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

Proceeding no.	91245800
Party	Plaintiff Constellation Brands U.S. Operations Inc.
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Submission	Motion to Amend Pleading/Amended Pleading
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Date	02/19/2022
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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 Nos.:
87945310 (HENRY WALKER CRABB)
87944993 (HENRY WALKER (H.W.) CRABB)
87944990 (HENRY WALKER (H.W.))
87944988 (HENRY WALKER)
87945312 (H.W. CRABB)
87945302 (HENRY W. CRABB)
Published in the Official Gazette of November 13, 2018

CONSTELLATION BRANDS U.S.
OPERATIONS, INC.,

Opposer,

v.

THE VINEYARD HOUSE LLC,

Applicant.

Opposition No. 91245800 (Parent)
Opposition No. 91246515

OPPOSER’S MOTION FOR LEAVE TO AMEND NOTICE OF OPPOSITION

IN PARENT PROCEEDING (OPP. NO. 91245800);

DECLARATION OF KENNETH L. WILTON

Pursuant to Fed. R. Civ. P. 15(a)(2) and 37 C.F.R. § 2.107(a), Opposer Constellation Brands U.S. Operations, Inc. (“Opposer”) hereby moves for leave to amend its Notice of Opposition to add additional grounds for opposition. Specifically, Opposer seeks to add claims that have been asserted in three other co-pending oppositions between Opposer and Applicant The Vineyard House, LLC (“Applicant”) concerning similar marks and sharing the same core nucleus of facts, including the proceeding with which this proceeding is consolidated. This amendment is timely, will cause no undue prejudice to Applicant, is not made in bad faith, and is not futile. Accordingly, the Board should grant Opposer’s request.

A signed copy of the proposed Amended Notice of Opposition is attached hereto as Appendix 1. TBMP § 507.01. A redline comparing the Amended Notice Opposition to the operative Notice of Opposition [1 TTABVUE] is attached hereto as Appendix 2.

PROCEDURAL HISTORY

Opposer filed its initial Notice of Opposition in this matter on January 12, 2019. [1 TTABVUE.] The Notice of Opposition asserted two grounds for opposition: that Applicant lacked a bona fide intent to use the six opposed marks in commerce, and fraud upon the USPTO. [1 TTABVUE ¶¶ 13-35.] Applicant filed a motion to dismiss on February 13, 2019. [4 TTABVUE.] On June 24, 2019, this proceeding was suspended pending the outcome of the federal court litigation between Opposer and Applicant. [15 TTABVUE.] Although the motion to dismiss had been fully briefed, the Board had not yet decided the motion when this proceeding was suspended.

On February 20, 2019, Opposer commenced a second, separate opposition proceeding against additional applications to register CRABB-formative trademarks filed by Applicant. [Opp. No. 91246515: 1 TTABVUE.]¹ That proceeding was also suspended pending the outcome of the federal court litigation between the parties. [Opp. No. 91246515: 18 TTABVUE.] Following the conclusion of the federal court litigation and motion practice, Opposer filed an amended Notice of Opposition in the ‘515 Opposition asserting three grounds for opposition: 1) false suggestion of connection between Applicant and Opposer; 2) likelihood of confusion with previously used trademarks; and 3) deceptive misdescriptiveness. [Opp. No. 91246515: 24 TTABVUE.] Applicant answered the amended Notice of Opposition in the ‘515 Opposition. [Opp. No. 91246515: 25 TTABVUE]. Notwithstanding the disparity between the claims

¹ Opposer substituted in its current counsel of record in this proceeding, and the ‘515 Opposition, on March 27, 2019. [8 TTABVUE; Opp. No. 91246515: 5 TTABVUE.]

asserted in this proceeding and the ‘515 Opposition, the two proceedings have been consolidated. [16 TTABVUE 2; 18 TTABVUE 14.]

On September 23, 2020, Opposer commenced two additional opposition proceedings against four applications to register additional CRABB-formative trademarks filed by Applicant. [Opp. Nos. 91264972 & 91264970.] Like the ‘515 Opposition, the grounds asserted in each of those proceedings include claims of 1) false suggestion of connection between Applicant and Opposer; 2) likelihood of confusion with previously used trademarks; and 3) deceptive misdescriptiveness. [Opp. No. 91264972: 1 TTABVUE; Opp. No. 91264970: 1 TTABVUE.] Applicant has filed answers in both proceedings. [Opp. No. 91264972: 4 TTABVUE; Opp. No. 91264970: 4 TTABVUE.]

As a result, while all four proceedings involving Applicant’s CRABB-formative trademark applications are at issue, the claims asserted in three of the four differ from the claims currently asserted in this proceeding. This motion seeks to rectify that disparity.

RELEVANT TIMELINE

On March 18, 2019, Applicant filed a civil action in the United States District Court for the Northern District of California (the “Civil Action”). [13 TTABVUE 9-34, Exhibit A: Complaint.] In the Civil Action, Applicant sought cancellation of registrations owned by Opposer for the TO KALON (U.S. Reg. No. 1,489,619) and TO KALON VINEYARD (U.S. Reg. No. 1,857,851) marks (the “TO KALON Marks”) and a declaratory judgment that Applicant had “the right to use the term TO KALON or a variation thereof (‘H.W. Crabb’s ToKalon’ or ‘H.W. Crabb’s ToKalon Valley Vineyard’) as a vineyard designation and in any other manner to accurately describe the historical nature and geographical location of [Applicant’s] property as it relates to H.W. Crabb and the use of To Kalon in connection with the property.” [Id. at 3-4, ¶ 4.]

The Civil Action proceeded to a bench trial that concluded in December, 2020. [Declaration of Kenneth L. Wilton (“Wilton Decl.”) ¶ 6.] Judgment was entered against Applicant and in favor of Opposer in the Civil Action, and a permanent injunction was issued prohibiting Applicant’s use of the TO KALON Marks in connection with wine. [Id. & Exs. A, B.] Applicant did not appeal the judgment. [Id. ¶ 7.] Following the entry of judgment, on a motion by Opposer, the District Court held that the case was “exceptional” under 15 U.S.C. § 1117(a) and awarded \$2.3 million in fees and costs against Applicant. [Id. ¶ 8 & Ex. C.] Applicant did not appeal the award. [Id. ¶ 9.]

The Board resumed these proceedings on July 21, 2021 and denied Applicant’s motion to dismiss. [18 TTABVUE 10.] Applicant filed its Answer on July 26, 2021. [21 TTABVUE.] On July 28, 2021, the District Court issued its Order awarding attorneys’ fees to Opposer. [Wilton Decl. ¶ 8 & Ex. C.]

During discussions regarding Opposer’s motion for fees in the Civil Action, both before and after it was granted, the Parties discussed the potential resolution of not only the Civil Action, but the pending opposition proceedings as well. [Wilton Decl. ¶ 10.] On October 27, 2021, after several months of discussions and Applicant deciding at that time *not* to resolve these proceedings in connection with resolving the Civil Action, an Acknowledgement of Satisfaction of Judgment was filed in the Civil Action. [Id. ¶ 11 & Ex. D.]

On November 11, 2021, and notwithstanding its earlier position, Applicant put forth another proposal to resolve *this* dispute. [Id. ¶ 13.] Opposer put forth a counter-proposal on December 17, 2021. [Id. ¶ 14.] Ultimately, Applicant’s counsel confirmed on January 25, 2022 that Applicant rejected Opposer’s counter-proposal and would move forward defending this proceeding and the three other proceedings involving Applicant’s CRABB-formative

trademarks. [Id.] As a result, this motion is being filed one month after confirmation that the settlement discussions were not fruitful.

Discovery in this proceeding is currently scheduled to close on April 18, 2022. [18 TTABVUE 16.]

ARGUMENT

Opposer seeks leave to amend the Notice of Opposition to assert the same grounds asserted in the other related proceedings, namely: 1) false suggestion of connection between Applicant and Opposer; 2) likelihood of confusion with previously used trademarks; and 3) deceptive misdescriptiveness.

1. Standard For Granting Leave To Amend

“Leave to amend pleadings must be freely given when justice so requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party.” *Hurley Intl. LLC v. Volta*, 82 USPQ2d 1339, 1341 (TTAB 2007); *see also* Fed. R. Civ. P. 15(a); TBMP § 507.02. Fed. R. Civ. P. 15(a)(2) encourages the Board to look favorably on motions to amend. *Topco Holdings, Inc. v. Hand 2 Hand Industries, LLC*, 2022 USPQ2d 54, *4 (TTAB 2022). In deciding whether to grant leave to amend, the Board may consider undue delay, prejudice to the opposing party, bad faith or dilatory motive, futility of the amendment, and whether the party has previously amended its pleadings. *See Foman v. Davis*, 371 U.S. 178, 182 (1962); *W.R. Grace & Co. v. Ariz. Feeds*, 195 USPQ 670, 671 (Comm’r Pat. 1977); *Kemin Foods, L.C. v. Pigmentos Vegetales Del Centro S.A. de C.V.*, 464 F.3d 1339, 80 USPQ2d 1385, 1395 (Fed. Cir. 2006); *Am. Express Mktg. & Dev. Corp. v. Gilad Dev. Corp.*, 94 USPQ2d 1294, 1297 (TTAB 2010). *See also* TBMP § 507.02 (2021).

Thus, even where the amendment alleges a claim different from that pled in the original complaint, the Board will grant leave to amend where the amendment will not unduly prejudice

the opposing party and is not futile. *Hurley*, 82 USPQ2d at 1341; *Boral Ltd. v. FMC Corp.*, 59 USPQ2d 1701, 1702 (TTAB 2000). Indeed, the Board regularly grants leave to amend when leave is sought before the trial period commences. *See, e.g., Am. Express Mktg. & Dev. Corp.*, 94 USPQ2d at 1297 (applicant's motion to amend timely and not prejudicial approximately ten months after the filing of its answer); *Hurley*, 82 USPQ2d at 1341 (no prejudice to applicant where additional ground for opposition added prior to trial period); *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503, 1507-08 (TTAB 1993) (no prejudice where sufficient time remained in the discovery period for applicant to serve additional discovery requests); *Heineken Asia Pacific Pte. Ltd. v. Jonathan Claypool*, Opp. No. 91220927 (TTAB Sept. 26, 2016) (same); *Sturgis Motorcycle Rally, Inc. v. Farrokhi*, Opp. No. 91202020, 2013 WL 11247190, at *3 (TTAB Aug. 12, 2013) (same); *Combe Inc. v. Adams*, Opp. No. 91194534, 2011 WL 13054733, at *2 (TTAB Sept. 27, 2011) (same); *Montblanc-Simplo Gmbh v. United Brands Int'l., Inc.*, Opp. No. 91185637, 2009 WL 4086591, at *2 (TTAB Sept. 29, 2009) (same).

2. Amendment Is Proper Here Because Opposer's Request Is Timely And Would Not Prejudice Applicant

Opposer's Motion is timely and would not prejudice Applicant. There are still several months remaining in discovery. Thus, there is still ample opportunity for Applicant to take discovery on the newly pleaded claims. Additionally, Applicant is already on notice of the grounds Opposer seeks leave to assert, and is actually litigating these claims in the other pending and related Board proceedings.

Moreover, there is no evidence of undue prejudice, inasmuch as more than two months of discovery remain at the time of this motion, thus allowing time for Applicant to obtain discovery on Opposer's amended allegations. *See Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1355, 1359 (TTAB 1989) (the concept of "undue delay" is inextricably linked with the

concept of prejudice to the non-moving party); *Am. Express Mktg. & Dev. Corp.*, 94 USPQ2d at 1297 (although delay was substantial, no undue prejudice where discovery was still open). Although the Opposition was filed in January, 2019, the Opposition was suspended for more than two years pending the outcome of the Civil Action. After judgment was entered against Applicant in the Civil Action, action was further deferred, first while the Board considered Applicant's February, 2019, Motion to Dismiss, and then while the Parties engaged in discussions to resolve their numerous disputes. [Wilton Decl. ¶¶ 10-15.] Thus, there has been only a limited opportunity for Opposer to plead the additional grounds in the Opposition, despite the passing of time.

Allowing amendment would also not prejudice Applicant because Applicant is on notice of, and is actually litigating, the claims Opposer seeks leave to assert in the Opposition. The proposed "new" grounds Opposer seeks leave to plead are already asserted in the '515 Opposition that is consolidated with the Opposition. The same grounds were also pleaded in the '972 & '970 Oppositions. Each of these oppositions involves the same operative set of facts, and each involves applications filed by Applicant to register CRABB-formative marks. The discovery period is still open in the '972 & '970 Oppositions, and discovery is not complete. Thus, allowing amendment would not place an undue burden on Applicant, and in fact will cause the litigation of these related proceedings to be more efficient.

3. Amendment is Proper Because Opposer Has Not Acted in Bad Faith and the Amendment is Not Futile

As discussed above, in light of the history of this proceeding and the Civil Action, and the on-again, off-again nature of the parties' settlement discussions, there is no evidence that Opposer has acted in bad faith or with dilatory motive in waiting until now to seek leave to amend the Notice of Opposition. *See Am. Express Mktg. & Dev. Corp.*, 94 USPQ2d at 1297 (no

bad faith found; motion to amend denied on other grounds). Likewise, Opposer has not abused its amendment privileges, as this is its first attempt to amend the Notice of Opposition in this proceeding. *Topco Holdings, Inc.*, 2022 USPQ2d at *7 (opposer’s first motion to amend granted).

Finally, granting Opposer leave to amend its Notice of Opposition would not be futile. An amendment is considered “futile” if the amended pleading fails to state a claim, would be subject to a successful motion to dismiss on some other basis, or would serve no useful purpose. *See Octocom Systems Inc. v. Houston Computer Services Inc.*, 918 F.2d 937 , 16 USPQ2d 1783 (Fed. Cir. 1990). That is not the case here. The grounds Opposer seeks leave to plead have been asserted in the operative Notices of Opposition in three other proceedings between the Parties, all of which are at issue.

