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

Proceeding	91165999
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Application Serial No. 76/604,592  
Mark: RUSSIAN VODKA

ALLIED DOMEQC INTERNATIONAL  
HOLDINGS BV,

Opposer,

v.

RUSSIAN FEDERAL TREASURY  
ENTERPRISE SOJUZPLODOIMPORT,

Applicant.

Opposition No. 91,165,999

**APPLICANT'S OPPOSITION TO OPPOSER'S  
MOTION TO SUSPEND PROCEEDINGS**

Applicant Russian Federal Treasury Enterprise Sojuzplodoimport ("Applicant") hereby respectfully submits this opposition the motion of Opposer Allied Domecq International Holdings BV's ("Allied Domecq") to suspend this proceeding. Allied Domecq seeks to suspend this proceeding in light of *Federal Treasury Enterprise Sojuzplodoimport v. Spirits Int'l N.V.*, No. 06-3532, a case currently pending before the Second Circuit Court of Appeals (the "civil Action"). The Civil Action, however, involves entirely different trademarks and different issues. As a result, nothing that will be decided in the Second Circuit will affect the validity of the certification mark that Applicant is seeking to register. Indeed, contrary to Allied Domecq's claim, the Civil Action will not even affect its likelihood-of-confusion claim because that claim fails as a matter of law due to Allied Domecq's disclaimer of the phrase "Russian Vodka." The motion to suspend should be denied.

## BACKGROUND

Applicant is a state-owned corporation operating under the auspices of the Ministry of Agriculture of the Russian Federation. On July 26, 2004, Applicant filed an application to register the mark "RUSSIAN VODKA" as a certification mark in International Class A for vodka.

The proposed certification mark is designed to protect Russian vodka producers and American consumers. Vodka is a well-known and highly prized symbol of Russian culture, which is produced within the Russian Federation subject to standards ensuring its quality and authenticity. However, there are those who presently trade on the Russian reputation for vodka, even though their product is not made in the Russian Federation or does not meet the standards for genuine Russian vodka. The Ministry of Agriculture of the Russian Federation, through Applicant, wishes to ensure that only vodka *actually made* in the Russian Federation according to specific standards is promoted as "Russian vodka," which will reward genuine Russian vodka producers while at the same time protecting American consumers from being deceived about the true source and quality of the vodka they purchase.

Allied Domecq opposes this certification mark on several grounds. It contends that the term "RUSSIAN VODKA" is merely a geographic designation of origin, that Applicant has not controlled and limited the use of this mark properly, and that Applicant has used the proposed mark in an incompatible fashion. Notice of Opposition ¶¶ 10-13. Finally, and most importantly here, Allied Domecq contends that the proposed certification mark would cause consumers to mistakenly believe that the vodka it sells under the trademark STOLICHNAYA RUSSIAN VODKA is produced in Russia, satisfies Russian production standards, and therefore qualifies as RUSSIAN VODKA under the proposed certification mark. *Id.* ¶ 8.

The primary trademark issue in the Civil Action is the ownership of the STOLICHNAYA trademarks.<sup>1</sup> Like many other state-owned assets, the STOLICHNAYA trademark was misappropriated after the dissolution of the Soviet Union, and in the case before the Second Circuit Applicant seeks to reclaim these valuable trademarks for the Russian state. Although initially Applicant contended that Allied Domecq was falsely advertising its vodka as Russian when it fact is produced in Latvia, this claim was dropped in order to allow an immediate appeal on the more central issues in the case. Thus, the origin of the vodka sold by Allied Domecq under the STOLICHNAYA label is no longer an issue in the Civil Action.

### **ARGUMENT**

#### **THE CIVIL ACTION WILL NOT AFFECT ALLIED DOMEQC'S CHALLENGES TO THE PROPOSED CERTIFICATION MARK AND THEREFORE HAS NO BEARING ON THESE PROCEEDINGS**

Where a party to a case pending before the Trademark Trial and Appeal Board (the "Board") is involved in a civil action that may have a bearing on the proceedings before the T.T.A.B., the Board has discretion to suspend the proceeding in favor of the civil action. 37 CFR § 2.117(a); TBMP § 510.02(a). The Civil Action, however, does not involve the RUSSIAN

