By William J. Seiter Recent Ninth Circuit opinions indicate

what should and should not be included in a trademark licensing agreement

t is only natural that vineyards should be fertile ground for trademark disputes. After all, one of the world's oldest trademarks-Vesvvini-may be seen on wine amphorae excavated from the ruins of Pompeii, 1 and its owner was probably battling infringers right up to the day Vesuvius erupted.

In modern times a trademark owner in the United States seeking to enjoy federal trademark law protections under the Lanham Act2 must use the mark in interstate commerce and do so in a way that does not deceive the public.3 A federally registered trademark can last forever, but should it cease to identify the source and quality of goods or services, it is vulnerable to loss. Happily for lawyers advising consumer brand owners, abundant guidance on how not to lose a mark can be reaped from a harvest of Ninth Circuit cases recounting the trademark woes of California wineries.

Counsel seeking to help a client launch a new mark must first learn the lesson of Kendall-Jackson Winery, Limited v. E. & J. Gallo Winery,4 which addressed the issue of distinctiveness. In Kendall-Jackson, the Ninth Circuit offered a veritable primer on this aspect of trademark law.

Kendall-Jackson, a producer of high-quality, mid-priced California varietals, features on its Vintner's Reserve bottle labels a downward-pointing, stylized grape leaf design in shades of green, yellow, orange, red, and brown, with a banner intersecting the leaf that contains the name Kendall-Jackson. The company sued E. & J. Gallo in the U.S. District Court for the Northern District of California

for trademark infringement after Gallo introduced a line of premium wines called Turning Leaf that featured labels, like Kendall-Jackson's, with a downward-pointing grape leaf design in similar colors.

The district court granted summary judgment in Gallo's favor. The Ninth Circuit Court of Appeals affirmed, noting that to prevail on a federal trademark infringement claim, a plaintiff must preliminarily show the mark is distinctive, since to be protected under the Lanham Act, a trademark must be capable of

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distinguishing the applicant's goods from the goods of competitors.5

The Ninth Circuit explained, "Marks are often classified in one of five categories of increasing distinctiveness: (1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, or (5) fanciful."6 Quoting the U.S. Supreme Court decision in Two Pesos, Inc. v. Taco Cabana, *Inc.*,⁷ the court of appeals stated:

"The latter three categories of marks, because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive."...These three categories of marks therefore meet the distinctiveness element automatically. At the other end of the spectrum are generic marks, which can never meet the distinctiveness element.

Marks that are descriptive fall in the middle of these two extremes. Descriptive marks are not inherently distinctive and hence do not initially satisfy the distinctiveness element. But descriptive marks can acquire distinctiveness if the public comes to associate the mark with a specific source. Such acquired distinctiveness, which is referred to as "secondary meaning," allows [Lanham Act] §43 to protect descriptive marks that otherwise could not qualify for protection as trademarks.8

In affirming the district court's ruling that no jury could reasonably conclude from the evidence that consumers view the colored leaf mark as a symbol of Kendall-Jackson apart from its name and crest, and following the reminder of the Two Pesos Court that generic marks cannot be registered as trademarks, the Ninth Circuit concluded:

Grape-leaf designs have become generic emblems for wine. Thus, they are not protectable as trademarks.... The use of a grape leaf as a mark for wine would normally be inherently distinctive because it suggests, rather than describes, the product.... [However,] because wine bottlers other than Kendall-Jackson have long used grape leaves to decorate their labels, that emblem has become generic....By itself, a grape leaf cannot differentiate one brand from another because precisely the same reasoning links the same emblem to the product in each case: A grape leaf suggests a grapevine, which suggests a grape, which suggests wine. Because the grape leaf is used widely in the industry, it has lost the power to differentiate brands....Thus, there is nothing inherently distinctive in the use of a grape leaf as a mark for wine.9

Following the dictates of Kendall-Jackson, counsel's advice to a client in the selection of a new mark is simple. In tandem with an appropriate trademark availability search, the client should be urged to choose a mark that will be distinctive in its market. Counsel should tell the client to make the mark fanciful or arbitrary, if possible, and, at the very least, suggestive.