More importantly, the viability of the claims Opposer seeks to assert here were expressly addressed by the parties in the ‘515 Opposition. In that proceeding, Applicant moved to dismiss Opposer’s initial Notice of Opposition. [‘515 Opposition, 4 TTABVUE.] In response, Opposer filed an amended Notice of Opposition raising versions of the claims sought to be asserted here [*id.* at 8 TTABVUE] which Applicant in turn moved to dismiss [*id.* at 9 TTABVUE]. After all of the proceedings were removed from suspension in light of the Civil Action, the Board decided Applicant’s motion to dismiss and granted it with leave to amend. [‘515 Opposition, 21 TTABVUE 13-14.] Opposer in turn filed an amended pleading which addressed the issues identified by the Board, in response to which Applicant simply answered. [*Id.* at 24 TTABVUE, 25 TTABVUE.] The claims in the proposed Amended Notice of Opposition mirror the claims at issue in the ‘515 Opposition.

Unlike the ‘515 Opposition, in this proceeding Opposer did not have an earlier opportunity to assert the proposed additional claims. Applicant’s motion to dismiss the original

Notice of Opposition was fully briefed but not decided when the proceeding was suspended, and ultimately denied. [18 TTABVUE 10.] As a result, Opposer is simply seeking to file claims here that are already at issue in the three other related proceedings.

CONCLUSION

Accordingly, for the foregoing reasons, Opposer respectfully requests that the Board grant this motion and permit Opposer to file its Amended Notice of Opposition, submitted herewith.

SEYFARTH SHAW LLP

Date: February 19, 2022

By: */s/ Kenneth L. Wilton*

Kenneth L. Wilton
John C. Heinbockel

Attorneys for Opposer
Constellation Brands U.S. Operations, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on February 19, 2022, I served this OPPOSER’S MOTION FOR LEAVE TO AMEND NOTICE OF OPPOSITION IN PARENT PROCEEDING (OPP. NO. 91245800); DECLARATION OF KENNETH L. WILTON IN SUPPORT THEREOF on the Applicant by mailing a copy thereof by email to ipdocket@buchalter.com, fbhatti@buchalter.com, mseror@buchalter.com, hblan@buchalter.com.

/s/ John C. Heinbockel

John C. Heinbockel

APPENDIX 1

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

In the Matter of Application Serial Nos.:
87945310 (HENRY WALKER CRABB)
87944993 (HENRY WALKER (H.W.) CRABB)
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CONSTELLATION BRANDS U.S.
OPERATIONS, INC.,

Opposer,

v.

THE VINEYARD HOUSE LLC,

Applicant.

Opposition No. 91245800

OPPOSER’S AMENDED NOTICE OF OPPOSITION

Opposer, Constellation Brands U.S. Operations, Inc., (“Opposer”), a corporation organized and existing under the laws of New York and located and doing business at 235 North Bloomfield Road, Canandaigua, NY 14424, believes that it will be damaged by the registration of the alleged marks identified in the caption above (the “Opposed Applications”) and opposes the registrations of the Opposed Applications under the provisions of 15 U.S.C. §1063 (Trademark Act of 1946, Section 13).

As grounds of opposition, it is alleged that:

1. Opposer is a wholly-owned subsidiary of Constellation Brands, Inc., (“CBI”) a corporation existing under the laws of Delaware and located and doing business at Building 100, 207 High Point Drive, Victor, NY 14564.

2. CBI is the world's largest source of premium wines and Opposer is one of CBI's largest operating companies.

3. As one of CBI's largest operating companies, Opposer is the owner of no less than 200 U.S. trademarks and applications and registrations therefor as reflected in the records of the United States Patent and Trademark Office (USPTO).

4. Opposer is also the operator of several wineries to which several trademarks pertain.

5. Among the wineries operated by Opposer is Robert Mondavi Winery of 7801 Saint Helena Highway, Oakville, CA 94562 ("Mondavi").

6. In the mid-1800's, Napa Valley pioneer Hamilton W. Crabb, also known as Henry Walker Crabb and/or Henry W. Crabb and/or H.W. Crabb, purchased farmland in the Napa County area of California.

7. In or about 1886, after adding additional acreage to his holdings, Mr. Crabb began calling his company the "To-Kalon Wine Company."

8. By virtue of his pioneering efforts, Mr. Crabb had in the 19th Century become closely associated with the brand "To Kalon."

9. By the time of his death in 1899, Mr. Crabb had acquired approximately 368 acres of vineyard land in the area. None of that land is included within any portion of Applicant's current landholdings.

10. Mr. Crabb died in 1899 and his land holdings were sold off among several buyers.

11. Mondavi was founded in 1966, and over the following decade or so Mondavi acquired, *inter alia*, the majority of the original Crabb vineyard properties.

12. In the mid-1980's, Mondavi adopted the mark "TO KALON" to use on and in connection with wine from grapes grown on portions of the Mondavi estate.

13. By assignment from Mondavi, Opposer owns all right, title and interest in the following TO KALON-formative marks:

- a. Registration No. 1489619, granted May 24, 1988, for the mark TO KALON for “wine” in Class 33; and
- b. Registration No. 1857851, granted October 11, 1994, for the mark TO KALON VINEYARD for “wine” in Class 33.

Both of these registrations are valid and subsisting and have become incontestable. Copies of current printouts of information from the electronic database records of the USPTO showing the current status and title of these registrations are attached hereto as Exhibit A and are incorporated by reference herein as if set forth in full. They are referred to herein as the “TO KALON Marks.”

14. Since adopting the TO KALON Marks, Opposer and its predecessor-in-interest, Mondavi, have promoted the historical association between Mr. Crabb and the “TO KALON” brand and, in or about 2012, Opposer commenced use of Mr. Crabb’s initials, H.W.C. and HWC as trademarks on and in connection with wine (“H.W.C. Marks”).

15. As a result of the foregoing activities, Mr. Crabb has been and continues to be associated in the minds of the relevant consuming public with Opposer’s TO KALON Marks and H.W.C. Marks, and thus to Opposer.

16. Opposer and Applicant were litigants in a civil action before the United States District Court for the Northern District of California involving the TO KALON Marks, styled as *The Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, Case No. 4:19-cv-1424-YGR (N.D. Cal.) (the “Civil Action”).

17. In a January 26, 2021, Rule 52 Order After Trial On the Merits in the Civil Action, the Northern District Court found Applicant liable for trademark infringement and permanently enjoined Applicant “from using the words To Kalon or To Kalon Vineyard or any

variation thereof in any manner on any wine, wine-related product, reference to a wine product, or event or activity where such wine is present or referenced.”

18. The Northern District Court made several findings of fact and law in the January 26, 2021, Rule 52 Order After Trial On the Merits in the Civil Action relating to the relationship between Mr. Crabb, the TO KALON Marks, and Opposer, including that:

- a. Mr. Crabb was “both a pioneer and instrumental force within the developing wine industry of Napa Valley” (page 5);
- b. The land used by Applicant to produce wine was never planted as a vineyard by Mr. Crabb (pages 6-7);
- c. The TO KALON Marks have “gained substantial notoriety in the wine market among consumers and those in the trade” since their adoption by Opposer’s predecessor, Mondavi (page 13);
- d. sophisticated wine consumers, merchants, and professionals immersed in the Northern California wine industry have a current understanding of the history of the TO KALON Marks (page 9); and
- e. Applicant “wants consumers to associate its wine with the wine which they understand to be sourced from those formerly belonging to the H.W. Crabb’s To Kalon Vineyard.” (page 14).

19. On information and belief, Applicant has adopted and intends to use HENRY WALKER CRABB, HENRY WALKER (H.W.) CRABB, HENRY WALKER (H.W.), HENRY WALKER, H.W. CRABB, and HENRY W. CRABB (“Applicant’s Marks”) on or in connection with wine, the origin of which has no association with Mr. Crabb’s historical vineyard land.

20. On June 1, 2018, Applicant filed Application Serial Nos. 87945310 seeking registration of HENRY WALKER CRABB, 87944993 seeking registration of HENRY WALKER (H.W.) CRABB, 87944990 seeking registration of HENRY WALKER (H.W.),

87944988 seeking registration of HENRY WALKER, 87945312 seeking registration of H.W. CRABB, 87945302 seeking registration of HENRY W. CRABB, all based on its alleged intent to use Applicant's Marks on or in connection with "wines" in Class 33 ("Applicant's Goods").

21. As the owner of the majority of Mr. Crabb's historical vineyard land, Opposer has a real, direct and personal stake in preventing the registration of marks that suggest a connection to that land.

22. Applicant's Marks suggest a direct connection to Mr. Crabb's historical vineyard land.

23. Opposer has an interest in using Applicant's Marks to promote goods sold under Opposer's TO KALON Marks and H.W.C. Marks.

24. Opposer's real, direct and personal stake in preventing the registration of Applicant's Marks is beyond that of the general public.

FIRST CLAIM FOR RELIEF
(Fraud in the USPTO)

25. Opposer repeats and re-alleges paragraphs 1 to 24 above with the same force and effect as is set forth herein at length.

26. Applicant's concurrent filing on June 1, 2018, for multiple ITU-based applications to register variations of Hamilton Crabb, also known as Henry Walker Crabb and/or Henry W. Crabb and/or H.W. Crabb is indicative of Applicant's lack of a bona fide intent to use the marks applied for.

27. Applicant's filing of numerous ITU trademark applications on the same date with the United States Patent and Trademark Office for variations of the same mark covering the same goods casts doubt on Applicant's bona fide intention to use any one of Applicant's Marks.

28. The legislative history of the Trademark Law Revision Act of 1988 ("TLRA") reveals that Congress intended the test of "bona fide" intent to be shown by "objective" evidence

of “circumstances” showing a bona fide intent to use the marks for which applications have been filed.

29. On information and belief, at the time the applications were filed, Applicant had no documentary evidence demonstrating objective evidence of its bona fide intent to use Marks Being Opposed.

30. The need for objective evidence of a bona fide intent to use a mark is to keep a single business or individual from monopolizing a number of potential marks on the basis of a mere statement of intent to use the marks in the future.

31. Applicant’s actions are indicative of an attempt to monopolize a number of potential marks on the basis of a mere statement of intent to use the marks in the future and without a bona fide intent to use the same.

32. On information and belief, on June 1, 2018, in the Opposed Applications, Applicant, having no bona-fide intent to use Applicant’s Marks, knowingly made false and fraudulent statements in the Opposed Applications wherein it falsely claimed, “The applicant has a bona fide intention to use the mark in commerce on or in connection with the identified goods and/or services” for Applicant’s International class 033 services.

33. On information and belief, Applicant knowingly did not have a bona fide intent to use Applicant’s Marks as Applicant has not taken steps to commence use of Applicant’s Marks on Applicant’s Goods.

34. On information and belief, the false and fraudulent declarations referred to above with respect to Applicant’s Marks was made by Applicant with actual knowledge of falsity, and was not made on information and belief and was made by a person or entity who knew or should have known the same was false and fraudulent.

35. On information and belief, Applicant knowingly made false, material misrepresentations of fact in connection with the Opposed Applications when it made the false and fraudulent declarations referred to above.

36. On information and belief, the false and fraudulent declarations referred to above with respect to the Opposed Applications was made with the intent to deceive the USPTO and that the USPTO rely upon the same.

37. On information and belief, the USPTO did rely on the false and fraudulent declarations when it acknowledged the filing of the applications and allowed Applicant's applications to publish.

38. On information and belief, as a result, Applicant willfully and knowingly perpetrated fraud on the United States Patent and Trademark Office.

39. Applicant is not entitled to Registrations on the Principal Register of Applicant's Marks as, on information and belief, Applicant has never had any legitimate interest in Applicant's Marks, Applicant never had a bona-fide intent to use Applicant's Marks, and because Applicant knowingly committed fraud when it filed the Opposed Applications.

40. On information and belief, had it been aware of the false and fraudulent declaration referred to above and of Applicant's knowing fraudulent acts, the USPTO would not have accepted the filing of the applications, nor allowed Applicant's applications to publish.

SECOND CLAIM FOR RELIEF
(No bona fide intent to use)

41. Opposer repeats and re-alleges paragraphs 1 to 40 above with the same force and effect as if set forth herein at length.

42. Applicant's applications are void *ab initio* as, on information and belief, Applicant had no good faith bona fide intent to use Applicant's Marks for Applicant's Goods.

43. Applicant's actions in filing intent to use trademark applications are insufficient to establish a bona fide intent to use Applicant's Marks as applied for.

44. On information and belief, and with the exception of the mark shown in Application Serial No. 87945312, Applicant has taken no steps to begin commercial use of Applicant's Marks either prior to or subsequent to the filing of the Opposed Applications.

45. On information and belief, on June 1, 2018, when Applicant filed the Opposed Applications, Applicant had no objective bona-fide intent to use Applicant's Marks.

46. The registration of Applicant's Marks to Applicant will cause the relevant purchasing public to erroneously assume and thus be confused, misled, or deceived, that Applicant's goods are made by, licensed by, controlled by, sponsored by, or in some way connected, related or associated with Opposer's TO KALON Marks, all to Opposer's irreparable damage.

47. Opposer believes that it is and will be damaged by registration of Applicant's Marks as applied for by Applicant.

THIRD CLAIM FOR RELIEF
(False Suggestion Of Connection Between Applicant and Opposer)

48. Opposer repeats and re-alleges the allegations in paragraphs 1 through 24 as if fully set forth herein.

49. Each of Applicant's Marks as shown in the Opposed Applications includes an express reference to Mr. Crabb, who Applicant admits is a deceased person of historical importance in the Napa Valley and its wine-making region.

50. As a result of the advertising and promotion by Opposer and Opposer's predecessor-in-interest of the connection between Mr. Crabb and Opposer and Opposer's predecessor-in-interest for over thirty years, and Opposer's adoption and use of the H.W.C. Marks, Mr. Crabb has become a core element of Opposer's public identity.

51. The “CRABB” element of the marks shown in Application Serial Nos. 87945310, 87944993, 87945312, and 87945302 is a close approximation of the identity of Opposer, and would be recognized as such by purchasers.

52. The “HENRY WALKER” element of the marks shown in Application Serial Nos. 87945310, 87944993, 87944990, 87944988, and 87945302 is a close approximation of the identity of Opposer, and would be recognized as such by purchasers.

53. The “H.W.” element of the marks shown in Application Serial Nos. 87944993, 87944990, and 87945312 is a close approximation of the identity of Opposer, and would be recognized as such by purchasers.

54. On information and belief, in light of Mr. Crabb’s historical association with the “TO KALON” brand, and Opposer’s ownership of exclusive rights to use the TO KALON Marks and the H.W.C. Marks, the appearance of Mr. Crabb’s name in Applicant’s Marks is intended to associate the goods intended to be sold under Applicant’s Marks with Opposer.