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<sup>1</sup> The STOLICHNAYA family of trademarks consists of the following federal registrations: STOLICHNAYA (Reg. No. 865,462), STOLICHNAYA (Reg. No. 1,291,454), STOLICHNAYA (Reg. No. 2,317,475), STOLI (Reg. No. 1,244,735), STOLICHNAYA RUSSIAN VODKA (Reg. No. 1,852,552), STOLICHNAYA KAFYA (Reg. No. 2,155,523), STOLICHNAYA LIMONNAYA VODKA (Reg. No. 2,334,080), STOLICHNAYA LIMONNAYA (Reg. No. 2,339,463), STOLICHNAYA LIMONNAYA VODKA (Reg. No. 2,334,079), STOLICHNAYA OHRANJ (Reg. No. 2,291,831), STOLICHNAYA OHRANJ (Reg. No. 2,233,190), STOLICHNAYA OHRANJ (Reg. No. 1,988,911), STOLI PERSIK (Reg. No. 2,189,745), STOLICHNAYA STOLI PERSIK (Reg. No. 2,339,689), STOLICHNAYA STOLI RAZBERI (Reg. No. 2,204,355), STOLI RAZBERI (Reg. No. 2,175,465), STOLICHNAYA STRASBERI (Reg. No. 2,202,991), STOLI STRASBERI (Reg. No. 2,205,863), STOLI VANIL (Reg. No. 2,192,600), STOLI ZINAMON (Reg. No. 2,192,681), and STOLICHNAYA GOLD (application) (Ser. No. 75/184,282). The Second Circuit action also concerns the MOSKOVSKAYA family of trademarks. However, Opposer does not cite these marks in its opposition to the application in this proceeding.

VODKA certification mark. Allied Domecq contends that the Civil Action might undermine its standing to challenge the proposed certification mark based upon likelihood-of-confusion.

Allied Domecq's likelihood-of-confusion claim, however, fails as a matter of law because it has disclaimed the phrase "Russian vodka" and has offered no other basis for claiming likelihood of confusion. As a consequence, nothing in the Civil Action will have any impact on this proceeding, and Allied Domecq's motion to suspend should therefore be denied.

A. The RUSSIAN VODKA Certification Mark Is Not At Issue In the Civil Action

The RUSSIAN VODKA certification mark that Applicant seeks to register is not at issue in the Civil Action. As noted above, that action concerns the ownership of the STOLICHNAYA family of trademarks. Thus, these proceedings and the Civil Action "involve different sets of transactional facts, different proofs, different burdens, and different public policies," which means that the final resolution of the Civil Action will not preclude the Board from considering Applicant's request to register the RUSSIAN VODKA certification. *See, e.g., Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*, 76 U.S.P.Q. 1310, 1313 (Fed. Cir. 2005); *see also* 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 32:82, at 32-142.3 (2006) ("[C]laim preclusion (bar) does not apply where a plaintiff relies on the same trademark to contest defendant's use or registration of two similar, but different, trademarks.")

B. Allied Domecq's Likelihood-of-Confusion Defense Fails As a Matter of Law Whatever Its Rights to the STOLICHNAYA RUSSIAN VODKA Trademark

Allied Domecq contends that the Civil Action will have a bearing on its likelihood-of-conclusion claims under Section 2(d). It asserts that, if Allied Domecq is found—contrary to the true facts—to be the lawful owners of the STOLICHNAYA trademarks, Applicant's defenses to the likelihood-of-confusion claim will fail. Motion to Suspend at 3-4. That is not true. If Allied Domecq were found to be the lawful owner of the STOLICHNAYA

trademarks, Applicant's *standing* defense would fail. Applicant, however, would still be able to show that Allied Domecq's likelihood-of-confusion claim fails because it is defective as a matter of law, regardless of how the ownership of the STOLICHNAYA trademarks is resolved in the Civil Action.

When Allied Domecq registered the STOLICHNAYA RUSSIAN VODKA Trademark and related design mark, it expressly disclaimed the phrase "Russian vodka." As the registration expressly states, "no claim is made to the exclusive right to use 'Russian Vodka' apart from the mark as shown." STOLICHNAYA RUSSIAN VODKA & Design Registration, attached hereto as Exhibit A (capitalization omitted). Having disclaimed the term "Russian vodka" in its registration, Allied Domecq cannot now base a claim for infringement or likelihood of confusion on Applicant's use of that term, without anything more: "If plaintiff has a registration of the composite mark *A + B*, with *B* disclaimed, then it does not have a claim for infringement of the registered trademark against a defendant who uses mark *B*." 3 *McCarthy on Trademarks and Unfair Competition* § 19:72, at 19-226.

