

ESTTA Tracking number: **ESTTA626620**

Filing date: **09/11/2014**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

| | |
|------------------------|---|
| Proceeding | 91207867 |
| Party | Plaintiff E. & J. Gallo Winery |
| Correspondence Address | STEVEN M WEINBERG HOLMES WEINBERG PC 30765 PACIFIC COAST HIGHWAY, SUITE 411 MALIBU, CA 90265 UNITED STATES smweinberg@holmesweinberg.com |
| Submission | Response to Board Order/Inquiry |
| Filer's Name | Michael J. Salvatore |
| Filer's e-mail | hwtrademarks@gmail.com, msalvatore@holmesweinberg.com |
| Signature | /MJSalvatore/ |
| Date | 09/11/2014 |
| Attachments | 2014.09.09_Notification of Judgment in Civil Action.pdf(276993 bytes) |

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In re Serial No. 85/436,336

E. & J. Gallo Winery,

Opposer,

v.

Grenade Beverage LLC,

Applicant.

Opposition No. 91207867

**NOTIFICATION OF JUDGMENT IN
CIVIL ACTION**

TO: ASSISTANT COMMISSIONER FOR TRADEMARKS
BOX TTAB –FEE
2900 Crystal Drive
Arlington, VA 22202-3513

On September 8, 2014, the civil action which occasioned the suspension of this proceeding, namely, Case No. 1:13-cv-00770-AWI-SAB, in the US District Court for the Eastern District of California, ended with a judgment in favor of Plaintiff/Opposer E. & J. Gallo Winery (“Opposer”), and the issuance of a permanent injunction enjoining Defendant/Applicant Grenade Beverage LLC (“Applicant”) from continuing to use the GALLO mark. Attached to this notice are copies of the applicable Judgment and Order. Accordingly, Opposer respectfully requests that this proceeding be terminated and that judgment be entered in favor of Opposer in light of the permanent injunction that has been issued, enjoining Applicant from continuing to use the GALLO mark.

Dated: September 11, 2014

Respectfully submitted,

By: /s/ Michael J. Salvatore

Michael J. Salvatore
Holmes Weinberg, PC
30765 Pacific Coast Highway, Suite 411
Malibu, CA 90265
310.457.6100
msalvatore@holmesweinberg.com

Attorneys for Opposer E. & J. Gallo Winery

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing NOTIFICATION OF JUDGMENT IN CIVIL ACTION and attachments were served by USPS Priority Mail to

Applicant at the following address:

Paul Sandford
Grenade Beverage LLC
PO Box 12003
Orange, CA 92859

DATED: September 11, 2014

By: /s/ Nelda Piper
Nelda Piper
Paralegal

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA**

JUDGMENT IN A CIVIL CASE

E. J. GALLO WINERY,

CASE NO: 1:13-CV-00770-AWI-SAB

v.

GRENADE BEVERAGE LLC,

XX -- **Decision by the Court.** This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED

**THAT JUDGMENT IS HEREBY ENTERED IN ACCORDANCE WITH THE
COURT'S ORDER FILED ON 9/8/2014**

Marianne Matherly
Clerk of Court

ENTERED: **September 8, 2014**

by: /s/ E. Fahrney
Deputy Clerk

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

E. & J. GALLO WINERY,

Plaintiff,

v.

GRENADE BEVERAGE LLC,

Defendant.

Case No. 1:13-cv-00770-AWI-SAB

ORDER ADOPTING FINDINGS AND
RECOMMENDATIONS

ECF NO. 56, 65, 85

On August 15, 2014, the magistrate judge assigned to this action issued a Findings and Recommendations recommending that Plaintiff E. & J. Gallo Winery’s (“Plaintiff”) motion for summary judgment be partially granted and Defendant Grenade Beverage LLC’s (“Defendant”) motion for summary judgment be denied. (ECF No. 85.) The Findings and Recommendations contained notice that any objections were to be filed within fourteen (14) days. Defendant filed objections to the Findings and Recommendations on August 29, 2014. (ECF No. 88.)