55. Because of Mr. Crabb’s association and reputation in connection with the TO KALON Marks and the H.W.C. Marks as a result of the marketing efforts of Opposer and its predecessor, Mondavi, the relevant consuming public will recognize that the reference to “CRABB”, “HENRY WALKER” and “H.W.” in Applicant’s Marks points uniquely and unmistakably to Opposer.

56. Opposer has no connection with the goods intended to be sold or sold by Applicant under Applicant’s Marks.

57. Mr. Crabb is of sufficient fame or reputation that when Applicant’s Marks are used on or in connection with Applicant’s identified goods, a connection with Opposer would be presumed.

58. As a result of the foregoing, Applicant’s Marks are unregistrable under Section 2(a) of the United States Trademark Act, 15 U.S.C. § 1052(a).

59. Opposer will be damaged by registration of Applicant's Marks as shown in the Opposed Applications because registration will give Applicant *prima facie* evidence of its ownership of, and its exclusive nationwide right to use, marks that would suggest an association with Opposer where none exists.

FOURTH CLAIM FOR RELIEF
(Likelihood of Confusion With Previously Used Trademarks)

60. Opposer repeats and re-alleges the allegations in paragraphs 1 through 24 as if fully set forth herein.

61. Applicant's Marks as shown in the Opposed Applications so resemble Opposer's previously used and not abandoned H.W.C. Marks as to be likely, when used on or in connection with the goods identified in the Opposed Applications, to cause confusion, to cause mistake, or to deceive, and Applicant's Marks are thus unregistrable under Section 2(d) of the United States Trademark Act, 15 U.S.C. § 1052(d).

62. Opposer will be damaged by registration of Applicant's Marks as shown in the Opposed Applications because registration will give Applicant *prima facie* evidence of its ownership of, and its exclusive nationwide right to use, marks that are confusingly similar to Opposer's previously used and not abandoned H.W.C. Marks.

FIFTH CLAIM FOR RELIEF
(Deceptive Misdescriptiveness)

63. Opposer repeats and re-alleges the allegations in paragraphs 1 through 24 as if fully set forth herein.

64. Each of Applicant's Marks as shown in the Opposed Applications includes an express reference to Mr. Crabb, who Applicant admits is a deceased person of historical importance in the Napa Valley and its wine-making region.

65. Vineyard land historically owned by Mr. Crabb is still valued by winemakers for its historic significance and geologic features that make the land optimal for growing wine grapes.

66. Wine made from grapes grown on land once used by Mr. Crabb for vineyards is still valued by consumers and command high prices.

67. None of Mr. Crabb's historic vineyard land is included within any portion of Applicant's current landholdings.

68. Consumers associate the name "Crabb" with qualities, characteristics, features, or ingredients of wine goods.

69. Notwithstanding the lack of relationship between Mr. Crabb's vineyard lands and any use of "CRABB", "HENRY WALKER" or "H.W." by Applicant for wines, the relevant consuming public, when faced with Applicant's Marks, is likely to believe that goods sold under Applicant's Marks are made from grapes grown on vineyard lands historically owned by Mr. Crabb and would therefore have particular characteristics, qualities and features.

70. Because wine made from grapes grown on the land historically owned by Mr. Crabb is known to be of very high quality, the intended use of "CRABB", "HENRY WALKER" or "H.W." in Applicant's Marks is likely to affect the purchasing decisions of the relevant consuming public.

71. Because there is no association between Mr. Crabb's historic vineyard lands and Applicant's intended use of "CRABB", "HENRY WALKER" or "H.W.", Applicant's Marks are deceptively misdescriptive.

72. Opposer will be damaged by registration of Applicant's Marks as shown in the Opposed Applications because registration will give Applicant *prima facie* evidence of its ownership of, and its exclusive nationwide right to use, marks that are likely to deceive the public into believing that there is an association between Mr. Crabb or Mr. Crabb's winery

operations and the goods on or in connection with which Applicant intends to use Applicant's Marks.

WHEREFORE, Opposer prays for judgment sustaining this opposition and refusing registration to Applicant of Applicant's Marks as shown in the Opposed Applications.

Respectfully submitted,

SEYFARTH SHAW LLP

Date: February 19, 2022

By: /Kenneth L. Wilton/

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CONSTELLATION BRANDS U.S.
OPERATIONS, INC.

APPENDIX 2

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

X

~~Constellation Brands U.S. Operations, Inc.~~ ~~Opposition No.~~
~~Opposer~~ ~~Mark: HENRY WALKER CRABB~~
~~v.~~

In the Matter of Application Serial ~~No~~Nos.:
87945310

~~The Vineyard House LLC~~ ~~Filed: June 1, 2018~~
~~Applicant~~ ~~Published: November 13, 2018~~
~~Mark: (HENRY WALKER (H.W.) CRABB)~~
Serial No.: 87944993

~~Filed: June 1, 2018~~
~~Published: November 13, 2018~~
Mark: (HENRY WALKER (H.W.))
Serial No.: CRABB
87944990

~~Filed: June 1, 2018~~
~~Published: November 13, 2018~~
Mark: (HENRY WALKER (H.W.))
Serial No.: 87944988

~~Filed: June 1, 2018~~
~~Published: November 13, 2018~~
Mark: H.W. CRABB

Serial No.: (HENRY WALKER)
87945312
~~Filed: June 1, 2018~~
~~Published: November 13, 2018~~

Mark: ~~HENRY~~ (H.W. CRABB)
Serial No.: 87945302 (HENRY W. CRABB)
~~Published: November 13, 2018~~

~~Referred to hereinafter as the
"Marks Being Opposed"~~

~~X~~

NOTICE OF OPPOSITION
PURSUANT TO 15 U.S.C. SECTION 1063

~~In the matter of trademark applications for the Marks Being Opposed filed by
Applicant, The Vineyard House LLC, ("Applicant"), for the Marks Being Opposed as~~

trademarks for wine ("Applicant's Goods"), published for opposition in the Official Gazette of November 13, 2018, ~~the time to oppose having been extended;~~

<p><u>CONSTELLATION BRANDS U.S. OPERATIONS, INC.,</u></p> <p><u>Opposer,</u></p> <p><u>v.</u></p> <p><u>THE VINEYARD HOUSE LLC,</u></p> <p><u>Applicant.</u></p>	<p><u>Opposition No. 91245800</u></p>
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OPPOSER’S AMENDED NOTICE OF OPPOSITION

Opposer, Constellation Brands U.S. Operations, Inc., (“Opposer”), a corporation organized and existing under the laws of New York and located and doing business at 235 North Bloomfield Road, Canandaigua, NY 14424, believes that it will be damaged by the registration of the alleged marks identified in the caption above (the “Opposed Applications”) and opposes the registrations of the ~~Marks Being~~ Opposed Applications under the provisions of 15 U.S.C. §1063 (Trademark Act of 1946, Section 13).

As grounds of opposition, it is alleged that:

1. Opposer is a wholly-owned subsidiary of Constellation Brands, Inc., (“CBI”) a corporation existing under the laws of Delaware and located and doing business at Building 100, 207 High Point Drive, Victor, NY 14564.
2. CBI is the world’s largest source of premium wines and Opposer is one of CBI’s largest operating companies.

3. As one of CBI's largest operating companies, Opposer is the owner of no less than 200 U.S. trademarks and applications and registrations therefor as reflected in the records of the United States Patent and Trademark Office (USPTO).

4. Opposer is also the operator of several wineries to which several trademarks pertain.

5. Among the wineries operated by Opposer is Robert Mondavi Winery of 7801 Saint Helena Highway, Oakville, CA 94562 ("Mondavi").

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Notice of Opposition C-B-U-S-O v.s. THE VINEYARD HOUSE

~~6. Robert Mondavi Winery operates several vineyards including but not limited to TO KALON VINEYARD which has become recognized as one of the finest first-growth vineyards of the world.~~

6. ~~7.~~ In the mid-1800's, Napa Valley pioneer Hamilton W. Crabb, also known as Henry Walker Crabb and/or Henry W. Crabb and/or H.W. Crabb, first planted Opposer's TO KALON VINEYARD in 1868 purchased farmland in the Napa County area of California.

7. In or about 1886, after adding additional acreage to his holdings, Mr. Crabb began calling his company the "To-Kalon Wine Company."

8. By virtue of his pioneering efforts, Mr. Crabb had in the 19th Century become closely associated with the brand "To Kalon."

9. By the time of his death in 1899, Mr. Crabb had acquired approximately 368 acres of vineyard land in the area. None of that land is included within any portion of Applicant's current landholdings.

10. Mr. Crabb died in 1899 and his land holdings were sold off among several buyers.

11. Mondavi was founded in 1966, and over the following decade or so Mondavi acquired, *inter alia*, the majority of the original Crabb vineyard properties.

12. In the mid-1980's, Mondavi adopted the mark "TO KALON" to use on and in connection with wine from grapes grown on portions of the Mondavi estate.

13. By assignment from Mondavi, Opposer owns all right, title and interest in the following TO KALON-formative marks:

a. Registration No. 1489619, granted May 24, 1988, for the mark TO KALON for "wine" in Class 33; and

b. Registration No. 1857851, granted October 11, 1994, for the mark TO KALON VINEYARD for "wine" in 33.

~~8. Opposer is the owner of the following incontestable registrations for TO~~

~~KALON and variations thereof as well as pending applications therefor:~~

Trademark	Serial No.	Application Date	Registration No.	Registration Date	Class	Trademark
TO KALON*	73665622	06/09/1987	1489619	03/02/1988	33	Registered
TO KALON VINEYARD*	74456021	11/03/1993	1857851	07/19/1994	33	Registered
TO KALON 1886	87818643	03/02/2018			33	Pending
THE MIRACLE OF TO KALON	88010746	06/22/2018			33	Pending

~~*indicates incontestable registration~~

Both of these registrations are valid and subsisting and have become incontestable. Copies of current printouts of information from the electronic database records of the USPTO showing the current status and title of these registrations are attached hereto as Exhibit A and are incorporated by reference herein as if set forth in full. They are referred to herein as the "TO KALON Marks."

14. Since adopting the TO KALON Marks, Opposer and its predecessor-in-interest, Mondavi, have promoted the historical association between Mr. Crabb and the “TO KALON” brand and, in or about 2012, Opposer commenced use of Mr. Crabb’s initials, H.W.C. and HWC as trademarks on and in connection with wine (“H.W.C. Marks”).

15. As a result of the foregoing activities, Mr. Crabb has been and continues to be associated in the minds of the relevant consuming public with Opposer’s TO KALON Marks and H.W.C. Marks, and thus to Opposer.

16. Opposer and Applicant were litigants in a civil action before the United States District Court for the Northern District of California involving the TO KALON Marks, styled as *The Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, Case No. 4:19-cv-1424-YGR (N.D. Cal.) (the “Civil Action”).

17. In a January 26, 2021, Rule 52 Order After Trial On the Merits in the Civil Action, the Northern District Court found Applicant liable for trademark infringement and permanently enjoined Applicant “from using the words To Kalon or To Kalon Vineyard or any variation thereof in any manner on any wine, wine-related product, reference to a wine product, or event or activity where such wine is present or referenced.”

18. The Northern District Court made several findings of fact and law in the January 26, 2021, Rule 52 Order After Trial On the Merits in the Civil Action relating to the relationship between Mr. Crabb, the TO KALON Marks, and Opposer, including that:

- a. Mr. Crabb was “both a pioneer and instrumental force within the developing wine industry of Napa Valley” (page 5);
- b. The land used by Applicant to produce wine was never planted as a vineyard by Mr. Crabb (pages 6-7);

- c. The TO KALON Marks have “gained substantial notoriety in the wine market among consumers and those in the trade” since their adoption by Opposer’s predecessor, Mondavi (page 13);
- d. sophisticated wine consumers, merchants, and professionals immersed in the Northern California wine industry have a current understanding of the history of the TO KALON Marks (page 9); and
- e. Applicant “wants consumers to associate its wine with the wine which they understand to be sourced from those formerly belonging to the H.W. Crabb’s To Kalon Vineyard.” (page 14).

19. On information and belief, Applicant has adopted and intends to use HENRY WALKER CRABB, HENRY WALKER (H.W.) CRABB, HENRY WALKER (H.W.), HENRY WALKER, H.W. CRABB, and HENRY W. CRABB (“Applicant’s Marks”) on or in connection with wine, the origin of which has no association with Mr. Crabb’s historical vineyard land.

20. On June 1, 2018, Applicant filed Application Serial Nos. 87945310 seeking registration of HENRY WALKER CRABB, 87944993 seeking registration of HENRY WALKER (H.W.) CRABB, 87944990 seeking registration of HENRY WALKER (H.W.), 87944988 seeking registration of HENRY WALKER, 87945312 seeking registration of H.W. CRABB, 87945302 seeking registration of HENRY W. CRABB, all based on its alleged intent to use Applicant’s Marks on or in connection with “wines” in Class 33 (“Applicant’s Goods”).

21. 9. ~~As the owner of TO KALON VINEYARD and the trademarks associated therewith~~ the majority of Mr. Crabb’s historical vineyard land, Opposer has a real, direct and

personal stake in preventing the registration of marks that suggest a connection to ~~TO KALON VINEYARD~~that land.

22. ~~10. The Applicant's~~ Marks ~~Being Opposed~~ suggest a direct connection to ~~TO KALON VINEYARD~~Mr. Crabb's historical vineyard land.

23. ~~11.~~ Opposer has an interest in using ~~the Applicant's~~ Marks ~~Being Opposed~~ to promote ~~TO KALON VINEYARD and~~goods sold under Opposer's TO KALON ~~marks~~Marks and H.W.C. Marks.

24. ~~12.~~ Opposer's real, direct and personal stake in preventing the registration of ~~the Applicant's~~ Marks ~~Being Opposed~~ is beyond that of the general public.

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~~Notice of Opposition C B U S O v s. THE VINEYARD HOUSE
COUNT 1~~

**FRAUD IN THE
FIRST CLAIM FOR RELIEF
(Fraud in the USPTO)**

25. ~~13.~~ Opposer repeats and re-alleges paragraphs 1 to ~~12~~24 above with the same force and effect as is set forth herein at length.