Trademark Abandonment

Once an owner launches a new trademark. the simplest way to lose it is to abandon actual use of the mark. A mark will be deemed abandoned under the Lanham Act if its use is discontinued with "intent not to resume such use."10 "Intent not to resume" is inferred from the circumstances, and "use" means the bona fide use of the mark in the ordinary course of trade, not token use that is undertaken merely to reserve rights in the mark.¹¹ Nonuse for three consecutive years creates a rebuttable presumption of abandonment.12

Sometimes an owner may have a valid explanation for an interval of nonuse that serves to evidence an intent to resume use. For instance, an owner may take a trademark off the market for a while for the purpose of repositioning it. Nonuse may also be justified when the owner is making bona fide efforts to license the mark.

However, an owner cannot merely license its mark and forego further responsibility while collecting royalty checks, because a trademark owner's duty under the Lanham Act not to use the mark in a manner that deceives the public entails a duty to control the quality of its licensees' products.13 Lawyers drafting trademark licenses ignore this duty at their peril after the Ninth Circuit's ruling in Barcamerica International USA Trust v. Tyfield Importers, Inc., 14 the court of appeals' most recent case of wine and trademarks, in which an inattentive California vintner let its licensed mark wither on the vine.

The plaintiff, Barcamerica International USA Trust, held a 1984 trademark registration for Leonardo da Vinci, a mark for wines, and claimed continuous, albeit scant, use of the mark in the early years after its registration. In the late 1980s, Barcamerica entered into a licensing agreement granting Renaissance Vineyards the exclusive license to use the mark in the United States. The agreement, drafted by Barcamerica's counsel, contained no quality control provisions.

The challenge to Barcamerica's mark emerged from an Italian wine cooperative, Cantine Leonardo da Vinci Soc. Coop. a.r.l. of Vinci, Italy—Leonardo's birthplace. Cantine had sold wine products under the Tuscan savant's name in Italy since 1972 and to U.S.

importers since 1979. In 1996, Tyfield Importers, Inc., became the exclusive U.S. distributor for Cantine's Leonardo da Vinci wines, booking substantial sales and spending liberally on advertising and promotion of the brand. Around the same time, Cantine filed a U.S. trademark application for its Leonardo da Vinci mark-and first learned of Barcamerica's registration.15

Due to Barcamerica's asserted continuous use of its Leonardo da Vinci mark for five consecutive years after registration, by 1989 its trademark had become "incontestable" under the Lanham Act.¹⁶ So-called incontestability creates a conclusive presumption of the validity of a registered mark and of the registrant's ownership of it, 17 yet an incontestable mark remains subject to attack on several statutory grounds.¹⁸ One such ground is that the mark has been abandoned by the registrant.19

Although Cantine's first use in the United States of Leonardo da Vinci as a name for wine predated Barcamerica's first use, it was too late for Cantine to challenge Barcamerica's incontestable registration on that basis. But Cantine investigated and concluded that Barcamerica was no longer selling any wine products using the mark, so Cantine filed an action at the Patent and Trademark Office seeking cancellation of Barcamerica's registration based on abandonment. Barcamerica in turn filed suit in the U.S. District Court for the Eastern District of California, moving to suspend the cancellation action and seeking an injunction against Cantine and Tyfield's use of the mark. Cantine and Tyfield moved for summary judgment, which the district court granted, ruling Barcamerica had abandoned its trademark by engaging in "naked licensing."20

Barcamerica appealed, challenging the district court's finding of abandonment. While first noting that "[a] trademark owner may grant a license and remain protected provided quality control of the goods and services sold under the trademark by the licensee is maintained,"21 the Ninth Circuit stated that "[u]ncontrolled or 'naked' licensing may result in the trademark ceasing to function as a symbol of quality and controlled source."22 Therefore, when a trademark owner fails to exercise adequate quality control over licensees, it may be found to have abandoned the mark and can be estopped from asserting rights in it.²³ Such abandonment is purely an involuntary forfeiture of trademark rights, since it need not be shown that the trademark owner had any subjective intent to abandon the mark.²⁴ Thus, the proponent of a naked license theory must satisfy a stringent standard of proof.25