In accordance with the provisions of 28 U.S.C. § 636(b)(1)(C), this Court has conducted a de novo review of the case. Having carefully reviewed the entire file, the Court finds that the Findings and Recommendations are supported by the record and by proper analysis.

///
///
///

I.

DISCUSSION

A. The Magistrate Judge Did Not Err In Finding That The “Gallo” Mark And The “El Gallo” Mark Were Confusingly Similar

Defendant argues that the magistrate judge erred during his assessment of Plaintiff’s trademark claim by concluding that Plaintiff’s “Gallo” mark and Defendant’s “El Gallo” mark were confusingly similar. See Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1054 (9th Cir. 1999) (identifying “similarity of conflicting designations” as a factor in trademark analysis). Defendant argues that Plaintiff did not introduce any evidence of what Defendant’s “El Gallo” products looked like in the marketplace, preventing any visual comparison of what the respective marks looked like.

The magistrate judge found that the marks were confusingly similar because the two marks share the same dominant word, “gallo.” The magistrate judge also noted that Plaintiff introduced evidence that Gallo was pronounced the same way as El Gallo.

The Court finds that the magistrate judge’s finding is supported by the record. Even assuming that Defendant utilized a distinguishable font, typeface, or styling compared to Plaintiff, the fact that the two marks share an identical dominant word is sufficient to support the conclusion that the two marks are confusingly similar. See Brookfield Communications, Inc., 174 F.3d at 1054 (in analyzing trademark similarity, similarities are weighed more heavily than differences).

B. The Magistrate Judge Did Not Err In Considering Mr. Harline’s Deposition Testimony

Defendant also argues that the magistrate judge erred in considering Plaintiff’s testimony regarding Mr. Harline’s conversations with two different people regarding Gallo and El Gallo because this testimony was inadmissible hearsay. During a deposition, Mr. Harline, a representative for Defendant, was asked to recall any instances where someone mentioned Plaintiff’s Gallo products during one of Mr. Harline’s sale calls or activities involving Defendant’s El Gallo products. Mr. Harline recounted two such instances. First, Mr. Harline

1 vaguely recollected a conversation with someone who made an association between Plaintiff's
2 Gallo products and Defendant's El Gallo products. In the second instance, Mr. Harline had a
3 conversation with a young lady working the cash register at a Quiznos where the young lady
4 asked if Mr. Harline worked for Plaintiff. The magistrate judge considered Mr. Harline's
5 testimony as evidence of instances of actual confusion among consumers between Gallo and El
6 Gallo. See Brookfield Communications, Inc., 174 F.3d at 1053-54 (identifying evidence of
7 actual confusion as a factor in trademark analysis).

8 Hearsay is defined as a statement that a declarant does not make while testifying at the
9 current trial or hearing and which a party offers in evidence to prove of the matter asserted in the
10 statement. Fed. R. Evid. 801(c). In this instance, the testimony in question is not hearsay. In
11 both instances, Mr. Harline testified as to conversations he had with third parties. However,
12 Plaintiff does not offer such testimony to prove the truth of any matter asserted by those third
13 parties. Instead, Plaintiff offers such testimony to prove instances of confusion, namely that two
14 different people made an association between Gallo and El Gallo. In the second example, the
15 statement of the young lady in the Quiznos cannot be hearsay because she did not make an
16 assertion—Mr. Harline testified that she asked a question. Plaintiff does not introduce her
17 statement in evidence to prove the truth of a matter asserted by the young lady. Instead, Plaintiff
18 introduces her statement as evidence of actual confusion between Plaintiff's Gallo mark and
19 Defendant's El Gallo mark.

20 Based upon the foregoing, the Court finds that the magistrate judge did not err in
21 considering Mr. Harline's deposition testimony.