26. ~~14. On June 1, 2018,~~ Applicant's ~~behavior~~concurrently concurrent filing on June 1, 2018, for multiple ITU-based applications to register variations of Hamilton Crabb, also known as Henry Walker Crabb and/or Henry W. Crabb and/or H.W. Crabb is indicative of Applicant's lack of a bona fide intent to use the marks applied for.

27. ~~15.~~ Applicant's filing of numerous ITU trademark applications on the same date with the United States Patent and Trademark Office for variations of the same mark covering the

same goods casts doubt on Applicant's bona fide intention to use any one of ~~the Applicant's~~
Marks ~~Being Opposed~~.

28. ~~16.~~ The legislative history of the Trademark Law Revision Act of 1988 (~~"TLRA"~~) reveals that Congress intended the test of ~~"bona fide"~~ intent to be shown by ~~"objective"~~ evidence of ~~"circumstances"~~ showing a bona fide intent to use the marks for which applications have been filed.

29. ~~17.~~ At ~~On information and belief, at~~ the time the applications were filed, Applicant had no documentary evidence demonstrating objective evidence of its bona fide intent to use Marks Being Opposed.

30. ~~18.~~ The need for objective evidence of a bona fide intent to use a mark is to keep a single business or individual from monopolizing a number of potential marks on the basis of a mere statement of intent to use the marks in the future.

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~~Notice of Opposition C B U S O v s. THE VINEYARD HOUSE~~

31. ~~19.~~ Applicant's actions are indicative of an attempt to monopolize a number of potential marks on the basis of a mere statement of intent to use the marks in the future and without a bona fide intent to use the same.

32. ~~20.~~ On information and belief, on June 1, 2018, in ~~Applicant's applications for~~ the ~~Marks Being Opposed~~ Applications, Applicant, having no bona-fide intent to use ~~the Applicant's~~ Marks ~~Being Opposed~~, knowingly made false and fraudulent statements in ~~Applicant's applications~~ the Opposed Applications wherein it falsely claimed, ~~"The applicant~~

has a bona fide intention to use the mark in commerce on or in connection with the identified goods and/or services” for Applicant’s International class 033 services.

33. ~~21.~~ On information and belief, Applicant knowingly did not have a bona fide intent to use ~~the Applicant’s~~ Marks ~~Being Opposed~~ as Applicant has not taken steps to commence use of ~~the Applicant’s~~ Marks ~~Being Opposed~~ on Applicant’s Goods.

34. ~~22.~~ The On information and belief, the false and fraudulent ~~declaration~~ declarations referred to above with respect to Applicant’s Marks ~~Being Opposed~~ was made by Applicant with actual knowledge of falsity, and was not made on information and belief and was made by a person or entity who knew or should have known the same was false and fraudulent.

35. ~~23.~~ On information and belief, Applicant knowingly made false, material misrepresentations of fact in connection with ~~Applicant’s applications~~ the Opposed Applications when it made the false and fraudulent ~~declaration~~ declarations referred to above.

36. ~~24.~~ The On information and belief, the false and fraudulent ~~declaration~~ declarations referred to above with respect to ~~Applicant’s Marks Being~~ the Opposed Applications was made with the intent to deceive the USPTO and that the USPTO rely upon the same.

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~~Notice of Opposition C-B-U-S-O v.s. THE VINEYARD HOUSE~~

37. ~~25.~~ The On information and belief, the USPTO did rely on the false and fraudulent declarations when it acknowledged the filing of the applications and allowed Applicant’s applications to publish.

38. ~~26. As~~ On information and belief, as a result, Applicant willfully and knowingly perpetrated fraud on the United States Patent and Trademark Office.

39. ~~27.~~ Applicant is not entitled to a ~~Registration~~ Registrations on the Principal Register of Applicant's Marks ~~Being Opposed~~ as, on information and belief, Applicant has never had any legitimate interest in Applicant's Marks ~~Being Opposed~~, Applicant never had a bona-fide intent to use Applicant's Marks ~~Being Opposed~~, and because Applicant knowingly committed fraud when it filed ~~Applicant's applications~~ the Opposed Applications.

40. ~~28. Had~~ On information and belief, had it been aware of the false and fraudulent declaration referred to above and of Applicant's knowing fraudulent acts, the USPTO would not have accepted the filing of the applications, nor allowed Applicant's applications to publish.

COUNT II

~~NO BONA FIDE INTENT TO USE~~ SECOND CLAIM FOR RELIEF (No bona fide intent to use)

41. ~~29.~~ Opposer repeats and re-alleges paragraphs 1 to ~~28~~40 above with the same force and effect as if set forth herein at length.

42. ~~30.~~ Applicant's applications are void *ab initio* as, on information and belief, Applicant had no good faith bona fide intent to use Applicant's Marks ~~being Opposed~~ for Applicant's Goods.

43. ~~31.~~ Applicant's actions in filing intent to use trademark applications are insufficient to establish a bona fide intent to use Applicant's Marks ~~Being Opposed~~ as applied for.

44. ~~32.~~ On information and belief, and with the exception of the mark shown in Application Serial No. 87945312, Applicant has taken no steps to begin commercial use of

Applicant's Marks ~~Being Opposed~~ either prior to or subsequent to the filing of the Applicant's applications Opposed Applications.

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~~Notice of Opposition C-B-U-S-O v s. THE VINEYARD HOUSE~~

45. ~~33.~~ On information and belief, on June 1, 2018, when Applicant filed Applicant's applications the Opposed Applications, Applicant had no objective bona-fide intent to use Applicant's Marks ~~Being Opposed~~.

46. ~~34.~~ The registration of ~~the Applicant's~~ Marks ~~Being Opposed~~ to Applicant will cause the relevant purchasing public to erroneously assume and thus be confused, misled, or deceived, that Applicant's goods are made by, licensed by, controlled by, sponsored by, or in some way connected, related or associated with Opposer's TO KALON ~~VINEYARD and~~ ~~Opposers TO KALON marks~~ Marks, all to Opposer's irreparable damage.

47. ~~35.~~ Opposer believes that it is and will be damaged by registration of ~~the Applicant's~~ Marks ~~Being Opposed~~ as applied for by Applicant.

THIRD CLAIM FOR RELIEF

(False Suggestion Of Connection Between Applicant and Opposer)

48. Opposer repeats and re-alleges the allegations in paragraphs 1 through 24 as if fully set forth herein.

49. Each of Applicant's Marks as shown in the Opposed Applications includes an express reference to Mr. Crabb, who Applicant admits is a deceased person of historical importance in the Napa Valley and its wine-making region.

50. As a result of the advertising and promotion by Opposer and Opposer's predecessor-in-interest of the connection between Mr. Crabb and Opposer and Opposer's

predecessor-in-interest for over thirty years, and Opposer's adoption and use of the H.W.C. Marks, Mr. Crabb has become a core element of Opposer's public identity.

51. The "CRABB" element of the marks shown in Application Serial Nos. 87945310, 87944993, 87945312, and 87945302 is a close approximation of the identity of Opposer, and would be recognized as such by purchasers.

52. The "HENRY WALKER" element of the marks shown in Application Serial Nos. 87945310, 87944993, 87944990, 87944988, and 87945302 is a close approximation of the identity of Opposer, and would be recognized as such by purchasers.

53. The "H.W." element of the marks shown in Application Serial Nos. 87944993, 87944990, and 87945312 is a close approximation of the identity of Opposer, and would be recognized as such by purchasers.

54. On information and belief, in light of Mr. Crabb's historical association with the "TO KALON" brand, and Opposer's ownership of exclusive rights to use the TO KALON Marks and the H.W.C. Marks, the appearance of Mr. Crabb's name in Applicant's Marks is intended to associate the goods intended to be sold under Applicant's Marks with Opposer.

55. Because of Mr. Crabb's association and reputation in connection with the TO KALON Marks and the H.W.C. Marks as a result of the marketing efforts of Opposer and its predecessor, Mondavi, the relevant consuming public will recognize that the reference to "CRABB", "HENRY WALKER" and "H.W." in Applicant's Marks points uniquely and unmistakably to Opposer.

56. Opposer has no connection with the goods intended to be sold or sold by Applicant under Applicant's Marks.

57. Mr. Crabb is of sufficient fame or reputation that when Applicant's Marks are used on or in connection with Applicant's identified goods, a connection with Opposer would be presumed.

58. As a result of the foregoing, Applicant's Marks are unregistrable under Section 2(a) of the United States Trademark Act, 15 U.S.C. § 1052(a).

59. Opposer will be damaged by registration of Applicant's Marks as shown in the Opposed Applications because registration will give Applicant *prima facie* evidence of its ownership of, and its exclusive nationwide right to use, marks that would suggest an association with Opposer where none exists.

FOURTH CLAIM FOR RELIEF
(Likelihood of Confusion With Previously Used Trademarks)

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61. Applicant's Marks as shown in the Opposed Applications so resemble Opposer's previously used and not abandoned H.W.C. Marks as to be likely, when used on or in connection with the goods identified in the Opposed Applications, to cause confusion, to cause mistake, or to deceive, and Applicant's Marks are thus unregistrable under Section 2(d) of the United States Trademark Act, 15 U.S.C. § 1052(d).

62. Opposer will be damaged by registration of Applicant's Marks as shown in the Opposed Applications because registration will give Applicant *prima facie* evidence of its ownership of, and its exclusive nationwide right to use, marks that are confusingly similar to Opposer's previously used and not abandoned H.W.C. Marks.

FIFTH CLAIM FOR RELIEF
(Deceptive Misdescriptiveness)

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64. Each of Applicant's Marks as shown in the Opposed Applications includes an express reference to Mr. Crabb, who Applicant admits is a deceased person of historical importance in the Napa Valley and its wine-making region.

65. Vineyard land historically owned by Mr. Crabb is still valued by winemakers for its historic significance and geologic features that make the land optimal for growing wine grapes.

66. Wine made from grapes grown on land once used by Mr. Crabb for vineyards is still valued by consumers and command high prices.

67. None of Mr. Crabb's historic vineyard land is included within any portion of Applicant's current landholdings.

68. Consumers associate the name "Crabb" with qualities, characteristics, features, or ingredients of wine goods.

69. Notwithstanding the lack of relationship between Mr. Crabb's vineyard lands and any use of "CRABB", "HENRY WALKER" or "H.W." by Applicant for wines, the relevant consuming public, when faced with Applicant's Marks, is likely to believe that goods sold under Applicant's Marks are made from grapes grown on vineyard lands historically owned by Mr. Crabb and would therefore have particular characteristics, qualities and features.

70. Because wine made from grapes grown on the land historically owned by Mr. Crabb is known to be of very high quality, the intended use of "CRABB", "HENRY

WALKER” or “H.W.” in Applicant’s Marks is likely to affect the purchasing decisions of the relevant consuming public.

71. Because there is no association between Mr. Crabb’s historic vineyard lands and Applicant’s intended use of “CRABB”, “HENRY WALKER” or “H.W.”, Applicant’s Marks are deceptively misdescriptive.

72. Opposer will be damaged by registration of Applicant’s Marks as shown in the Opposed Applications because registration will give Applicant *prima facie* evidence of its ownership of, and its exclusive nationwide right to use, marks that are likely to deceive the public into believing that there is an association between Mr. Crabb or Mr. Crabb’s winery operations and the goods on or in connection with which Applicant intends to use Applicant’s Marks.

WHEREFORE, Opposer prays ~~that the applications~~ for judgment sustaining this opposition and refusing registration to Applicant of Applicant’s Marks ~~Being as shown in the~~ ~~Opposed, filed on June 1, 2018 be denied and that this Opposition be sustained~~ Applications.

~~Respectfully submitted for Opposer~~

~~Constellation Brands U.S. Operations, Inc.~~

~~Dated: January 12, 2019~~

~~By: -/Stephen L. Baker/
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Respectfully submitted,

SEYFARTH SHAW LLP

Date: February 19, 2022

By: /Kenneth L. Wilton/

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CONSTELLATION BRANDS U.S.

OPERATIONS, INC.

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

In the Matter of Application Serial Nos.:
87945310 (HENRY WALKER CRABB)
87944993 (HENRY WALKER (H.W.) CRABB)
87944990 (HENRY WALKER (H.W.))
87944988 (HENRY WALKER)
87945312 (H.W. CRABB)
87945302 (HENRY W. CRABB)
Published in the Official Gazette of November 13, 2018

CONSTELLATION BRANDS U.S.
OPERATIONS, INC.,

Opposer,

v.

THE VINEYARD HOUSE LLC,

Applicant.

Opposition No. 91245800 (Parent)
Opposition No. 91246515

**DECLARATION OF KENNETH L. WILTON IN SUPPORT OF
OPPOSER’S MOTION FOR LEAVE TO AMEND NOTICE OF OPPOSITION IN
PARENT PROCEEDING NO. 91245800**

I, Kenneth L. Wilton, hereby declare under penalty of perjury:

1. I am a partner in the firm Seyfarth Shaw LLP, attorneys for Opposer Constellation Brands U.S. Operations, Inc. (“Opposer”) in these opposition proceedings. I submit this declaration in support of Opposer’s Motion For Leave To Amend Notice Of Opposition In Parent Proceeding No. 91245800. I make this declaration based on personal knowledge of the facts and circumstances set forth herein and on my review of the documents attached hereto.

2. CBUSO has been involved in an ongoing dispute with Applicant The Vineyard House LLC (“Applicant”). These proceedings are part of several TTAB proceedings and two

federal court lawsuits (consolidated before the United States District Court for the Northern District of California under *The Vineyard House v. Constellation Brands U.S. Operations, Inc.*, Case No. 19-cv-01424 (the “Civil Action”)) between the parties.

3. In January and February, 2019, Opposer opposed eight applications filed by Applicant to register CRABB-formative trademarks, namely this proceeding and Opposition No. 91246515. In September, 2020, Opposer opposed four additional applications filed by Applicant to register CRABB-formative trademarks, Opposition Nos. 91264970 and 91264972.

4. In the Civil Action, Applicant sought to cancel Opposer’s incontestable TO KALON (U.S. Reg. No. 1,489,619) and TO KALON VINEYARD (U.S. Reg. No. 1,857,851) registrations. [13 TTABVUE 9-34, Exhibit A: Complaint.]

5. After Opposer filed suit against Applicant alleging that Applicant’s use of the TO KALON and TO KALON VINEYARD marks infringed Opposer’s trademark rights (*Constellation Brands U.S. Operations, Inc. v. The Vineyard House, LLC*, Case No. 3:20-cv-00238 (N.D. Cal. filed Jan. 10, 2020)), the two suits were consolidated.