Barcamerica's vulnerability to summary

judgment, despite the daunting burden of proof that Cantine and Tyfield had to satisfy, stemmed from the absence of quality control provisions in Barcamerica's license agreement with Renaissance. Although the lack of an express contractual right to inspect and supervise a licensee's operations is not conclusive evidence of a lack of control—and the right to inspect and supervise may not be necessary if the licensor is familiar with and relies upon the licensee's own efforts to control quality-Barcamerica offered no evidence that it was familiar with or relied upon Renaissance's efforts to control quality, and the two companies lacked the type of close working relationship that is required to establish adequate quality control in the absence of a formal agreement.²⁶ The testimony of Barcamerica's principal that he had on occasion informally tasted the wine and relied on the reputation of a "world-famous winemaker" employed by Renaissance when the agreement was signed, as well as Barcamerica's conclusory statements as to the existence of quality controls, were insufficient to create a triable issue of fact on the issue of naked licensing.27

On appeal Barcamerica essentially argued that because Renaissance makes good wine, the public is not deceived by its use of Barcamerica's trademark, and thus the license was legally sufficient. The Ninth Circuit bluntly rejected this argument: "Whether Renaissance's wine was objectively 'good' or 'bad' is simply irrelevant. What matters is that Barcamerica played no meaningful role in holding the wine to a standard of quality good, bad, or otherwise." The court then quoted from McCarthy on Trademarks and *Unfair Competition*: "It is important to keep in mind that 'quality control' does not necessarily mean that the licensed goods or services must be of 'high' quality, but merely of equal quality, whether that quality is high, low or middle. The point is that customers are entitled to assume that the nature and quality of goods and services sold under the mark at all licensed outlets will be consistent and predictable."28

The level of quality control required to survive a naked license assault will vary depending on product type and the relationship between the licensor and the licensee. Nevertheless, the court in Barcamerica hinted that a little common sense can go a long way:

[I]n this case we deal with a relatively simple product: wine. Wine, of course, is bottled by season. Thus, at the very least, one might have expected [Mr.] Barca to sample (or to have some designated wine connoisseur sample) on an annual basis, in some organized

Sample Trademark License Provisions

To avoid "naked license" exposure, which results when licensed products or services bearing a trademark are not monitored for quality, a trademark owner should include and enforce—the following provisions in its licensing agreements:

QUALITY CONTROL

- 1. Quality Assurance. Licensee acknowledges that if the Licensed Products designed, manufactured, and sold by it were to be inferior in quality, design, material or workmanship as compared to Licensor's products associated with the Licensed Mark, the substantial goodwill that Licensor possesses in the Licensed Mark and its favorable public recognition would be impaired. Accordingly, Licensee represents and warrants that all Licensed Products shall be of a high standard of quality suited to exploitation of the Licensed Mark to its best advantage.
- 2. Sample Approvals. Before commencing production of any new Licensed Product or significant modification of an existing Licensed Product, Licensee shall furnish Licensor at Licensee's expense a reasonable number of samples thereof, including associated labels and packaging, and shall not manufacture, promote, advertise, distribute, or sell any such new or modified Licensed Product without Licensor's prior written approval. Upon request from time to time, Licensee shall furnish to Licensor without charge additional samples of any Licensed Product to facilitate Licensor's verification of the conformity of such Licensed Product to the approved form thereof.
- 3. Inspection Rights. Throughout the term of this Agreement, Licensor and its designated representatives shall have the right, and Licensee shall ensure such right, at any time during ordinary business hours to inspect any factory, warehouse, showroom, business office, retail store, or other facility or premises used or occupied by Licensee, its employees, agents, affiliates, or subcontractors engaged in the manufacture, promotion, distribution, or sale of Licensed Products or associated labels or packaging, to inspect and test Licensed Products, and to take any other action necessary or useful, in Licensor's opinion in its sole discretion, to assure that the Licensed Products are produced and sold in compliance with this Agreement.

Trademark licensing agreements should also contain provisions like the following, which spell out the parties' respective intellectual property rights and enforcement duties:

INTELLECTUAL PROPERTY RIGHTS

- 1. Form of Licensed Mark. Licensee shall use the Licensed Mark only in the form, colors, and manner authorized by Licensor in writing, and cause to appear on all labels and tags affixed to any Licensed Products, and all packaging, advertising, and promotional materials produced or used in connection therewith, such notices and legends as Licensor may direct regarding the license herein granted and Licensor's trademark and other intellectual property rights.
- 2. Preservation of Licensor's Rights. Licensee acknowledges that Licensor is the sole and exclusive owner of the Licensed Mark, and shall not at any time during the term of this Agreement or thereafter challenge or contest directly or indirectly the validity, exclusive ownership, title, or registration of Licensor in and to the Licensed Mark, or the validity of the license herein granted. During the term hereof and at any time thereafter, Licensee shall execute such documents and instruments as Licensor may request to secure and preserve Licensor's right, title, and interest in and to the Licensed Mark.
- 3. Goodwill. Licensee acknowledges that all uses by it of the Licensed Mark, and any goodwill arising therefrom, shall inure to the benefit of Licensor, and that only Licensor is and shall be entitled to registration of the Licensed Mark in any jurisdiction of the world. Licensee shall take no action detrimental, in Licensor's sole judgment, to the goodwill associated with the Licensed Mark.
- **4. Infringement.** Licensee shall assist Licensor, whenever requested, in protection of the Licensed Mark. Licensor in its sole discretion may commence and prosecute any claims or suits for infringement of the Licensed Mark in its own name, or in the name of Licensee, or join Licensee as a party thereto. Licensee shall immediately notify Licensor in writing of any infringement of the Licensed Mark of which it becomes aware. Licensee shall not institute any suit or take any action on account of any such infringement without obtaining Licensor's prior written consent. To the extent Licensor grants such consent, Licensee may at its expense prevent such infringement by legal action. Any award of damages or compensation obtained by Licensee, net of Licensee's out-of-pocket expenses in obtaining such award, shall be included in Licensee's Net Sales hereunder if, as, and when collected by Licensee. Licensor may elect to retain counsel and prosecute any infringement, but shall not be obligated hereunder to do so, to bear any costs or expenses, or to institute legal or other action to prevent or remedy same.—W.J.S.

way, some adequate number of bottles of the Renaissance wines which were to bear Barcamerica's mark to ensure that they were of sufficient quality to be called "Da Vinci."29

The moral of the story for counsel representing trademark licensors is clear. They should draft a proper written license agreement that includes express quality control provisions. These provisions need teeth, yet they also need to achieve a balance. For one thing, a trademark license containing excessively detailed controls risks being deemed a franchise agreement. For another, although a good licensee will not object to reasonable licensor oversight, it will object to its actions being excessively constrained. To work, quality control provisions and the framework implementing them have to manage the costs of quality control in a way both parties are able to live with. The licensor can protect its goodwill and royalty stream without consuming the licensee's margin.

Trademark licensing agreements should set forth the licensee's obligation to adhere to the relevant standard of quality, and the licensor's rights to inspect and approve licensed products, packaging, advertising, and licensee facilities. (See "Sample Trademark License Provisions," page 39.) Yet while written contractual terms addressing quality control can do much to protect a trademark, Barcamerica at the same time warns licensors to play a meaningful role in the process of quality control. Licensors should craft a sensible program for monitoring and inspecting the actions of their licensees and not rely on the contract as a pro forma fig (or grape) leaf to cover a naked license.

Policing the Market

Another way to weaken and possibly lose a trademark is to fail to deter infringers. Since trademarks identify the source of products, provide quality assurance, and help consumers distinguish among competitors, trademark owners should police their markets for infringing marks so that consumers are not misled. For a licensed trademark, licensee cooperation in protecting the mark against infringers is as crucial as quality control. (See "Sample Trademark License Provisions," page 39.)

Policing the market need not be costly or laborious beyond what a serious competitor should do in the process of preparing to sell its products. Searching the Internet for marks identical or similar to the owner's mark is a good way to ferret out infringers. However, a considerable amount of traffic in counterfeit and infringing goods transpires offline in the brick-and-mortar world. A trademark owner needs to read trade publications, peruse print



and broadcast advertising directed to its consumer base, attend trade shows, and expend a reasonable amount of shoe leather visiting the retail outlets, high and low, where competing products are offered to the public.

One basic step in deterring infringers is to use the [™] and ® symbols properly, which puts the public on notice of the owner's rights. The ™ symbol should appear in conjunction with a trademark that has not yet been registered to show that the owner claims the term as a trademark. Once the mark is registered, the ® symbol should appear in conjunction with it. Use of the [™] and ® symbols often stops would-be copycats from launching confusingly similar marks.