22 **C. The Magistrate Judge Did Not Err In Finding That The Degree Of Care**
23 **Exercised By Consumers Would Be Low**

24 Defendant objects to the magistrate judge's finding that the average consumer would
25 exercise a low degree of care in selecting goods such as Plaintiff's Gallo product and
26 Defendant's El Gallo product. See Brookfield Communications, Inc., 174 F.3d at 1053-54
27 (identifying degree of care likely to be exercised by purchasers as a factor in trademark analysis).
28 Multiple courts have recognized that persons seeking expensive goods are more likely to

1 exercise more care and would be less easily confused compared to persons seeking inexpensive
2 goods. See Brookfield Communications, Inc., 174 F.3d at 1060; E. & J. Gallo Winery v. Gallo
3 Cattle Co., 967 F.2d 1280, 1293 (9th Cir. 1992); Hokto Kinoko Co. v. Concord Farms, Inc., 810
4 F. Supp. 2d 1013, 1030 (C.D. Cal. 2011); Interstellar Starship Services v. Epix, Inc., 125 F.
5 Supp. 2d 1269, 1277 (D. Ore. 2001).

6 Defendant argues that consumers would not be confused based upon lack of care because
7 consumers do not confuse purchasing alcoholic beverages with non-alcoholic beverages.
8 However, Defendant’s argument relates to an entirely different Sleekcraft factor, namely the
9 “relatedness or proximity of the two companies’ products or services.” Brookfield
10 Communications, Inc., 174 F.3d at 1053-54. Whether alcoholic beverages are confusingly
11 similar to non-alcoholic beverages is a separate issue considered separately from the degree of
12 care exercised by consumers. Further, it is worth noting that Defendant offers no admissible
13 evidence in support of their assertion that consumers do not confuse alcoholic beverages with
14 non-alcoholic beverages.

15 Defendant also argues that the magistrate judge erred in ruling upon Defendant’s
16 objection to the evidence submitted by Plaintiff regarding the price of Plaintiff’s Gallo products.
17 To demonstrate that Gallo wine products are relatively inexpensive, Plaintiff submitted a
18 declaration from their attorney, Mr. Salvatore. Mr. Salvatore testified that he visited a retail
19 website that sold Gallo wines and attached screen captures of the website showing the prices
20 listed for the Gallo wines.

21 Defendant objected to Mr. Salvatore’s testimony based upon lack of personal knowledge,
22 inadmissible hearsay and inadmissible opinion testimony. The magistrate judge rejected all three
23 objections. Defendant now argues that, “as to Grenade’s objection to Michael Salvatore’s
24 personal knowledge, Gallo failed to disclose him as a witness at any time in its disclosure or
25 supplemental disclosure.” (Def. Grenade Beverage LLC’s Obj. to the Magistrate Judge’s F. &
26 R. on the Parties’ Mot. for Summ. J. 6:7-8.) Defendant argues that Mr. Salvatore’s testimony

27 ///

28 ///

1 should be excluded due to Plaintiff's failure to disclose him as a witness.¹

2 Federal Rule of Civil Procedure 26(e) imposes a duty on parties to supplement discloses
3 "[i]n a timely manner if the party learns that in some material respect the disclosure or response
4 is incomplete or incorrect, and if the additional or corrective information has not otherwise been
5 made known to the other parties during the discovery process or in writing." In this case, Mr.
6 Salvatore is not a witness with knowledge of facts unknown or unknowable to Defendant. Mr.
7 Salvatore simply used the Internet to visit the webpage of a retailer that sold wine to determine
8 the retail prices for Plaintiff's Gallo wine products. Literally anyone with an Internet connection
9 could have performed the same task and testified to the same facts that Mr. Salvatore testified to
10 in this instance. Accordingly, Plaintiff's initial disclosures were not "incomplete" "in some
11 material respect" so as to trigger Rule 26(e)'s duty to supplement their disclosures and the Court
12 will not exclude Mr. Salvatore's testimony.

13 **D. The Magistrate Judge Did Not Err In Finding That The Parties Introduced**
14 **No Evidence Regarding The Meaning Of "Gallo" and "El Gallo"**

15 Defendant argues that the magistrate judge erred in finding that there was no admissible
16 evidence regarding the meaning of "Gallo" and "El Gallo" in the record.