6. On January 26, 2021, following a bench trial that concluded in December, 2020, the District Court entered judgment against Applicant and in favor of Opposer in the Civil Action. The District Court also entered a permanent injunction against Applicant prohibiting Applicant’s use of the TO KALON Marks in connection with wine. A true and correct of the District Court’s Judgment Under Rule 58, *Constellation Brands U.S. Operations, Inc. v. The Vineyard House, LLC*, Case No. 3:20-cv-00238 (N.D. Cal. Jan. 26, 2021), is attached as **Exhibit A**. A true and correct of the District Court’s Rule 52 Order After Trial, *Constellation Brands U.S. Operations, Inc. v. The Vineyard House, LLC*, Case No. 3:20-cv-00238 (N.D. Cal. Jan. 26, 2021), is attached as **Exhibit B**.

7. Applicant did not appeal the judgment.

8. Following the entry of judgment, upon a motion by Opposer, the District Court held that the case was “exceptional” under 15 U.S.C. § 1117(a) and awarded \$2.3 million in fees and costs against Applicant. A true and correct copy of the District Court’s Post-Trial Order re: Attorneys’ Fees and Expert Fees is attached as **Exhibit C**.

9. Applicant did not appeal the award.

10. My law firm did not represent Opposer in the Civil Action and was not directly involved in the discussions regarding the resolution of the Civil Action. Nonetheless, it is my understanding that in settlement discussions beginning in March 2021, Applicant proposed resolutions by which Applicant would abandon almost all of the applications involved in disputes between the parties. It is my understanding that Applicant and Opposer were still considering an overall resolution of their dispute, including these consolidated proceedings, as of early October, 2021.

11. Ultimately, Applicant satisfied the judgment on or around October 27, 2021. A true and correct copy of the Acknowledgement of Satisfaction of Judgment filed October 27, 2021, in the Civil Action is attached as **Exhibit D**.

12. As a result, until October, 2021, it was my understanding that there remained a possibility that these proceedings would be resolved.

13. On November 3, 2021, I sent a letter to Applicant’s counsel seeking to resume discussions about outstanding discovery issues and to schedule depositions in related proceedings. Applicant requested a meet and confer, which was held on November 11. During that meeting, Applicant put forth a new settlement proposal.

14. Opposer put forth a counter-proposal to Applicant on December 17, 2021. Applicant did not immediately respond to the substance of the proposal. In an email of January 25, 2022, I asked Applicant's counsel to confirm whether Applicant was rejecting the proposal and not submitting a new counter-proposal. Applicant's counsel confirmed that same day that Applicant had rejected Opposer' counter-proposal.

15. Thus, until late January, 2022, about three weeks before this filing, it was my understanding that there remained a possibility that these proceedings would be resolved.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 19th day of February, 2022 at Los Angeles, California.

/Kenneth L. Wilton/
Kenneth L. Wilton

EXHIBIT A

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

THE VINEYARD HOUSE, LLC,
Plaintiff,

v.

**CONSTELLATION BRANDS U.S.
OPERATIONS, INC.,**
Defendant.

Case No. 4:19-cv-01424-YGR
CONSOLIDATED CASE

JUDGMENT UNDER RULE 58

**CONSTELLATION BRANDS U.S.
OPERATIONS, INC.,**
Consolidated Plaintiff,

v.

THE VINEYARD HOUSE, LLC,
Consolidated Defendant.

TO ALL PARTIES AND COUNSEL OF RECORD, based on the findings of fact and conclusions of law filed concurrently herewith, and for good cause showing,

JUDGMENT IS HEREBY ENTERED in favor of Constellation Brands U.S. Operations, Inc and against The Vineyard House, LLC.

FURTHER, The Vineyard House, LLC and any and all of its agents, members, officers, directors, employees, and/or principals are **HEREBY PERMANENTLY ENJOINED** from using the words To Kalon or To Kalon Vineyard or any variation thereof in any manner on any wine, wine-related product, reference to a wine product, or event or activity where such wine is present or referenced. The permanent injunction extends to any affiliate of the The Vineyard House and its principal Jeremy Nickel including without limitation the To Kalon Farm.

Notice or a copy of this injunction shall be provided to all employees.

IT IS HEREBY ORDERED AND ADJUDGED.

Dated: January 26, 2021


YVONNE GONZALEZ ROGERS
UNITED STATES DISTRICT JUDGE

United States District Court
Northern District of California

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EXHIBIT B

United States District Court
Northern District of California

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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

THE VINEYARD HOUSE, LLC,
Plaintiff,

v.

**CONSTELLATION BRANDS U.S.
OPERATIONS, INC.,**
Defendant.

Case No. 4:19-cv-01424-YGR
CONSOLIDATED CASE

**RULE 52 ORDER AFTER TRIAL ON THE
MERITS**

**CONSTELLATION BRANDS U.S.
OPERATIONS, INC.,**
Consolidated Plaintiff,

v.

THE VINEYARD HOUSE, LLC,
Consolidated Defendant.

“To Kalon:” Defined by the Greeks as “Highest Good” or the “Highest Beauty.” Undisputedly used in Napa Valley by the famous winemaker H.W. Crabb beginning as early as 1886. More recently trademarked by Robert Mondavi Winery (“RMW”) in 1988. The roots of this action are embedded in the fundamental question of what “To Kalon” represents or signifies now and for the last hundred and thirty years. Like much in nature, “To Kalon” has transformed with time. Yet, despite this change, one conclusion is certain: The Vineyard House (“TVH”) cannot use the term in any way, shape, or form. Based on a seven-day bench trial, the Court’s rationale is detailed below in its Findings of Fact and Conclusions of Law.¹

¹ The Court will not encumber these Findings of Fact and Conclusions of law with voluminous record cites as the same is clearly identified in the parties’ post-trial filings found at Docket Numbers 239 and 240-4. The Court admitted, considered, and reviewed over 600 exhibits.

United States District Court
Northern District of California

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I. FINDINGS OF FACT

A. History of To Kalon

One cannot appreciate the full context of the significance of To Kalon without traveling back to the 1880s. Historians have told the tale, as early as 1889 (later reprinted in 1973), of the life of H. W. Crabb that was known:

Nestled cosily back from the county road, and half hidden by a wilderness of vines and trees, is the celebrated To Kalon Vineyard, belonging to Mr. Henry [sic] W. Crabb. The fact that Mr. Crabb is an Ohio man may have something to do with his phenomenal success as a vigneron, but his confrères seem to think that study and much practical experience are the qualifications which have crowned To Kalon products with success. "The name To Kalon " said Mr. Crabb, "is Greek, and means the highest beauty or the highest good but I try to make it mean the boss vineyard." There are 350 acres in vines ranging from 12 to 18 years old, and the whole tract is well sheltered from the sea breeze.

* * *

As a successful wine-maker Mr. Crabb is without a peer in the State,
....

Wines and Vines of California, pp. 108, 109, (1889) (later reprinted in 1973) (TX0311); *see also* California Wineries, Napa Valley, Volume One, p.79 (1975) (TX0312).

The legacy of Hamilton Walker Crabb² was repeated in numerous books among other names which have remained constant in the Napa Valley for well over a century:

Napa County's viticulture began as a direct descendant of Sonoma's when George Yount crossed the western Mayacamas range separating the two parallel valleys and set out cuttings from General Vallejo's Mission vines. Then for more than two decades it slumbered, progressing little, until Charles Krug made the same crossing. Krug brought with him the ideas and ideals of Agoston Haraszthy, and he sparked the Napa Valley's dramatic ascent to pre-eminence in both quantity and, to many palates, quality. It was at first a slow ascent, but between 1870 and 1880 wine production increased nearly ten-fold. By the end of that decade Napa was producing about half as many gallons as the state's leader, Sonoma, and almost as many as second-place Los Angeles County. A decade after that it led them all. . . .

An even more adventuresome vineyardist was Hamilton Walker Crabb, an Ohioan who came to the Napa Valley in 1865 and, although

² Some historians refer to Mr. Crabb as "Henry W. Crabb," while others "Hamilton W. Crabb." The Court relies on the official probate records of the individual to refer to him as "Hamilton."

1 close to middle age, began planting vines with youthful single-
 2 mindedness. He had a passionate interest in experimenting with
 3 different varieties, and he bought all he could lay his hands on,
 A decade after he began he had nearly two hundred varieties, by the
 1880s some four hundred.

4 Winemaking in California, Ruth Teiser, pp. 82, 83 (1983) (TX0339). The record is replete with
 5 references showing that Mr. Crabb used To Kalon (or some variation thereof) as a brand on wine,
 6 the name of a company, and the name of his vineyard, all simultaneously. The suggestion that it
 7 only referred to a vineyard is defied by the evidence in the record.

8 According to Andrew Beckstoffer, the history of H.W. Crabb was well-known and well-
 9 documented when Mr. Beckstoffer arrived in the valley in approximately 1967 or 1968 from
 10 Connecticut charged with researching Napa Valley for Heublein, Inc., which was entering the
 11 domestic wine business and in the process of buying the now well-known wineries called
 12 Inglenook and Beaulieu Vineyards, in addition to Italian Swiss Colony. Assuredly, those
 13 interested in, and knowledgeable of, the history of California wines, were familiar with the history
 14 of H.W. Crabb.

15 While the precise boundaries of Mr. Crabb's vineyard may have been illusive, the general
 16 reference to the land was not. Mr. Beckstoffer found five or six different books and each one
 17 mentioned that the "To Kalon Vineyard as being the most outstanding vineyard in Napa Valley . .
 18 . ." (Trial Transcript ("TT"), Vol. 2, p. 236: 8-9.) He believes the references included such
 19 publications as including Wines & Vines (1937); F. Schoonmaker and T. Marvel, American
 20 Wines (1941); Wines & Vines, Vol. 24, No. 8 (1943); Wines & Vines, Vol. 32, No. 2 (1951).
 21 Before 1988, other books existed which referenced To Kalon as part of Napa Valley's history,
 22 continued before 1988.³ That said, there is sparse evidence that signs or maps demarcated the
 23

24 ³ (See TT, Vol. 2, pp.250-56 (citing Wines & Vines, Vol. 50, No. 2 (1969); D. Corey,
 25 Hamilton Walker Crabb (1973); F. Wait, Wines & Vines of California (1973, reprint of 1889
 26 book) (TX0311); M. Topolos and B. Dobson, California Wineries: Vol. I, Napa Valley (1975)
 27 (TX0312); R. Teiser and C. Harroun, Winemaking in California (1983) (TX0339); and in 1988
 28 and thereafter: B. Dobson, Fruit of the Vine, 200 Years of Winemaking in California, (1988)
 (TX0353); T. Pinney, A History of Wine in America, (1989); D. Berger and R. Hinkle, An Inside
 Look at Napa Valley (1991); C. Sullivan, Napa Wine - A History from Mission Days to Present
 (1994); I. Haynes, Ghost Wineries of Napa Valley. (1995); C. Sullivan, A Companion to
 California Wine, (1998); L. Weber, Old Napa Valley, The History to 1900 (1998); S. Koplan, A
 Sense of Place: An Intimate Portrait of the Niebaum-Coppola Winery and the Napa Valley (1999);

1 boundaries of the vineyard (precise or otherwise) unlike other geographic areas such as the
 2 existing townships in Napa Valley or established American Vinicultural Areas (“AVA”). The
 3 Court acknowledges one historic map which showed the vineyard, but it was more of a general
 4 attraction.

5 Mr. Beckstoffer testified that he believed he learned the location of H.W. Crabb’s To
 6 Kalon Vineyard, that being the “357 . . . contiguous acres in Oakville, California” where he
 7 “cultivate[d] grapes,” in 1969, through his research and Beaulieu Vineyard’s winemaker, Mr.
 8 Andre Tchelistcheff. (TT, Vol 2, pp. 243:14-15, 246:8-19.) More precisely, Mr. Crabb purchased
 9 240.66 acres in 1868, then 119.83 contiguous acres in 1879 for a total of 360.49. All of this land
 10 sits in a geological formation called an alluvial fan on the floor of the Napa Valley which is
 11 created from a mixture of gravel and rock that had washed down the Mayacamas Mountains and
 12 settled onto the Napa Valley floor. No dispute exists that Mr. Crabb harvested grapes for wine
 13 from this acreage.

14 Rather, this action raised the question of whether wine grapes were grown on a separate
 15 parcel up the hill known as the Baldrige Parcel. An excellent summary of the historical record in
 16 this regard can be found in a report which plaintiff itself commissioned in 2018 to submit to the
 17 Napa County Planning Commission long before the filing of this action. (*See* TX1002.) That it
 18 was not done for purposes of litigation increases its reliability and credibility.

19 The report instructed that in 1872, Mr. Crabb switched from cultivating table grapes to
 20 wine grapes and renamed his operations “Hermosa Vineyards.” *Hermosa* meaning “beautiful” in
 21 Spanish. The nature of the soil contributed to the success of his wine making. By 1878, he had
 22 planted half his property with 120,000 vines becoming, by the end of the decade, “one of the
 23 largest, most productive wineries in Napa Valley and perhaps the state.”

24 Fourteen years later, in 1886, Mr. Crabb renamed his winery as the To-Kalon Winery
 25 Company. Over his career, Mr. Crabb won numerous domestic and European wine awards, spoke
 26 at conferences, wrote prolifically, and shared his expertise and knowledge about viticulture. He

27 _____
 28 W. Heintz, California's Napa Valley, One Hundred Sixty Years of Wine Making (1999)).

1 also established a nationwide distribution network with locations in Washington D. C. and
2 Chicago. “His winery operation [was] characterized as a “young town” employing approximately
3 80 to 100 workers and comprised of a practical and efficient complex of well-insulated, one- and
4 two-story, wood-frame buildings.” Unquestionably, he was both a pioneer and instrumental force
5 within the developing wine industry of Napa Valley.

6 **B. Acquisition of the Baldrige Property**

7 In 1889, William Baldrige⁴ sold his property, approximately 168.5 acres, including his
8 residence and the associated ancillary buildings to Mr. Crabb (“Baldrige Parcel”). Ten years
9 later, Mr. Crabb died.