The "legal effect" of a disclaimer is that "*no claim to any exclusive right to use [the disclaimed words] is to be implied from the fact of registration.*" *United States Steel Corp. v. Vasco Metals Corp.*, 157 U.S.P.Q. 627, 629 (C.C.P.A. 1968) (emphasis in original). Allied Domecq has explicitly stated that it makes "no claim . . . to the exclusive right to use 'Russian vodka' apart from the mark as shown." By disclaiming the phrase "Russian vodka," Allied Domecq has expressly accepted the legal consequence that it would no longer have any ownership rights in those terms. The only rights that Allied Domecq has in the phrase "Russian vodka" derive from the "precise relation and association in which it appear[s] in the drawing and description" of Opposer's trademark registration. *In re Franklin Press, Inc.*, 201 U.S.P.Q. 662,

665 (C.C.P.A. 1979) (internal citations omitted). As a result, Allied Domecq can lay no claim to the disclaimed portion of that mark, divorced from the other, protected elements.

Allied Domecq does not—and cannot—allege that there is any likelihood that consumers will confuse the STOLICHNAYA portion of its STOLICHNAYA RUSSIAN VODKA trademark with Applicant’s RUSSIAN VODKA certification mark. Instead, it claims likelihood of confusion based upon the use of the term “Russian Vodka,” Opposition ¶¶ 4-8, the very term that it has disclaimed. As Allied Domecq has no legal right in that term, its likelihood-of-confusion claims fails whether or not it is determined to be the true owner of the STOLICHNAYA RUSSIAN VODKA in the Civil Action.

C. The Civil Action Has No Bearing on Allied Domecq’s Other Challenges

The Civil Action will not have any bearing on Allied Domecq’s other challenges either. In addition to asserting likelihood of confusion under Section 2(d), Allied Domecq also contends that RUSSIAN VODKA is a mere geographical designation. Opposition ¶ 8. As Allied Domecq advertises its vodka as Russian vodka, its standing to raise this challenge does not depend upon its ownership of the STOLICHNAYA trademarks. Moreover, in evaluating this challenge, the Board must assess whether the public understands that products sold in connection with the phrase "RUSSIAN VODKA" emanate only from Russia and are made in accordance with certain standards. *Institut Nat’l Des Appellations d’Origine v. Brown-Forman Corp.*, 47 U.S.P.Q.2d 1875, 1885 (T.T.A.B. 1998). The question of who owns the STOLICHNAYA trademarks has no impact on this determination. Similarly, the Civil Action will have no impact on Allied Domecq’s claims that Applicant has not controlled the use of the proposed mark or that it has used in the mark in an inconsistent fashion. Opposition ¶ 12.

D. Suspension Order in the SPI Opposition Does Not Compel a Different Conclusion

In urging the Board to suspend these proceedings, Allied Domecq relies upon the suspension order issued in the opposition brought by Spirits International, N.V. That order was not, however, a final judgment on the merits and therefore is not binding on the Board. *See Mayer/Berkshire Corp.*, 76 U.S.P.Q.2d at 1312. Even more important, that order did not consider whether Spirits International's likelihood-of-confusion claim failed as a matter of law. Nor did it analyze whether any of Spirit International's other arguments would be impacted by the resolution of the Civil Action. Instead, it simply asserted without explanation that "a determination of Allied Domecq's rights to those asserted marks . . . will have a bearing on the issues before the Board." Motion to Suspend, Ex. A at 2. The Board should not blindly follow this determination. Instead, it should analyze for itself whether the Civil Action will have any impact on the arguments being advanced by Allied Domecq in this opposition.

CONCLUSION

Based on the foregoing, Applicant respectfully requests that the Board deny Opposer's motion to suspend the proceedings.

Dated: September 30, 2006

QUINN EMANUEL URQUHART OLIVER &  
HEDGES, LLP




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Attorneys for Applicant  
Russian Federal Treasury Enterprise Sojuzplodoimport



CERTIFICATE OF SERVICE

I certify that on the 4th day of October, 2006, I caused a true copy of Applicant's Opposition to Opposer's Motion to Suspend Proceedings to be served on Opposer's attorney, Edward T. Colbert, Kenyon & Kenyon LLP, 1500 K Street, N.W.; Suite 700, Washington, D.C. 20005, via First Class mail.

  
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Lori E. Weiss