

FAMOUS TRADEMARKS - LET'S NOT GO THERE

By David Hoffman



You have done a trademark search at the U.S. Trademark Office web site. You found that there are no registered trademarks that appear close to your proposed wine name. Are you safe to use it? Not yet. In the case of *C&N Corporation dba Door Peninsula Winery v. Gregory Kane and Illinois River Winery, Inc., E.D.Wis.*, Case No. 12-C-0257 (Nov. 12, 2013), Defendant Illinois River Winery learned a tough lesson. And so did Door Peninsula.

Both wineries, Door Peninsula and Illinois River, are located in Wisconsin. Door Peninsula cleverly named a spiced wine “Hallowine” and created a label with a Halloween theme. The intent was evidently to sell it during the fall and capitalize on that name.

Illinois River subsequently started selling a spiced wine it called “Hallowine.” Its wine bottle was orange and black like that of Door Peninsula. It also, of course, had a Halloween theme. The two competing bottles are shown below.

DOOR PENINSULA



ILLINOIS RIVER



Both companies filed trademark applications on “Hallowine.” Door Peninsula filed first and was also the first to use the mark. Therefore, Door Peninsula appeared to be in very good shape. However, ultimately both applications were abandoned. What went wrong for Door Peninsula’s trademark application? How about for Illinois River’s application?

It is important to understand that even though the trademark applications became abandoned, companies can sue for “common law” infringement. Companies obtain trademark rights merely by use of a mark. So, Door Peninsula sued Illinois River alleging common law trademark infringement under state and federal law. Reading between the lines of the case, Illinois River believed that “Hallowine” was commonly used in the wine industry. An internet search on “Hallowine” reveals several late October wine events with essentially that name.

Surely one company cannot claim exclusive rights for an unregistered name that is commonly used in promoting wine-related events? Moreover, both companies had abandoned their federal applications on that name.

Merely because an application is abandoned does not mean that the trademark owner has given up on its rights or has no rights. In fact, the Trademark Examining Attorney allowed Door Peninsula’s “Hallowine” application. Then, as is the normal Trademark Office procedure, Door Peninsula’s application was published in the Official Gazette (OG). This give other companies an opportunity to oppose registration if they believe they will be harmed by the registration of the mark, in this case, “Hallowine” for wine.

Large companies, and some smaller ones, keep a constant watch on the OG s part of protecting their own marks. One of those large companies that undoubtedly constantly watches the OG is E&J Gallo.

When Gallo saw “Hallowine,” they filed an opposition. This may have come as a surprise to Door Peninsula. How could “Hallowine” sold with a Halloween themed label and coming from a winery in Wisconsin be confused with “Gallo”? But, when you are dealing with famous marks, you must be wary. Moreover, the Trademark Office does not

pay attention to the real world situation, i.e., labels, viticultural region, colors, price, and any other factor that is not expressly part of the trademark application. All that matters is what is in the trademark application.

Presumably Gallo opposed because “Gallo” and “Hallo” rhyme and have the same letters except for the “G” and “H.” Apparently as a result of Gallo’s opposition, Door Peninsula abandoned its federal application. While Door Peninsula was capable of litigating (it did so against Illinois River), they perhaps wisely chose not to take on Gallo. Door Peninsula probably did not want to spend tens of thousands or more fighting a battle with Gallo.

Surprisingly, Gallo did not oppose Illinois River’s “HalloWine” application. They left Door Peninsula to do the dirty work of opposing (possibly because Door Peninsula agreed with Gallo to do so). The Trademark Office denied Illinois River’s application in a Trademark Trial and Appeals Board (TTAB) decision sustaining the opposition, i.e., ruling that Illinois River could not register “HalloWine.”

After the dust settled from all the Trademark Office fighting, neither party had a registration. Unfortunately for Illinois River, trademark law is tricky. Door Peninsula still had common law rights in “Hallowine” merely by having sold that wine first. And those common law rights survived the trademark office issues. In fact, the TTAB had found that Door Peninsula used its “Hallowine” mark first, and that was why Door Peninsula’s opposition against Illinois River was sustained. Around the same time as that TTAB decision sustaining the opposition (meaning Door Peninsula won), Door Peninsula abandoned its trademark application (again presumably as part of a settlement with Gallo).

Later, in the Door Peninsula v. Illinois River lawsuit, the federal court decided in favor of Door Peninsula, and awarded over half a million dollars in damages (representing Illinois River’s profits on “HalloWine”). Illinois River did not let it rest there. It appealed. However, as in the vast majority of appeals, the appellate court affirmed the trial court’s decision.

All of these proceedings were expensive. Door Peninsula did not necessarily make its money back for litigating in the Trademark Office and in the courts, even assuming that it got paid a half million dollars by Illinois River.

For Illinois River, this had to be a financial disaster, especially when one adds the attorneys’ fees it likely paid to the half million in damages it was ordered to pay.

There are a few lessons here. If you have a good trademark that appears to have value in and of itself (due to cleverness or the like), you should be prepared to fight for it. In addition, when you select a trademark, watch out for famous marks. They can come from out of left field to bite you. Sometimes registration, although very often desirable, is not the best path. If you would be second to use a mark, then you should probably let it go. Evaluating trademark rights can be complex, and there are a lot of factors to consider. Don’t let ego, emotions or visions of profits blind you from exercising good business judgment.

Turning New Ideas, Names, Products & Computer Programs Into Powerful Intellectual Property

David Hoffman has been an attorney practicing exclusively in intellectual property law (patents, trademarks, copyrights and unfair competition) since 1985. Mr. Hoffman represents multinational companies as well as numerous start up to medium size businesses. He both litigates and procures rights for his clients, and with his philosophy of procuring the broadest rights possible, performing good clearance procedures, and negotiating, has successfully avoided and minimized litigation for clients he counsels.



Mr. Hoffman has taught for a patent bar review class, has authored articles and given lectures on intellectual property, and has been named to Who’s Who Millennium Edition and Who’s Who Among Rising Young Americans in American Society &



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