10 The evidence with respect to how Mr. Crabb actually used the Baldrige Parcel is scant,
11 but with the purchase, Mr. Crabb owned over 500 acres of property. Unfortunately, plaintiff’s
12 proffered historian, Dr. Scott Miltenberger, engaged in conjecture at trial to support TVH’s trial
13 position. Undisputedly, the land was known to be, and is, primarily “hilly acreage.” (TX1002, p.
14 20.) Indeed, as plaintiff’s own report found, “[o]nly a narrow, flat portion of Baldrige’s original
15 property appears to have been cultivated for agricultural use, with the remaining portion consisting
16 of wooded foothills of the Mayacamas Mountains.” (*Id.*; *see also* TX1003 p.10.) Notably, Mr.
17 Crabb loved horse racing and the need to grow hay to support this hobby has support in the record.

18 The Court finds the best evidence regarding Mr. Crabb’s use of the land, at least relative to
19 wine making, are the probate records for “Hamilton W. Crabb,” dated March 25, 1899, which
20 included an 11-page “Inventory and Appraisal” detailing his holdings. (TX1440.) With
21 respect to his account receivables, the records identify certain affiliates, namely “To Kalon Wine
22 Co” in Washington D.C. and “To Kalon Vineyard” in Chicago, Illinois. However, more
23 importantly, his “Real Estate” holdings, which were listed and consistent with the other historical
24 records, provide the best evidence of the use of his three parcels. The inventory reads:

25

26 ⁴ William Baldrige himself had historical significance and was recognized as a “pioneer
27 of pioneers.” Interestingly, he apparently “found himself in the position of single-handedly
28 accepting the surrender of John Sutter at Sutter’s Fort. (TX 1002, p. 15.) Winemaking, though,
was never mentioned among Mr. Baldrige’s fortes.

United States District Court
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First Tract – Home Place. Situated at Oakville in Napa County California and described as follows to wit [legal description and appraisal of land]. . . .

All of said land is planted to Resistant Vineyard, nearly all grafted, and 160 acres in bearing-we appraise the value of Vineyard improvement at \$35,900.

We appraise the Building improvements on said tract at \$14,900.

Second Tract- Known as Lewelling place, adjoining the above and described as follows, [legal description and appraisal of land]. . . . 45 acres of said land is planted to resistant vineyard and to orchard, the value of which we appraise at

2,250.

We appraise the Building improvements on said land at 2,400.

Third Tract-Baldrige Farm, [legal description]

We appraise the land with the valuable timber thereon at \$3240.

The Building improvements thereon at 600.

The system of Reservoirs and piping and the Water rights of said place in connection with first two tracts above described, we value at \$8000

(TX1440 (emphasis in original).) The inventory also referenced “70 acres growing hay in field on Lewelling tr.” and “Baldrige [sic] tract” valued at \$500 and \$150, respectively. Then, in the summary or “Recapitulation,” the Inventory makes a distinct separation in Mr. Crabb’s “Real Estate” between the “To Kalon Vineyard Property at Oakville 359 acres” valued at “\$91250” and the “Baldrige Tract, including Water Rights” valued at “\$11840.”

How Mr. Crabb may have used the referenced water rights, piping and timber is irrelevant to whether he ever planted a vineyard on the Baldrige property. The evidence overwhelming confirms that he did not, at least not with any commercial value, and that the Baldrige tract was principally “wooded” or full of “valuable timber.” To find otherwise would require the Court to ignore a legal document, the entire purpose of which was to document accurately the state of Mr. Crabb’s affairs at the time of his death.

The argument that Mr. Crabb planted commercial vines on the Baldrige tract lacks any

1 evidentiary basis.⁵ That newspapers articles may have mentioned that Mr. Crabb’s vineyards were
2 over 500 acres does not compel a contrary result. (*See, e.g.*, TX0211.) The accuracy of such
3 articles must always be considered against other known information. Collapsing the extent of Mr.
4 Crabb’s ownership of lands into a newspaper blurb regarding this vineyard does not seem
5 particularly problematic from a “news” point of view but it does not persuade on the issue of
6 actual use given the evidence to the contrary.

7 After Mr. Crabb’s death, the winery operations continued until 1939 when a fire closed the
8 operations. Not until 1951 does credible evidence, that being a United States Geological Survey
9 topographic map, show vineyards growing on the Baldrige Parcel. With brief ownership by
10 Robert Lieff in 1982, Gil Nickel acquired a portion of the Baldrige lands in 1984, transferred
11 ownership to the Nickel Land Company which Jeremy Nickel inherited in 2003 upon his father’s
12 death. He then transferred the property to Nickel Vineyard Company LLC, which leases the land
13 back to TVH (both of which are wholly owned by Jeremy Nickel).

14 C. Representations to the Trademark Office

15 Robert Mondavi Winery was awarded the following U.S. Trademark Registrations (the
16 “TO KALON Registrations”):

17 **Mark** TO KALON
18 **Date of Reg.** May 24, 1988
Reg. No. Goods 1,489,619 Wine (IC 033)⁶

19 As a starting point, the TO KALON Registrations have achieved incontestability, which is
20 conclusive evidence of Constellation’s exclusive right to use TO KALON and TO KALON

21
22 ⁵ Importantly, plaintiff knew before filing suit that the historic record indicated that the
23 Baldrige property was primarily wooded, and that “Baldrige’s original estate does not appear to
24 have been cultivated with grapes used by the To-kalon Vineyard Co.” (TX1002, pp. 9, 10.) Mr.
25 Baldrige lived on the property for four decades and while he may have grown grapes there is no
26 indication that he did so to produce wine as opposed to raisins or sugar as was the custom of other
27 Napa Valley farmers. (*Id.*, pp. 14-17; *see also* TX1003 at 5-7.)

28 ⁶ Constellation Brands U.S. Operations Inc.’s (“Constellation”) predecessor trademark
owner, RMW, was originally granted registrations for TO-KALON and TO-KALON VINEYARD
(with hyphens). In 2004 and 2008, however, Constellation amended its registrations (as permitted
under 15 U.S.C. § 1057(e)) to remove the hyphens, modernizing them to TO KALON and TO
KALON VINEYARD. (TX1027 at 1-2; TX1042 at 1-2; Dkt. No. 202 at ¶7(m).)

1 VINEYARD on wine. (TX1027 at 3, 8; TX1042 at 3, 5; 15 U.S.C. § 1115(b); Dkt. No. 202 at
2 ¶7(n).)

3 Plaintiff's challenge dates back to the initial application process. In response to an Office
4 Action from the United States Patent and Trademark Office (USPTO) requesting additional
5 information regarding the proposed trademark, Robert Mondavi Winery, stated:

6 TO KALON . . . has no present meaning or significance in the
7 relevant trade or industry. Prior to the turn of the 20th Century,
8 there was a winery in the Napa Valley which used the name
9 "Tokalon." Upon information and belief, that winery was sold off
10 in parcels during the first fifteen to twenty years of the 20th
Century and use of the name was discontinued. Accordingly,
although the name has some historical significance, it has no
current meaning or significance in the wine industry.

11 (TX0018.) The evidence of whether it had "no present meaning or significance" is mixed. On the
12 one hand, the history of Mr. Crabb was well-documented in the voluminous historical writings
13 about the Napa Valley. (*See supra* note 3.) However, documentation alone does not necessarily
14 mean, for trademark purposes, that the "relevant trade or industry" afforded the phrase meaning
15 and significance.

16 The Court acknowledges that Mr. Beckstoffer credibly testified that when the USPTO
17 asked Robert Mondavi whether the name To Kalon had any historic or current meaning, and Mr.
18 Mondavi claimed it did not, that Mr. Beckstoffer reasonably believed that Mr. Mondavi knew that
19 he was misrepresenting the truth. (TT, Vol 2, p. 249: 5-7.) "[E]verybody – anybody you talked to
20 in the Napa Valley in those days would – would recall and would state that To Kalon was a
21 vineyard, a famous vineyard owned by Hamilton Crabb." (*Id.* 249:14-16.) That being said, Mr.
22 Beckstoffer also admitted that Mr. Mondavi had a reputation for honesty and believed that the
23 winemaker, more than the land, drove successful winemaking. Further, RMW *did* advise the
24 USPTO of the historic vineyard and even Mr. Beckstoffer admitted to doing research to find the
25 boundaries of Mr. Crabb's original contiguous parcels.

26 Ironically, Mr. Mondavi himself may have added to the confusion as he worked to make
27 famous the trademark he had acquired. He repeatedly retold a story of the original significance of
28 the land remarking:

1 As I [Mondavi] narrowed my search, I considered three different
 2 properties in and around Oakville. There was one, though, that stood
 3 head and shoulders above the others. It was a vineyard with a
 4 distinguished history and a magical name, To Kalon. I had first
 5 encountered To Kalon during one of our early expansion phases at
 6 Krug. We needed more grapes to boost production, and were looking
 7 for a good vineyard to buy or lease. Old Louis M. Martini, Sr., one
 8 of the most knowledgeable and hardheaded vintners in the Napa
 9 Valley urged me to take a look at the To Kalon Vineyard in Oakville.
 “Bob,” he said, “that darn place at To Kalon is one of the finest places
 in California for Cabernet Sauvignon.” I went to see To Kalon, and
 Louis was right. It was a fine property producing first-rate grapes. So
 at my urging, we began buying grapes grown on the To Kalon
 property, and in 1958, I think it was, we went even further. We
 purchased a 325-acre parcel of To Kalon for Krug in the name of the
 parent company my father had formed, C. Mondavi & Sons.

10 (TX0356 pp. 57-58; *see also* TT, Vol. 2, pp. 254-256.) A review of the actual deed transfers
 11 indisputably demonstrates that Mr. Mondavi’s story was not true. As noted, one can reasonably
 12 presume that he created the story to heighten the stature of To Kalon.

13 Even from today’s perspective, the record is replete with conflicting evidence showing
 14 how narrow, or alternatively, how widespread, is the reference to To Kalon. Mr. Nickel himself
 15 testified that he (originally) and normal wine consumers generally do not know the origins of To
 16 Kalon. The Court finds, based on a complete review of all the evidence, that sophisticated wine
 17 consumers, merchants, and professionals immersed in the Northern California wine industry have
 18 a current understanding of To Kalon. However, that finding does not extend to the time prior to
 19 1988. Rather, prior to 1988, the Court finds that the knowledge was much more limited and
 20 certainly not widespread.

21 **D. Survey Evidence**

22 The survey evidence presented in this case was fundamentally flawed and provides
 23 virtually no useful evidence for resolving the issues of confusion in this action. Moreover, the
 24 manner in which the surveyor, Matthew G. Ezell, created and conducted the survey strains
 25 credulity and presents a cautionary tale for those who seek to provide courts with useful
 26 information.

27 The generic “EverReady” survey approach was intended to be used either in a specific
 28 context or requires modification to provide any useful insights. The use here revealed virtually

1 nothing. The critical presumption underlying the approach is that the respondents have been
2 exposed to the mark. This is necessary because they must make a “mental leap” to the senior
3 mark in order for there to be any revelation of confusion. Without the exposure, the survey does
4 not work, at least not without modification.

5 Where the query concerns marks for everyday products, used by vast majority of
6 consumers, such as Apple, Coca-Cola, or EverReady, the short simple survey can provide some
7 insights. That is not, and never was, this case.⁷ Here, the mark at issue concerned a very narrow
8 group of individuals. Mr. Nickel describes his clientele as “affluent connoisseurs, and collectors
9 of Napa cult cabernets.” That description can be reasonably expanded to include a consumer of
10 ultra-premium and luxury-premium wine, which are generally priced above \$100, and affluent
11 consumers of high-end Napa County red wines. (*See* Dkt. No. 239 at 11; Dkt. No. 240-4 at 53.)

12 The relevant universe is those who one reasonably believes are potential purchasers of the
13 juniors’ goods. Mr. Ezell did not sufficiently determine whether those surveyed were actually
14 prospective purchasers of the class of goods. Using a generic web-based survey pool, who are not
15 adequately screened, does little to find the relevant universe. In fact, it is unlikely that such a tool
16 could ever be used to find affluent consumers of Napa Valley wines willing to spend luxury prices
17 of over \$100 per bottle.

18 Mr. Ezell performed no validation to test, even at the highest level, the results of his
19 survey. For instance, extrapolating the survey data to the national framework suggests that 84
20 percent of wine drinking consumers have ordered one bottle of wine online or through a wine
21 club, which would be more than half of all Americans. Focusing solely on those who purchased a
22 bottle of wine of \$100 or more, the data suggests that 32 percent of wine consumers or 20 percent
23 of Americans bought such a bottle online or through a wine club.

24 Further, the questions were not particularly helpful to determine whether TVH’s use of To

25 _____
26 ⁷ The notion that Mr. Ezell conducted the survey in this manner because Constellation
27 claimed it was a “strong source identifier” for “Constellation Brands” itself in an unverified
28 complaint strains credulity and elevates a technicality over substance. Rule 8 requires only notice
pleading. The belief that such a tactic would warrant any measure of serious consideration defies
logic.

1 Kalon as a vineyard designation would cause confusion with the use of To Kalon as a trademark.
 2 Remarkably, Mr. Ezell even miscategorized statements from respondents with respect to
 3 confusion.

4 Given the stark failures in conducting the survey, the Court finds Mr. Ezell’s credibility to
 5 be entirely lacking and affords his opinion little to no weight.

6 **II. CONCLUSIONS OF LAW**

7 **A. Claims at Issue in Both Actions**

8 Having issued a preliminary injunction in this action, the Court begins with Constellation’s
 9 claim that TVH’s use of the name To Kalon constitutes trademark infringement under the Lanham
 10 Act, 15 U.S.C. § 1114.

11 TVH is liable for infringement under 15 U.S.C. § 1114 for using the To Kalon marks if:
 12 (1) Constellation owns a valid, protectable trademark; (2) TVH used the name To Kalon on wine
 13 products without Constellation’s consent; and (3) such use was in a manner likely to cause
 14 confusion among ordinary consumers as to the source, sponsorship, affiliation, or approval of such
 15 wine. *See Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118, 1124 (9th Cir. 2014) (trademark
 16 infringement claim requires trademark owner to show (1) it has a protected ownership interest in
 17 the subject mark, and (2) the accused infringer’s use of a similar mark is likely to cause consumer
 18 confusion, thereby infringing the trademark owner’s rights.); *Dep’t of Parks & Rec. v. Bazaar Del*
 19 *Mundo Inc.*, 448 F.3d 1118, 1124 (9th Cir. 2006); *E & G Gallo Winery v. Gallo Cattle Co.*, 967
 20 F.2d 1280, 1290 (9th Cir. 1992).