The owner should assert an infringement claim under the Lanham Act if an interloper starts using the same or a similar mark for the same or related types of products and the use is likely to cause confusion or mistake or to deceive consumers as to the source of the products.³⁰ In many instances, a sternly worded cease-and-desist letter will put an end to the problem, and in the ideal scenario will reap a settlement that will make the owner whole. But the owner should stand ready to back up stern words with legal action when necessary.

A classic example of how to protect a mark proactively can be found in E. & J. Gallo Winery v. Consorzio del Gallo Nero.31 The word "gallo" means rooster in Italian (and Spanish). In Italy in the 1920s, the Consorzio Vino

Chianti Classico, a Florence-based trade association promoting wines from the Chianti region, started using the symbol of a black rooster-gallo nero in Italian-to represent them. The symbol, with historic regional ties, appeared on the neck seal of the Consorzio's bottles. Six decades later, in 1986, attempting to establish a presence in the United States, the Consorzio purchased a full-page magazine advertisement in the Wine Spectator for its Chianti using the words "Gallo Nero." E. & J. Gallo sent the Florentines a cease-and-desist letter, warning that the ad constituted infringement of its Gallo trademark. The Consorzio desisted and halted its campaign. However, its successor association formed in 1987 adopted the name Consorzio del Gallo Nero, and in 1989 launched a second U.S. marketing campaign, again using the words "Gallo Nero" in advertisements.

Gallo sued the Consorzio del Gallo Nero for trademark infringement. The U.S. District Court for the Northern District of California granted summary judgment in Gallo's favor, observing:

Trademark infringement under the Lanham Act is established when the infringer's use of the plaintiff's trademark creates a "likelihood of confusion."...In the Ninth Circuit, courts consider several factors in determining whether an allegedly infringing product creates a likelihood of confusion with a protected one:

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(1) strength of the plaintiff's mark;

- (2) similarity between plaintiff's and defendant's marks in sound, appearance, and meaning;
- (3) similarity in the class of goods sold;
- (4) similarity in the marketing chan-
- (5) degree of care likely to be exercised by the purchaser...;
- (6) evidence of actual confusion; and
- (7) evidence of defendant's intent in adopting the allegedly infringing mark.32

As to the strength of a plaintiff's mark, the court noted that under the Lanham Act, a registered mark is presumed distinctive, and its registration is "conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce."33 Moreover, "the Gallo mark itself has been held by a sister court of this Circuit to have achieved 'virtually universal recognition as a trademark for wine,...known both nationally and in California, and has become an extraordinarily strong and distinctive mark."34

As for the similarity between the marks, the court concluded that since Gallo is the single dominant or substantive term used by the plaintiff on all of its products, the defendant's Gallo Nero name, even printed in small script on the neck seal, was, as a matter of law, overly similar.

Regarding the similarity of goods sold, although the Consorzio del Gallo Nero argued that its members produce only Chianti while Gallo produces every type of wine except Chianti, the head office of the Consorzio del Gallo Nero admitted that the Gallo Nero Chiantis compete with every other available red wine.35 The clincher, as Gallo argued, is that "the Patent and Trademark Office has repeatedly found that wines of all types constitute a single class of goods."36

Since both parties market their wines through such retail establishments as wine shops and liquor stores, and both use magazine advertising, the court found as a matter of law that both use similar marketing channels.

Addressing the issue of the degree of care exercised by consumers in choosing wines, the court reasoned:

Confusion between marks is generally more likely where the goods at issue involve relatively inexpensive, "impulse" products to which the average, "unsophisticated" consumer does not devote a great deal of care and consideration in purchasing....Wine has been deemed an "impulse" product, and certainly so with respect to the average consumer, effectively com-

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pelling the consumer's reliance "on faith in the maker."37

Disregarding with commendable sangfroid the existence of wine snobs in its part of California, the district court characterized the wine-buying public as generally unsophisticated impulse buyers who are an "easy mark for a trademark [infringer],"38 and found that the lack of consumer sophistication significantly enhanced the likelihood of confusion between the two products.

The court observed that if evidence of actual consumer confusion is available, it provides strong support for a finding of a likelihood of confusion. However, this evidence is merely one factor to be considered, and the lack of a showing of actual confusion is not dispositive, since the court must find only a likelihood of confusion.³⁹ In Gallo Nero, evidence of actual confusion was unlikely to emerge given that no bottle of wine bearing the Gallo Nero name had been sold in the United States, and the survey evidence presented by the two sides was inconclusive.