17 In comparing the similarity between the two marks, the Court noted that there was no
18 admissible evidence supporting the meanings presented by Plaintiff. Specifically, the Court
19 noted that Defendant contended that "El Gallo" means "the rooster" in Spanish, but there was no
20 admissible evidence supporting this meaning from a witness who could testify that "El Gallo"
21 means "the rooster" in Spanish, such as a declaration from a Spanish and English speaker. The
22 Court also noted that Defendant contended that the origin of Plaintiff's "Gallo" mark was that it
23 was taken from the last name of Ernest and Julio Gallo, but there was no admissible evidence
24 supporting this back story.

25 _____
26 ¹ It is worth noting that Defendant did not raise this objection in his opposition. Arguments not raised in a party's
27 opening brief are generally waived. *Zango, Inc. v. Kaspersky Lab, Inc.*, 568 F.3d 1169, 1177 n.8 (9th Cir. 2009)
28 (arguments not raised by a party in an opening brief are waived). Defendant attempts to sidestep this waiver by
attempting to shoehorn its failure to disclose objection into Defendant's prior objection based upon lack of personal
knowledge. The exclusion of evidence based upon a party's failure to disclose a material witness is completely
unrelated to an objection based upon lack of personal knowledge.

1 Defendant argues that they presented admissible evidence for the meaning of “El Gallo”
2 by citing a case where the Spanish “El Gallo” mark was found to conflict with the English “The
3 Rooster” mark, In re Maclin Zimmer-McGill Tobacco Co., 262 Fed. 635 (D.C. Cir. 1920).
4 However, this prior court opinion is not admissible evidence regarding the meaning of the
5 Spanish term “El Gallo.” Defendant also argues that Plaintiff, in its trademark registration
6 documents, admitted that “Gallo” has no foreign meaning. The fact that Defendant contended
7 that “Gallo” has no foreign meaning does not provide any insight as to what “Gallo” or “El
8 Gallo” means.

9 Accordingly, the magistrate judge did not err in concluding that the parties failed to
10 present admissible evidence regarding the meaning of “Gallo” or “El Gallo.”

11 **E. The Magistrate Judge Did Not Err In Applying The Doctrine Of Foreign**
12 **Equivalents**

13 Defendant argues that the magistrate judge misapplied the doctrine of foreign
14 equivalents. Under the doctrine of foreign equivalents, foreign words from common languages
15 are translated into English to compare the two marks. Palm Bay Imports, Inc. v. Veuve Clicquot
16 Ponsardin Maison Fondée En 1772, 396 F.3d 1369, 1377 (Fed. Cir. 2005). The magistrate judge
17 noted that neither party has cited any case, nor could the magistrate judge find any through
18 independent research, where two marks that are nearly identical before translation were found to
19 be dissimilar under the doctrine of foreign equivalents after one mark was translated into another
20 word while the other mark was not translated.

21 The magistrate judge correctly noted that there appears to be no case where a court
22 applied the doctrine of foreign equivalents in the manner proposed by Defendant. In Palm Bay
23 Imports, Inc., the Federal Circuit compared the “Veuve Royale” mark to the “The Widow” mark.
24 The French “Veuve Royale” was translated to “Royal Widow” in English. Id. at 1376. Thus, the
25 doctrine of foreign equivalents was applied to determine whether two marks which were
26 dissimilar prior to translation would be similar after translation. This case presents a
27 distinguishable scenario, where “Gallo” and “El Gallo” are nearly identical prior to translation,
28 and Defendant seeks to “break” the similarity by translating one mark but not the other.

