

Obtaining A COLA Is Not Enough To Ensure The Right To Use A Mark

By David Hoffman

Providers of goods and services often use descriptive terms, including geographic terms or place names, to inform consumers about the origin, nature, or quality of their goods and services. Napa Valley is without a doubt one of the most recognized and highly regarded viticultural regions in the United States. So it is no surprise that wineries would go to great lengths to associate their wine with the Napa Valley appellation, even if their wine does not truly originate from there. Unfortunately for the Bronco Wine Company, their efforts to use the term "Napa" in their trademarks "Napa Ridge" and "Napa Creek Winery" were deemed to mislead consumers.

CASE STUDY

Bronco Wine Company et al.

vs.

Jerry R. Jolly, as Director, etc., et al.

Bronco Wine Company specialized in premium wines at affordable prices. Among Bronco's brands were Napa Ridge and Napa Creek Winery which were acquired by Bronco from prior owners. The prior owners used Napa grown grapes for their wines, and obtained certificates of label approval (COLA) from the Bureau of Alcohol, Firearms, and Tobacco (BATF) for Napa Ridge and Napa Creek Winery. A COLA is a certificate of label approval issued by the BATF that authorizes the bottling or packaging of wine under an approved label. No wine may be bottled, sold, or shipped without first obtaining a COLA.

Bronco purchased the Napa Ridge and Napa Creek Winery trademarks and labels and continued to use them. Bronco bottled some of its wines in Napa, but stopped using grapes from Napa. The BATF issued COLAs to Bronco's wines using the Napa Ridge and Napa Creek Winery marks as long as the true appellation of origin of the grapes used in making the wine appeared somewhere on the label. This was the case even though not one single grape used in Bronco's wines grew from a vine located in Napa Valley.

To address wine companies such as Bronco using "Napa" in their trademarks or their appellation without using Napa grapes, the California legislature enacted California Business and Professions Code ("Cal. B&P") §25241. This section prohibits a brand name from using the word "Napa" or the name of any federally recognized viticultural region within Napa County, on the label or elsewhere if the wine was produced, bottled, labeled, or offered for sale in California, unless at least 75% of the grapes used to make the wine are from Napa County, or 85% of the grapes used to make the wine are from a viticultural region within Napa County. This California law

went above and beyond a similar federal law previously in place, which Bronco avoided due to a grandfather provision. With the "Napa" labeling of its admittedly non-Napa wines being threatened, Bronco challenged the the California law.

REVIEW

Trademark law will protect a word or phrase depending on where it falls on the following spectrum: generic, descriptive, suggestive, or arbitrary/fanciful. Suggestive or arbitrary/fanciful marks are considered inherently distinctive trademarks that are immediately protectable. Arbitrary marks are existing words or phrases that have nothing to do with the goods, e.g., WATERFALL for a wine. Fanciful marks are made up terms, e.g., SONAP. Suggestive marks have some remote connection to the goods, but still do not give away what the goods are or a quality of the goods. OCEAN for pools has some relation to pools in that they both contain water, but OCEAN does not describe a characteristic or quality of pools.

(Continued on Page 6)

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 & Business.



Hoffman
Patent
Group

For More Info...
661.775.0300
www.dlhpatent.com

By contrast, Generic terms can never be a trademark (e.g., "Corkscrew Co." for corkscrews). Descriptive terms describe a quality or characteristic of the goods. Descriptive terms initially are not protectable. After sufficient time, advertising and/or sales, they can establish "secondary meaning" and become protectable. "Secondary meaning" refers to consumers seeing the term as a trademark (an indication of source) and not as a description of a quality of the goods. Geographic terms such as using "Napa Valley", are considered a form of descriptive mark. Therefore, protection of a geographic mark requires the user to establish "secondary meaning."

Bronco had secondary meaning in "Napa Ridge" and "Napa Creek Winery." However, the user must also consider state and federal statutes concerning geographic names. This is true even if a user is granted a COLA from BATF approving such use, as Bronco found out the hard way. In enacting Cal. B&P §25241, the California legislature felt strongly that the misuse of the word "Napa" in trademarks warranted a specific state law regulating use of the valuable name.