21 When assessing confusion, courts in the Ninth Circuit generally use the eight “*Sleekcraft*
 22 factors” to guide their analysis, namely (1) the similarity of the marks; (2) the relatedness of the
 23 goods; (3) the marketing channels used; (4) the strength of the senior mark; (5) the degree of care
 24 likely to be exercised by purchasers; (6) the defendant’s intent in selecting its mark; (7) any
 25 evidence of actual confusion; and (8) the likelihood the parties will expand their product lines.
 26 *E & G Gallo Winery*, 967 F.2d at 1290. The factors are not exhaustive, some are more important
 27 than others, and not all are necessarily relevant in each case. *See E & G Gallo*, 967 F.2d at 1290;
 28 *cf. also GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1209 (9th Cir. 2000) (“[w]e have

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1 previously emphasized the minimal importance of the intent factor”); *Brookfield Comm., Inc. v.*
2 *West Coast Ent. Corp.*, 174 F.3d 1036, 1060 (9th Cir. 1999) (“an intent to confuse customers is
3 not required”).

4 Here, no material dispute exists as to the first two elements: First, Constellation owns a
5 valid, protectable trademark in the term To Kalon. Whether it should be cancelled is a separate
6 and distinct inquiry. Second, TVH not only used the mark without consent, but it did so in
7 violation of this Court’s preliminary injunction and steadfastly maintains that it should be able to
8 use it. Thus, the Court focuses on the final element, that is, likelihood of confusion. The evidence
9 strongly shows likelihood of confusion under *Sleekcraft*. First, TVH used the precise words of the
10 trademark on both sides of the bottle which establishes similarity: To Kalon and To Kalon
11 Vineyard.



28 (TX0085, TX0086.)

1 Second, the goods overlap: both parties sell high end luxury wines. The wines at issue do
2 not just retail for over \$100. The highest end “cult” wines sell for over \$300 including TVH wines.

3 Next, the marketing channels overlap: both use wine clubs and online sales. Further, TVH
4 wants to expand to include sales at the vineyard itself as is shown by its application to the Napa
5 County Planning Commission for a tasting room.

6 With respect to the strength of the mark and degree of care by consumers, the Court notes
7 that while the clock cannot be turned back 33 years to determine with surgical precision the extent
8 of the market’s historical knowledge of To Kalon, what *is* known is that in the last 33 years, the
9 mark has gained substantial notoriety in the wine market among consumers and those in the trade.
10 The mark is understood to be connected to the alluvial fields in the Oakville American Viticultural
11 Area, but even experts in the field cannot easily distinguish between, on the one hand, the Home
12 Place parcel or the Lewelling parcel (which TVH calls “historic To Kalon”), or on the other hand,
13 the contiguous additional acreage which has the same geologic characteristics, such as the I-Block.
14 That RMW, and now Constellation, use the term as a both a brand and a reference to all of their
15 alluvial fields in the Oakville AVA does not weaken the mark. Rather, it is the combined effect
16 that has strengthened the mark.

17 Further, there is no credible evidence to show, nor is it logical to believe, that consumers
18 would be able to distinguish the infringing wine from those which appropriately bear the
19 trademark given how the label creates the source of confusion. Said differently, while the wine
20 from the hilly Baldrige parcel may taste differently than the wine from the alluvial valley parcels,
21 one first encounters the product by looking at a label. The use of To Kalon has meaning and the
22 precise location of parcels is difficult to discern, whether it be a valley parcel or a nearby hillside
23 parcel. (*See e.g.* TX1413, TX1414 (maps denoting different vineyard blocks on the valley floor).)
24 Nothing on a label can explain to a consumer the lines on a parcel map which have changed with
25 ownership, nor the geological differences of valley versus hillside land, all of which took many
26 hours of trial time to unravel. It is not reasonable to expect consumers to read TVH’s label and
27 understand the historic and geological differences in the various parcels at play. Rather, confusion
28 is much more likely if “To Kalon” is allowed on the label. Further, and as noted above, TVH’s

1 attempt to show lack of confusion fails entirely given the significant inadequacies of the purported
2 survey.⁸

3 Finally, TVH's intent is unambiguous. TVH wants consumers to associate its wine with
4 the wine which they understand to be sourced from those formerly belonging to the H.W. Crabb's
5 To Kalon Vineyard. According to Nova Cadamatre, the issue and price of "cult" wines is largely
6 a function of access. The more demand for a limited production of wines, the higher the price.
7 For instance, TVH sells 75 percent of the grapes from the Baldrige property to Harlan Estates
8 whose wine is widely known as a cult wine. Those are priced between \$350 to \$750 per bottle.
9 (TT, Vol. 3, p. 509:15-18.) While Mr. Nickel may be truthful when he claims not to want to be
10 affiliated with "Mondavi," increasing the prestige of his wine by affiliating it with To Kalon is a
11 wholly different motivation. If TVH can increase the prestige of its wine, then it can increase
12 demand, and over time, increase the price of a self-admitted "cult wine."

13 Thus, the Court finds all the *Sleekcraft* factors are satisfied and the risk of confusion
14 substantial. Constellation has proved a prima facie case of trademark infringement.

15 TVH asserts numerous affirmative defenses including that (i) TVH used the name To
16 Kalon fairly and in good faith only to describe the goods and their geographic origin and not as a
17 trademark, (ii) the trademark registrations should be cancelled, (iii) Constellation has unclean
18 hands, and (iv) Constellation abandoned the trademark. The Court addresses each.

19 **B. Affirmative Defenses**

20 *i. Fair Use*

21 TVH claims fair use in referencing To Kalon on its wine bottles because H. W. Crabb
22 owned the Baldrige Parcel for the last ten years of his life and produced wine from grapes grown
23 thereon. The Court disagrees.

24 In general, the first requirement of the "fair use" defense is that the use a party seeks to
25

26 ⁸ Interestingly, the one person in the survey who revealed knowledge of the senior mark
27 (as is necessary for the efficacy of the survey) indicated that there *was* confusion. Many others
28 also identified confusion, though not credited by the "expert," and only acknowledged in post-trial
briefing by the lawyers.

1 exclude from a claim of infringement must be “otherwise than as a mark.” 15 U.S.C. § 1115(b)(4).
 2 A phrase functions as a trademark if it is used to “identify and distinguish” a party’s goods from
 3 those sold by others and to indicate source. *See id.*, § 1127; *see also TMEP*, § 1202. In some
 4 circumstances, however, a junior user can use another’s registered trademark so long as it is in a
 5 non-trademark, geographical sense. 2 McCarthy on Trademarks and Unfair Competition § 14:17
 6 (5th ed. September 2020 Update) (hereafter “McCarthy on Trademarks”). Producers of goods that
 7 are located in a specific place have a limited right to tell purchasers of their location. McCarthy
 8 on Trademarks, at § 14:12; *see Sazerac Brands, LLC v. Peristyle, LLC*, 892 F.3d 853, 855 (6th
 9 Cir. 2018) (affirming judgment for defendant who used Old Taylor Distillery to describe its
 10 location). 15 U.S.C. § 1115(b)(4) allows a fair use for trademarks that describe “the geographic
 11 origin” of a junior trademark user’s product. *See* 15 U.S.C. § 1115(b)(4); *see also Sazerac*
 12 *Brands, LLC v. Peristyle, LLC*, 892 F.3d at 855-859 (references were descriptive and geographic
 13 because they “referred to Old Taylor to pinpoint the historic location where [the distiller] planned
 14 to make a new bourbon, not to brand that bourbon.”).

15 As referenced above, the Court does not find that the historical record supports TVH’s
 16 claim that Mr. Crabb grew wine grapes on the Baldrige Parcel. TVH’s hired historian
 17 manipulated a sentence in a historic report to conclude incredulously that such a vineyard was not
 18 only possible, but likely.⁹ Counsel’s post hoc attempt to rehabilitate Dr. Miltenberger does not
 19 persuade where he was adamant in his trial testimony and unflinching in his resolve with respect
 20 to his opinion. The Court agrees that Mr. Crabb was an innovator and a businessman, but one
 21 must strain to suggest that he used the Baldrige parcel to grow grapes given the probate records.
 22 At most, one might surmise that the parcel contained a source of water which he piped to the
 23 valley.

24
 25 ⁹ “A: I -- I still believe that it's more -- more likely, given the description, that it was at the
 26 Baldrige property. You know, what's been laid out is a possible -- is a possible reading. I can see
 27 a reading where in terms of experimentation and because in the 1890s there was some notion that
 28 perhaps the hillsides produced better fruit, more resistant fruit, that you could have it both ways,
 experiment on the valley floor and experiment at Baldrige. I see that as a possibility as well.”
 (TT Vol. 1, p. 95:14-22.)

1 TVH's theory does not have support in even less historic times. Mr. Beckstoffer himself
2 testified that he only knew the land as a forest dating back to the late 1960s. TVH's own wine
3 expert Doug Frost conceded that the wine industry *did not* consider the reference to To Kalon to
4 include hillside vineyards and the ARG report submitted for the TVH's tasting room also
5 concluded the same.

6 Given the overwhelming lack of evidence to support this theory, to allow TVH to make
7 such a representation on its wine would itself mislead the wine consuming public. The affirmative
8 defense of fair use fails. Similarly, TVH's claim for declaratory relief of non-infringement due to
9 fair use also fails.

10 *ii. Cancellation*

11 Next TVH requests cancellation of the mark. Here, TVH claims that RMW
12 misrepresented a material fact to the USPTO in the trademark application process, RMW knew
13 that these representations were false when it made them, RMW made such misrepresentations
14 intending to induce the USPTO to rely on them, and the USPTO reasonably relied thereon. 15
15 U.S.C. § 1115(b)(1); *Intellimedia Sports, Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2D (BNA) 1203,
16 1206 (Trademark Trial & App. Bd. May 20, 1997) (fraud on the USPTO as basis for cancellation
17 of registered mark); *see, Int'l House of Pancakes v. Elca, Corp.*, 1982 TTAB LEXIS 17, *9
18 (Trademark Trial & App. Bd. November 30, 1982) (same). Cancellation on the basis of fraud on
19 the USPTO requires "clear and convincing evidence for the elements of fraud on the [US]PTO."
20 *OTR Wheel Engineering, Inc. v. West Worldwide Services, Inc.*, 897 F.3d 1008, 1020 (9th Cir.
21 2018). For a claim for cancellation based on fraud, a party must establish the following elements:
22 "1) a false representation regarding a material fact; 2) the registrant's knowledge or belief that the
23 representation is false; 3) the registrant's intent to induce reliance upon the misrepresentation; 4)
24 actual, reasonable reliance on the misrepresentation; and 5) damages proximately caused by that
25 reliance." *Id.* at 1019.

26 RMW's application shows that RMW explicitly advised the USPTO that To Kalon had
27 previously had a historical usage, stating: "[p]rior to the turn of the 20th Century, there was a
28 winery in the Napa Valley which used the name 'Tokalon.'" This was true, as is the fact that the

1 “use of the name was discontinued.” Had the name been as famous in the 1980s as it is today, it
2 would have been unnecessary for Mr. Mondavi to commission a historical report on the land
3 which compiled all the historic information. The context of the commission increases the
4 reliability of its findings and provides circumstantial evidence of Mr. Mondavi’s state of mind.
5 Notably, TVH identifies no motive for the alleged misrepresentation or need to have skewed the
6 historical record. Nor does the Court discern one. Rather it is much more likely that the name was
7 known to some but not all. Moreover, the representation to the USPTO was accurate.

8 In terms of whether RMW could have been more complete in its response to the USPTO,
9 the Court agrees with Mr. Robert Cissel who credibly testified that this historic information is not
10 the type of material information which is determinative of whether the “primary significance” of a
11 term is geographic. To Kalon does not refer to an AVA or a town or any other primary geographic
12 location. The record is replete with evidence showing that Mr. Crabb used To Kalon both as a
13 brand *and* as a reference to his vineyard. TVH’s attempt to make a stark distinction which did not
14 exist historically fails.

15 The weight of the evidence supports the finding that RMW provided the USPTO with
16 sufficient information and did not represent the then-current historical view of To Kalon, and, in
17 any event, given that historic use of the term as both a brand and a vineyard, there was no need for
18 the USPTO to reject the application on the basis that the “primary significance” of the term was
19 geographic. The affirmative defense of cancellation fails. Similarly, TVH’s claim for declaratory
20 relief of non-infringement due to cancellation also fails.

21 *iii. Unclean Hands*

22 TVH argues that it should have no liability for infringement of Constellation’s “To Kalon”
23 marks because Constellation has unclean hands, in that it has misrepresented the origin, nature,
24 characteristics, qualities, or geographic origins of its goods by selling wine labeled “To Kalon”
25 that is not at least 95 percent sourced from the “Home Place” and “Lewelling Place” parcels. 15
26 U.S.C. § 1125(a). The Court disagrees.

27 To prevail on an unclean hands defense, the party “must demonstrate that the [opposing
28 party’s] conduct is inequitable and that the conduct relates to the subject matter of its claims.”

1 *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 847 (9th Cir.1987). “[E]quity requires
2 that those seeking its protection shall have acted fairly and without fraud or deceit as to the
3 controversy in issue.” *Id.* A party must demonstrate unclean hands in a trademark action by
4 “clear, convincing evidence.” *TrafficSchool.com, Inc. v. Edriver Inc.*, 653 F.3d 820, 833 (9th Cir.
5 2011).

6 Here, Constellation not only has an incontestable mark which it can use accordingly, but,
7 the manner in which it has used the mark does not misrepresent the origin, nature, characteristics,
8 qualities or geographic origins of the wine on the labels. All of the wines at issue originate from
9 either the Home Place or Lewelling Place parcels or those areas contiguous thereto which have the
10 same alluvial geographic structure and the same microclimate which contribute to the flavor of the
11 grapes. There is no misrepresentation. Nor is there a requirement, given the incontestable mark,
12 that Constellation only use the mark on the wines originating from those two parcels.