Moreover, a showing of intent to infringe is not necessary to support a finding of a likelihood of confusion, according to the court. However, if an alleged infringer adopts a name with knowledge of the plaintiff's mark, courts presume that there was an intent to copy the mark.⁴⁰ Gallo Nero was patently aware of the Gallo trademark prior to beginning its U.S. marketing campaign, given that Gallo had successfully halted the efforts of the Consorzio del Gallo Nero's predecessor with a cease-and-desist letter a mere three years prior to the Consorzio del Gallo Nero's marketing efforts. Although the Consorzio del Gallo Nero said it had no intent to infringe and that the adoption of the Gallo Nero name was made in good faith and for sound business reasons, the court concluded that the Consorzio was at least cognizant of the potentially infringing nature of its use of the Gallo name.41

After weighing all the relevant factors, the court concluded the Consorzio's use of the words "Gallo Nero" in promotion of its wines in the United States would create a likelihood of consumer confusion with Gallo's products."42

Occasionally, the final outcome of a trademark owner's failure to act against infringement can be that the untrammeled use of the same or similar marks by competitors causes the owner's mark to lose all significance as an identifier of the source of a product. In this way an originally valid and valuable trademark is degraded to a mere generic term. A registered mark that becomes the generic name for a product is vulnerable to cancellation under the Lanham Act.43

Hence, a trademark owner should try to prevent the public from referring to the mark in ways that equate it with a generic term.



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This misuse of a mark can lead to dire consequences. Examples of marks that lost their trademark status in this fashion include escalator, kerosene, linoleum, and nylon. Sometimes, however, popular usage simply overwhelms the trademark owner's best efforts to control the use of the mark, and the name becomes generic, losing trademark protection.

Luckily for Cantine Leonardo da Vinci, its product-wine-has a firmly entrenched generic name. The risk of its Leonardo da Vinci trademark becoming generic for that time-honored beverage seems remote. But who knows? In some Venice Beach pizzeria of the late twenty-first century, a customer may sit down one evening and say, "Waiter, I'll have a da Vinci and a pepperoni calzone, double cheese." Sitting at the next table, Cantine's man in Los Angeles will turn his head and remark diplomatically, "Pardon me, but I think you meant to say, 'May I please have a bottle of your finest Leonardo da Vinci® wine?""

- ¹ The author thanks attorney Peter Eriksson, of Groth & Co., Stockholm, for providing this information.
- ² The Lanham Act, 15 U.S.C. §§1051-1127.
- ³ A domestic applicant for trademark registration with the United States Patent and Trademark Office may base its application on use in commerce under §1(a) of the Lanham Act, 15 U.S.C. §1051(a). The applicant must use the mark in commerce in connection with all goods and services listed in the application on or before the application filing date. Alternatively, the applicant may file an "intent-to-use" application under §1(b), 15 U.S.C. §1051(b), but then must file a statement of use or an amendment to allege use before the mark may be registered. An applicant asserting the benefit of a foreign application or registration under §44 of the Lanham Act, 15 U.S.C. §1126, which implements various international treaties and agreements, may claim use or intent-to-use as an additional filing basis or may rely solely on the foreign application or registration. In the latter case, the applicant is not required to assert actual use of the mark in the United States prior to registration with the PTO, but to retain a valid registration, the applicant ultimately must establish use in commerce or excusable nonuse. 15 U.S.C. §1058.
- ⁴ Kendall-Jackson Winery, Limited v. E. & J. Gallo Winery, 150 F. 3d 1042 (9th Cir. 1998).
- 5 Id. at 1047.
- 6 Id. See also n.8.
- ⁷ Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 778
- 8 Kendall-Jackson, 150 F. 3d at 1047 (quoting Two Pesos, 505 U.S. at 778).
- ⁹ Id. The court observed, "A producer's depiction of a grape leaf, may, however, be so distinctive as to warrant protection from copying. If a particular rendering of a grape leaf has the power to distinguish one brand from another, it is the rendering that should be evaluated for its distinctiveness." Id. at 1049. The court found no distinctiveness in Kendall-Jackson's rendering of its grape leaf.
- 10 15 U.S.C. §1127.
- 11 Id.
- 13 Lanham Act §5 provides that "a registered mark or a mark sought to be registered may be used legitimately by related companies...provided such mark is

not used in such manner as to deceive the public." 15 U.S.C. §1055. Lanham Act §45 defines "related company" as "any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used." 15 U.S.C. §1127. Hence, in order for an applicant or registrant to enjoy rights to a mark under the Lanham Act when it licenses the use of the mark, its licensee or licensees, which are within the ambit of the term "related company," must not use the mark in such a manner as to deceive the public, and the licensor must control the use with regard to the nature and quality of the goods or services licensed.