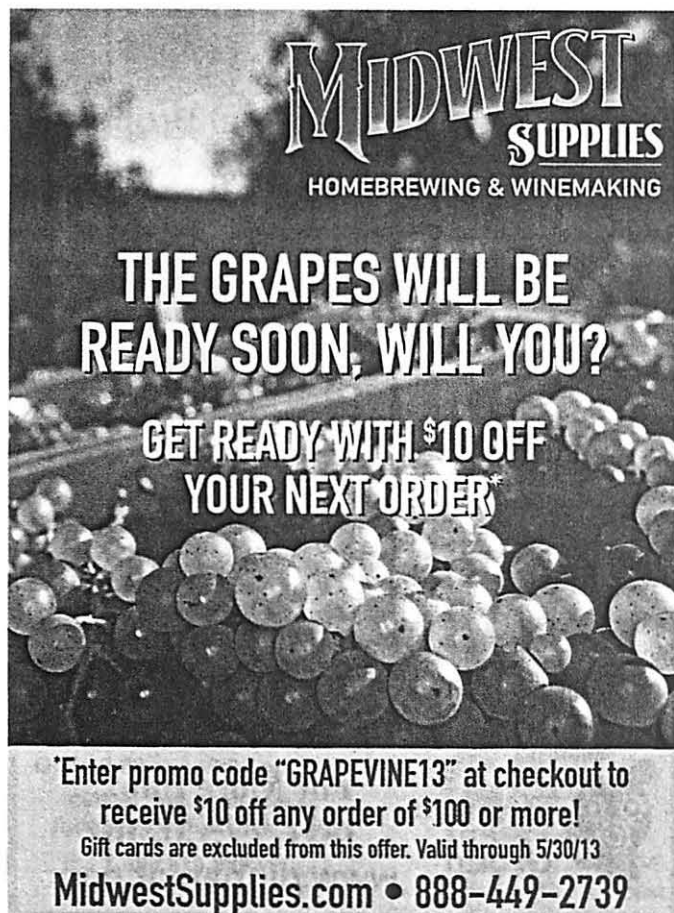
Bronco challenged §25241 on several grounds, including arguing that the state law infringed on its First Amendment right to free speech. The Appellate Court rejected Bronco's argument on the ground that Bronco's use of the word "Napa" rendered its speech inherently misleading since its wine did not originate from Napa.

Bronco's also argued that §25241 impinged on the federal government's authority in regulating interstate commerce. Bronco was unsuccessful here as well. The Court concluded that California's legitimate interest in protecting the value of the Napa appellation, as well as protecting its consumers from misleading product labeling, outweighed any incidental impingements upon federal law.

Ultimately, Bronco lost its challenge. However, the Court's ruling did not prohibit Bronco from using the "Napa Ridge" and "Napa Creek Winery" names altogether. The Court simply said that if you're going to use these names, you'd better be telling the truth!

CONCLUSION

If your trademark incorporates a geographic region or describes a quality of the goods, be aware of the implications and protectability of such usage. These marks, while appealing from a marketing standpoint, can be difficult to protect, especially early in their life. Moreover, if using a geographically descriptive mark, it should be accurate and not misdescriptive. Further, it is important to comply with all applicable state and federal laws. Obtaining a COLA does not ensure that you have a valid trademark.



MIDWEST SUPPLIES
HOMEBREWING & WINEMAKING

THE GRAPES WILL BE READY SOON, WILL YOU?

GET READY WITH \$10 OFF YOUR NEXT ORDER*

*Enter promo code "GRAPEVINE13" at checkout to receive \$10 off any order of \$100 or more!
Gift cards are excluded from this offer. Valid through 5/30/13

MidwestSupplies.com • 888-449-2739

Wine & Juice Filtration

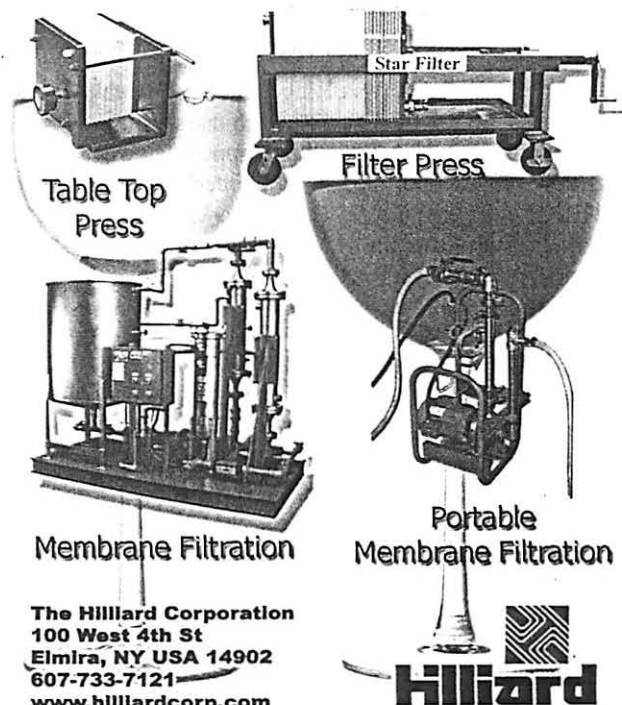


Table Top Press

Star Filter

Filter Press

Membrane Filtration

Portable Membrane Filtration

Hilliard

The Hilliard Corporation
100 West 4th St
Elmira, NY USA 14902
607-733-7121
www.hilliardcorp.com