1 Defendant's argument fails because the doctrine of foreign equivalents merely states that
2 marks are translated to determine genericness, descriptiveness, as well as similarity of
3 connotation. Palm Bay Imports, Inc., 396 F.3d at 1377. However, there is no case that states
4 that the doctrine of foreign equivalents is applied to rebut or destroy similarity of appearance.
5 Accordingly, even if "Gallo" and "El Gallo" were found to have some difference in connotation
6 or meaning, the magistrate judge properly found that the similarity in appearance between the
7 two marks was sufficient to weigh this factor in Plaintiff's favor.

8 Further, as discussed above, Defendant offered no admissible evidence regarding "El
9 Gallo's" foreign meaning or "Gallo's" meaning. Accordingly, the evidence does not support
10 Defendant's use of the doctrine of foreign equivalents. Finally, it is worth noting that the
11 doctrine of foreign equivalents is only applied where it is likely that an American buyer would
12 translate the foreign mark. Palm Bay Imports, Inc., 396 F.3d at 1377. Defendant presented no
13 evidence that American buyers would likely translate "El Gallo" into "The Rooster."

14 Based upon the foregoing, the Court finds that the magistrate judge did not err in his
15 application of the doctrine of foreign equivalents.

16 **F. The Magistrate Judge Did Not Err In Determining That Plaintiff Has**
17 **Demonstrated Irreparable Harm**

18 Defendant argues that the magistrate judge erred by finding that Plaintiff has
19 demonstrated that it has suffered irreparable harm. In the context of Plaintiff's request for
20 injunctive relief, the magistrate judge determined that Plaintiff has demonstrated that it suffered
21 irreparable harm in its loss of control over its "Gallo" mark. See eBay Inc. v. MercExchange,
22 L.L.C., 547 U.S. 388, 391 (2006) (plaintiff must demonstrate that it has suffered an irreparable
23 injury to obtain permanent injunctive relief).

24 Defendant argues that the issue of irreparable harm was disputed. Plaintiff relied upon
25 the declaration of Anna Bell, Plaintiff's director of marketing, who testified that Plaintiff does
26 not want to associate its Gallo trademark with energy drink because it is Plaintiff's position that
27 mixing energy drinks with alcohol promotes irresponsible drinking behavior. Ms. Bell further
28 testified that Defendant's use of the confusingly similar El Gallo trademark interferes with

1 Plaintiff's ability to control its reputation by confusing customers into believing that Plaintiff is
2 associated with an energy drink.

3 The magistrate judge noted that Ms. Bell's testimony is not admissible for the purpose of
4 proving that mixing energy drinks with alcohol promotes irresponsible drinking. However, Ms.
5 Bell's testimony is admissible for demonstrating that Plaintiff wishes to disassociate itself with
6 alcoholic beverages. In trademark cases, courts have recognized that loss of control over a
7 business' reputation constitutes an injury in trademark infringement cases. CytoSport, Inc. v.
8 Vital Pharmaceuticals, Inc., 617 F. Supp. 2d 1051, 1080 (E.D. Cal. 2009) see also Seed Services,
9 Inc. v. Winsor Grain, Inc., 868 F. Supp. 2d 998, 1005 (E.D. Cal. 2012); Fiji Water Co., LLC v.
10 Fiji Mineral Water USA, LLC, 741 F. Supp. 2d 1165, 1182-83 (C.D. Cal. 2010); Maxim
11 Integrated Products, Inc. v. Quintana, 654 F. Supp. 2d 1024, 1035-36 (N.D. Cal. 2009).. Thus,
12 Ms. Bell's testimony shows that Defendant irreparably interfered with Plaintiff's control over its
13 business reputation and its mark by confusing customers into believing that Plaintiff's business is
14 somehow affiliated with the sale of energy drinks.