14 Barcamerica Int'l USA Trust v. Tyfield Importers, Inc., 289 F. 3d 589 (9th Cir. 2002).

- 15 Id. at 593.
- 16 15 U.S.C. §1065.
- 17 15 U.S.C. §1115(a).
- 18 15 U.S.C. §1115(b).
- 19 Id. Other statutory defenses or defects providing bases to attack an incontestable registration include: 1) the registration was fraudulently obtained, 2) the registered mark is being used in a way that misrepresents the source of products or services, 3) the registered mark is being used to violate U.S. antitrust law, or 4) equitable principles-including laches, estoppel, and acquiescence-are applicable.
- ²⁰ Barcamerica Int'l USA Trust v. Tyfield Importers, Inc., 289 F. 3d 589, 593 (9th Cir. 2002).
- ²¹ Id. at 595 (citing Moore Bus. Forms, Inc. v. Ryu, 960 F. 2d 486, 489 (5th Cir. 1992)).
- ²² Id. at 596 (quoting McCarthy on Trademarks and Unfair Competition §18:48, at 18-79 (4th ed. 2001)).
- ²³ Id. (citing Moore, 960 F.2d at 489).
- ²⁴ Id. (citing McCarthy on Trademarks and Unfair Competition §18:48, at 18-79).
- ²⁵ Id. (citing Moore, 960 F. 2d at 489).
- ²⁶ Id. at 597.
- 27 Id.
- ²⁸ McCarthy on Trademarks and Unfair Competition §18:55, at 18-94 (footnotes omitted), quoted in Barcamerica, 289 F. 3d at 597-98.
- ²⁹ Barcamerica, 289 F. 3d at 598.
- 30 15 U.S.C. §1114(1)(a), (b).
- $^{\rm 31}$ E. & J. Gallo Winery v. Consorzio del Gallo Nero, 782 F. Supp. 457 (N.D. Cal. 1991). No stranger to trademark litigation, Gallo-founded in 1933 and now the largest wine producer in the world-victoriously defended an opposition to its first federal application for registration of the word "Gallo" as a trademark for wines in a Commissioner of Patents case decided under the Trademark Act of 1905. This decision was handed down the week the Lanham Act went into effect. See Gallo v. E. & J. Gallo Winery, 74 U.S.P.Q. 136 (1947).
- 32 E. & J. Gallo Winery, 782 F. Supp. at 461, 462 (citing Eclipse Assocs. Ltd. v. Data Gen. Corp, 894 F. 2d 1114, 1117 (9th Cir. 1990) and AMF, Inc. v. Sleekcraft Boats, 599 F. 2d 341, 349 (9th Cir. 1979)).
- 33 Id. at 462 (quoting Lanham Act §33(b), 15 U.S.C. § 1115(b)).
- 34 Id. (quoting E. & J. Gallo Winery v. Gallo Cattle Co., 12 U.S.P.Q. 2d 1657, 1661, 1667 (E.D. Cal. 1989), aff d as modified, 955 F. 2d 1327).
- 35 Id. at 464.
- 36 Id. (citing Krug Vins Fins de Champagne v. Rutman Wine Co., 197 U.S.P.Q. 572 (T.T.A.B. 1977)).
- 37 Id. at 465 (quoting Taylor Wine Co. v. Bully Hill Vineyards, Inc., 569 F. 2d 731, 733-34 (2d Cir. 1978)). ³⁸ *Id*.
- 39 Id. at 465.
- 40 Id. at 467 (citing AMF, Inc. v. Sleekcraft Boats, 599 F. 2d 341, 354 (9th Cir. 1979)).
- 41 Id. at 467.
- 42 Id.
- 43 15 U.S.C. §1064(3).

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