED HERE EVEN IF IT DUPLICATES PORTIONS OF THE LABELS AFFIXED BELOW. ALSO, PROVIDE TRANSLATIONS OF FOREIGN LANGUAGE TEXT APPEARING ON LABELS. TO COVER NET CONTENTS OF 375 ML TO 3 L			
PART II - APPLICANT'S CERTIFICATION			
Under the penalties of perjury, I declare: that all statements appearing on this application are true and correct to the best of my knowledge and belief, and, that the representations on the labels attached to this form, including supplemental documents, truly and correctly represent the content of the containers to which these labels will be applied. I also certify that I have read, understood and complied with the conditions and instructions which are attached to an original TTB F 5100.31, Certificate/Exemption of Label/Bottle Approval.			
19. DATE OF APPLICATION 03/09/04	20. SIGNATURE OF APPLICANT OR AUTHORIZED AGENT 		21. PRINT NAME OF APPLICANT OR AUTHORIZED AGENT ANDREA L. ANDERSON, ATTORNEY-IN-FACT
PART III - TTB CERTIFICATE			
This certificate is issued subject to applicable laws, regulations and conditions as set forth in the instructions portion of this form.			
22. DATE ISSUED MAR 19 2004	23. AUTHORIZED SIGNATURE, ALCOHOL AND TOBACCO TAX AND TRADE BUREAU 		
FOR TTB USE ONLY			

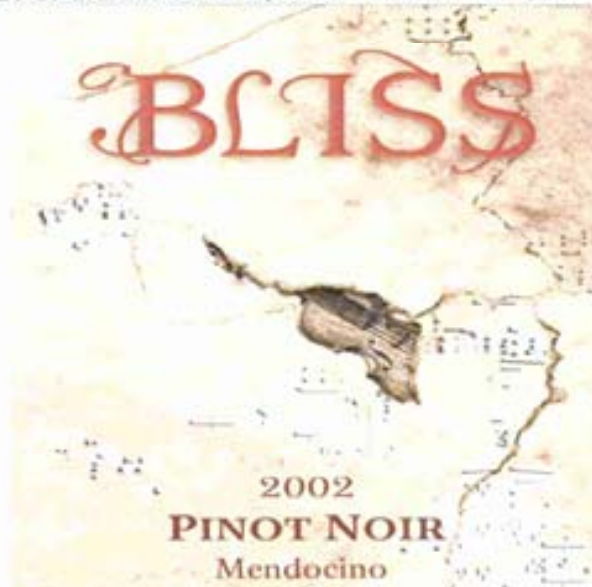
QUALIFICATIONS

02. WHEN NEW LABELS ARE PRINTED, ALL NECESSARY INFORMATION CONCERNING THE LABELS MUST BE PRINTED ON THE LABELS.

Bottlers Info

EXPIRATION DATE (if any)

AFFIX COMPLETE SET OF LABELS BELOW (See General Instructions 4, 6 and 7)



"Music played an important part in the lives of Irv and Lena Bliss. They imparted a love for music to their three daughters that has continued to be passed down through generations. Whether it's classical or country, it certainly sets the stage. It evokes emotions. The music you love with a glass of wine, a good meal and friends..."

This is Bliss

Our Bliss Pinot Noir

Lush ripe berry flavors with hints of spice; pairs beautifully with grilled salmon, lamb or mushroom dishes.

Uncork a bottle and by all means, turn on the music.

Produced & Bottled By the Bliss Vineyard, Ukiah, California

GOVERNMENT WARNING: (1) ACCORDING TO THE SURGEON GENERAL, WOMEN SHOULD NOT DRINK ALCOHOLIC BEVERAGES DURING PREGNANCY BECAUSE OF THE RISK OF BIRTH DEFECTS. (2) CONSUMPTION OF ALCOHOLIC BEVERAGES IMPAIRS YOUR ABILITY TO DRIVE A CAR OR OPERATE MACHINERY AND MAY CAUSE HEALTH PROBLEMS.

CONTAINS SULFITES



Myth #3: Label = Trademark

Label Is Not Necessarily a Trademark

- While nearly anything that indicates source may be a protectable trademark, commonly utilized elements such as a color scheme or the shape of a wine bottle usually lack the distinctiveness to warrant trademark protection.
- In the context of trademark applications, many owners make the mistake of seeking a trademark registration for the label as a whole, rather than the individual elements of the label that are truly distinctive, such as the label name or a design mark.

SCREAMING



EAGLE

Myth #2: Beer \neq Wine or Spirits

Beer vs. Wine vs. Spirits

- A common misperception that is the same name can be used by different parties for beer versus wine or spirits.
- While the ordinary consumer may be able to readily distinguish a similar use on wine versus beer, the USPTO has found that the goods are sufficiently related such that an application for a mark for use with wine may be refused based on a prior mark with beer, or vice versa.
- *In re Kysela Pere et Fils, Ltd.*, 98 U.S.P.Q. 2d 1261 (TTAB 2011):
 - Applicant sought to register the mark HB with wine.
 - Examiner cited the well-known Bavarian brewer HB with beer as a bar to registration.
 - The TTAB upheld the refusal.
- A producer seeking registration of a mark should review all prior registrations and uses by any alcohol producers, not merely the same type of alcohol.



Myth #1: COLA = Trademark

COLA vs. Trademark

- U.S. wine and spirits producers and distributors are required to submit proposed labels for approval by the TTB, before commencing sales within the United States.
- Acceptance of a label by the TTB does not mean the brand name or fanciful name is clear for use as a trademark, as it is possible that a confusingly similar (but not identical) label is in use.
- 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 with a prior label.
- Thus, obtaining a COLA for a label is no defense to trademark infringement.

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