15 Defendant argues that a material dispute of fact exists because Defendant's own
16 marketing director testified that he believes there is nothing wrong with mixing energy drinks
17 and alcoholic beverages. However, Defendant's argument misses the mark. Plaintiff has
18 demonstrated that Plaintiff suffered irreparable injury because Defendant's action deprived
19 Plaintiff of its legal right to control its mark and its reputation. Whether or not mixing energy
20 drinks with alcohol leads to irresponsible drinking is irrelevant. The relevant inquiry is whether
21 Defendant's actions interfered with Plaintiff's desired business strategy of not associating its
22 Gallo brand with energy drinks. There is no dispute that Plaintiff did not want the Gallo mark to
23 be associated with energy drinks and there is no dispute that Defendant's actions created an
24 association in customers' eyes that Plaintiff wished to avoid. Accordingly, the magistrate judge
25 did not err in finding that Plaintiff suffered irreparable injury.

26 Defendant also argues that the magistrate judge's irreparable harm finding was erroneous
27 because Plaintiff entered into licensing agreements or settlement agreements with other entities
28 regarding their use of marks similar to the Gallo mark. This argument has no merit. Plaintiff

1 voluntarily entered into these arrangements with these entities, which constitutes Plaintiff
2 exercising control over its mark. Plaintiff did not voluntarily permit Defendant to use its El
3 Gallo mark, which supports the conclusion that Plaintiff suffered irreparable injury because
4 Defendant's actions robbed Plaintiff of control over its mark. Accordingly, the fact that Plaintiff
5 entered into licensing agreements or settlement agreements with other parties does not rebut
6 Plaintiff's showing that it suffered irreparable harm from Defendant's actions.

7 **G. The Magistrate Judge Did Not Err In Determining That Remedies At Law**
8 **Were Insufficient**

9 The magistrate judge found that monetary damages are generally inadequate to remedy
10 trademark violations. Defendant argues that this finding ignores the Supreme Court's decision in
11 eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 390 (2006). However, nothing in eBay, Inc.
12 rebuts this finding and numerous courts have adopted this proposition post-eBay, Inc. See HTS,
13 Inc. v. Boley, 954 F. Supp. 2d 927, 960 (D. Ariz. 2013) (injunctive relief is remedy of choice for
14 trademark cases since there is no adequate remedy at law for injury caused by a defendant's
15 continuing infringement) see also Nucal Foods, Inc. v. Kaye, No. 2:12-cv-2754 KJM AC, 2013
16 WL 1680643, at *6 (E.D. Cal. Apr. 17, 2013); Wecosign, Inc. v. IFG Holdings, Inc., 845 F.
17 Supp. 2d 1072, 1083 (C.D. Cal. 2012).

18 Defendant argues that remedies at law are sufficient because Plaintiff has received and
19 paid monetary compensation in the past relating to the use of the Gallo mark. The magistrate
20 judge properly rejected this argument, noting that the fact that Plaintiff was able to negotiate
21 agreements involving the use of the word "Gallo" in other contexts does not demonstrate that the
22 damages in this case are readily calculable or adequate.

23 **II.**

24 **CONCLUSION AND ORDER**

25 Based upon the foregoing, the Court finds that the magistrate judge's Findings and
26 Recommendations are supported by the record and by proper analysis. Accordingly, it is
27 HEREBY ORDERD that:

28 ///

- 1 1. The August 15, 2014 Findings and Recommendations are ADOPTED IN FULL;
- 2 2. Plaintiff's motion for summary judgment is PARTIALLY GRANTED (ECF No.
- 3 56);
- 4 a. Summary judgment is entered in favor of Plaintiff and against Defendant
- 5 on the issue of liability for Plaintiff's trademark infringement claim under
- 6 the Lanham Act, Plaintiff's use of false designations of origin and false
- 7 representations in commerce/unfair competition claim under the Lanham
- 8 Act, and common law unfair competition/trademark infringement claim
- 9 under California law;
- 10 b. A permanent injunction is issued enjoining Defendant from continuing to
- 11 use the GALLO mark;
- 12 c. Plaintiff's request for a permanent injunction enjoining Defendant from
- 13 using the EL GALLITO mark is DENIED; and
- 14 3. Defendant's motion for summary judgment is DENIED (ECF No. 65).

15 IT IS SO ORDERED.

16 Dated: September 4, 2014

17 
18 SENIOR DISTRICT JUDGE