13 The lawsuit between Mondavi and Beckstoffer which ended in a settlement and license
14 agreement resolved any issues which may have existed by specifying labeling practices to protect
15 against any legitimate concern. There is no evidence that Constellation is in violation of those
16 practices. The affirmative defense of unclean hands fails. Similarly, TVH’s claim for relief based
17 on false advertising and false designation of origin under 15 U.S.C. 1125(a) also fails.¹⁰

18 *iv. Abandonment and Naked Licensing*

19 Finally, TVH argues that Constellation has effectively abandoned the mark by failing to
20 control licensing adequately—in other words, Constellation has issued naked licenses to its
21 sublicensees and has effectively abandoned the To Kalon trademark.

22 To prove abandonment, TVH must show that Constellation licensed the use of the To
23 Kalon and To Kalon Vineyard trademarks and then failed to control the quality of goods produced
24 by its licensees and sub-licensees in an adequate manner. *Barcamerica Int’l USA Tr. v. Tyfield*
25 *Importers, Inc.*, 289 F.3d 589, 595-96 (9th Cir. 2002). “[T]he proponent of a naked license theory
26

27 _____
28 ¹⁰ Accordingly, to the extent not otherwise addressed in this Order, the Court declines to
address Constellation’s affirmative defenses to TVH’s affirmative claims for relief.

1 of trademark abandonment must meet a stringent standard of proof.” *FreecycleSunnyvale v.*
2 *Freecycle Network*, 626 F.3d 509, 514-15 (9th Cir. 2010).¹¹ As the Ninth Circuit has explained:

3 Naked licensing occurs when the licensor fails to exercise adequate
4 quality control over the licensee. . . . Naked licensing may result in
5 the trademark's ceasing to function as a symbol of quality and a
6 controlled source. . . . We have previously declared that naked
7 licensing is inherently deceptive and constitutes abandonment of any
8 rights to the trademark by the licensor. . . . Consequently, where the
9 licensor fails to exercise adequate quality control over the licensee, a
10 court may find that the trademark owner has abandoned the
11 trademark, in which case the owner would be estopped from asserting
12 rights to the trademark. . . .

13 *Id.* at 515-16 (internal quotation marks and citations omitted). The purpose of “controlling” the
14 “quality of goods” is to protect the trademark.

15 Trial evidence demonstrated that the fundamental approach to marketing of wines has
16 remained relatively consistent for decades. The focus on quality is preminent.

17 This is all promotion. It did not happen overnight, nor by accident.
18 Greater affluence, with the consequent increase in travel and social
19 occasions, has opened new vistas on the world of wine. The “new”
20 consumer with an informed taste for good wine did not just suddenly
21 appear, as Agricultural Economist Dr. Kirby Moulton says, “like
22 Venus on the half-shell.” He is the result of quiet but persistent
23 industry promotion. . . . Quality is still and above all the answer.
24 Nobody needs a crystal ball to predict that quality wines will never be
25 oversupplied.

26 California Wineries, Napa Valley, Volume One, p.79 (1975) (TX0312). Thus, in the wine
27 industry and the maintenance of one’s trademark, the focus is on quality and, perhaps, for lower-
28 end wines consistency. In this way, the issue of quality differs given the nature of the wine.
29 Importantly, the question of commercial adequacy, in terms of control, cannot be untethered from
30 the realities of the industry itself nor arbitrarily tied to stale generic requirements as TVH would
31 have the Court do.

32 Even assuming TVH could argue abandonment as an affirmative defense, the facts do not

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¹¹ To date, the Ninth Circuit has not clarified whether a “stringent standard of proof”
requires “clear and convincing” evidence or a “preponderance of the evidence.” *Id.* The parties
have both indicated that they believe the “clear and convincing” standard applies. In any event,
the Court need not resolve this issue, because under either evidentiary standard, TVH has failed to
show that Constellation has indeed abandoned the To Kalon mark under a naked licensing theory.

1 support TVH's position. Undisputedly, Constellation has licensed the trademark to Beckstoffer
2 who has sub-licensed to wineries who buy grapes from Beckstoffer's vineyards. Here,
3 Constellation and Beckstoffer are operating in an electronic age. Hard files do not exist as they
4 did in the past so the lack thereof does not prove abandonment. Informality does not necessarily
5 mean lack of control in a close-knit environment. Everyone of import to the question, that is
6 Constellation, Beckstoffer, and all the sublicensees, have an incentive to ensure the quality of the
7 goods, and by extension, the strength of the trademark as it is the trademark that adds value and
8 goodwill to the goods. Thus, the fact that Constellation receives reports with hyperlinks showing
9 the wine ratings of wine critics for wines using the To Kalon trademarks is evidence of control.
10 The acknowledgement and informal monitoring that wines being produced from these grapes are
11 done so by some of the most prominent wine makers in the industry and sold at luxury prices is
12 evidence of control. The periodic tasting of the wines also evidences control.

13 Had a formal program been implemented, this issue would never have been raised, but to
14 claim abandonment strains credulity. There is no need to overregulate quality where no evidence
15 exists that quality is in peril. The process of producing luxury wines is organic, artistic and
16 extends over many years. The day-to-day informal monitoring of these wines evidences control.
17 Mr. Beckstoffer admitted that at least once, he had to discuss concerns with a sublicensee over
18 which he would have terminated the license due to quality issues.¹² The law does not demand
19 documentation, although documentation often resolves issues without the need of litigation.

20 That Gallo Wineries conducts chemical experiments to monitor its mass produced, low-
21 end wines does not serve as useful corollary. Again, issues regarding adequate control need not be
22 formulaic. Mr. Paul Reidl credibly testified as to the process used by Gallo Wineries, but the
23 concern about a consistent flavor or any health effects from a low-end product does not mean that
24 its approach is commercially reasonable for luxury wines. Even Mr. Reidl's template for a license

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26 ¹² Counsel's cross-examination of Mr. Beckstoffer did not persuade. Mr. Beckstoffer
27 credibly testified that under his sublicense agreement he was entitled to terminate for failure to
28 comply with the requirements therein including quality issues. Counsel's attempt to corner him on
certain technical language in the sublicense failed and did not result in any evidence to support
plaintiff's theory.

1 tied to quality control (*see* TX00011D) is consistent with the actions taken by Constellation and
 2 Beckstoffer. Moreover, the informal approach used here has, in fact, worked. There is not even a
 3 hint of a suggestion that the wines produced by the licensees and sub-licensees were not of high
 4 quality.

5 In short, it appears that the “defense” was raised merely as a hail-Mary attempt to cancel a
 6 mark so TVH could capitalize on it. Notably, the claim was never made until after the Court
 7 issued its preliminary injunction and the prospect of an award of attorneys’ fees became more
 8 realistic. The claim of abandonment fails.

9 C. Constellation’s State Law Claims

10 Constellation’s three state law claims turn on essentially the same tests as do their federal
 11 law counterpart claims. *See Cleary v. News Corp.*, 30 F.3d 1255, 1262-63 (9th Cir. 1994) (“This
 12 Circuit has consistently held that state common law claims of unfair competition and actions
 13 pursuant to California Business and Professions Code § 17200 are ‘substantially congruent’ to
 14 claims made under the Lanham Act.”) (quoting *International Order of Job’s Daughters v.*
 15 *Lindeburg & Co.*, 633 F.2d 912, 916 (9th Cir. 1980)). The elements of the state law count for
 16 trademark infringement¹³ (Fourth Claim), unfair competition¹⁴ (Fifth Claim) and Section 17200 of
 17 California Business and Professions Code¹⁵ (Sixth Claim) overlap with that of the federal claim.

18
 19 ¹³ TVH shall be liable for infringement under California common law if: (i) Constellation
 20 made prior use of the TO KALON or TO KALON VINEYARD trademarks, and (ii) there is a
 21 likelihood that TVH’s uses of the name To Kalon will be confused with Constellation’s use of
 those marks. *See Wood v. Apodaca*, 375 F. Supp. 2d 942, 947-48 (N.D. Cal. 2005).

22 ¹⁴ TVH shall be liable for unfair competition under California common law if: (i) TVH
 23 wrongly exploited Constellation’s TO KALON and/or TO KALON VINEYARD trademarks,
 24 and/or reputation, and (ii) Constellation suffered a “competitive injury” as a result of TVH’s
 25 conduct. *Walter v. Mattel, Inc.*, 210 F.3d 1108, 1111 (9th Cir. 2000) (“Claims for false
 26 designation of origin under the Lanham Act and unfair competition under California common law
 both share a single test: likelihood of confusion.”); *Microsoft Corp. v. Buy More, Inc.*, No. 15-
 56544, 703 F. App’x 476, 480 (9th Cir. June 27, 2017) (“The analysis for these claims is therefore
 identical to the analysis for [the trademark owner’s] trademark infringement claim.”) (internal
 citations omitted).

27 ¹⁵ TVH shall be liable under California Business & Professions Code § 17200 *et seq.* if TVH
 28 committed either (i) an unlawful business practice, or (ii) a fraudulent business practice, or (iii) an
 unfair business practice, or (iv) an act prohibited by Bus & Prof. Code 17500 *et seq.*, and

1 The Court relies on the prior analysis except as is noted herein. The Fourth Claim for
 2 trademark infringement under state law is the same as the federal claim and the Court finds in
 3 favor of Constellation on the same grounds as discussed above. With respect to Fifth Claim for
 4 unfair competition, the first element is satisfied for the same reasons as discussed above. With
 5 respect to the second element regarding “competitive injury,” the Court finds it is satisfied by
 6 TVH’s acts of selling wine with the good will which accompanied the use of Constellation’s
 7 trademark. The Court finds in Constellation’s favor on this claim. However, with respect to the
 8 Sixth Claim, while the Court finds the first element satisfied for the same reasons referenced
 9 above, Constellation failed to provide any evidence that it lost money or property. This claim fails
 10 for lack of proof.

11 **III. RELIEF**

12 The Court acknowledges that Constellation has withdrawn its claims for damages (*see* Dkt.
 13 No. 236, n.16), but seeks injunctive relief. Given the findings of fact and conclusions of law, a
 14 permanent injunction is aptly supported.

15 Under Ninth Circuit law, an injunction should issue upon proof that the plaintiff (1)
 16 “suffered an irreparable injury; (2) that remedies available at law . . . are inadequate to compensate
 17 for that injury; (3) that . . . the balance of hardships between the [parties] [warrants] a remedy in
 18 equity; and (4) that the public interest would not be disserved by a permanent injunction.” *eBay*
 19 *Inc. v. MercExchange LLC*, 547 U.S. 388, 391 (2006); *see also Herb Reed Enter., LLC v. Florida*
 20 *Enter. Mgmt., Inc.*, 736 F.3d 1239, 1249 (9th Cir. 2013). Each of those factors has unquestionably
 21 been met.

22 The loss of control over one’s trademarks, reputation, and goodwill is “a quintessentially
 23 irreparable injury.” *Adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222, 1249 (D. Or.
 24 2016) (citing *Herb Reed*, 736 F.3d at 1250); *see also Toyo Tire & Rubber Co. v. Kabusikiki*

26 Constellation has suffered injury in fact and has lost money or property as a result of the unfair
 27 competition. Cal. Bus. & Prof. Code § 17200; *Kearns v. Ford Motor Co.*, 567 F.3d 1120, 1127
 28 (9th Cir. 2009); *Saunders v. Superior Court*, 27 Cal. App. 4th 832, 838-39 (1994) (explaining
 what “unlawful” and “fraudulent” business practices are).

1 *Kaisha Tokyo Nihoon Rubber Corp*, 2015 WL 6501228, *4 (D. Nev. Oct. 26, 2015) (finding
2 irreparable harm where trademark owner had “spent considerable time and effort building its
3 reputation”); McCarthy on Trademarks, § 30:47.70 (“A likelihood of damage to reputation is by
4 its nature ‘irreparable.’ Like trying to un-ring a bell, trying to ‘compensate’ after the fact for
5 damage to business goodwill and reputation cannot constitute a just or full compensation.”).¹⁶

6 As trial evidence showed, To Kalon has become a fixture in Northern California’s wine
7 industry. Attempting to quantify the goodwill which would be lost, especially amongst the narrow
8 luxury wine market, is incredibly difficult. Without an injunction, The Vineyard House, LLC will
9 continue to try and use the term for its own benefit and such use will not only be a violation of
10 Constellation’s trademark rights but will harm the public as it will suggest an inference regarding
11 the origin of the wine that is unsupported in any credible manner. The Vineyard House, LLC will
12 suffer no hardship as it has no right, or credible basis, to use the term.

13 Further, the evidence demonstrated convincingly that Mr. Nickel, as the sole owner of The
14 Vineyard House, LLC, has acted in a manner to combine and leverage his various commercial
15 pursuits and does not maintain boundaries. In a vacuum, such conduct may be reasonable from a
16 small business perspective. However, given the context here, the Court has little to no confidence
17 that Mr. Nickel will be able to keep separate his horse, or stock, farm business which caters to the
18 billionaires of Wellington, Florida from his wine business as run by The Vineyard House, LLC
19 which caters to consumers of luxury cult wines. Relief is issued given that context.

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22 ¹⁶ The Trademark Modernization Act of 2020 (codified as part of the Consolidated
23 Appropriations Act, 2021, Pub. L. 116-260) was signed into law on December 27, 2020. That
24 law, *inter alia*, modified the text of 15 U.S.C. § 1116(a) relating to awarding injunctive relief in
25 trademark infringement actions by inserting the following sentence after the first sentence:

26 A plaintiff seeking any such injunction shall be entitled to a rebuttable
27 presumption of irreparable harm upon a finding of a violation
28 identified in this subsection in the case of a motion for a permanent
injunction or upon a finding of likelihood of success on the merits for
a violation identified in this subsection in the case of a motion for a
preliminary injunction or temporary restraining order.

Pub. L. 116-260. Here, in light of the Court’s analysis, the insertion of the above sentence only
reinforces the appropriateness of a permanent injunction requested by Constellation.

United States District Court
Northern District of California

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Accordingly, the requested relief shall be granted and The Vineyard House, LLC and any and all of its agents, members, officers, directors, employees, and/or principals shall be permanently enjoined from using the words To Kalon or To Kalon Vineyard or any variation thereof in any manner on any wine, wine-related product, reference to a wine product, or event or activity where such wine is present or referenced. The permanent injunction extends to any affiliate of The Vineyard House, LLC and its principal Jeremy Nickel including without limitation the To-Kalon Farm.¹⁷

The Clerk of the Court is directed to enter judgment accordingly and to close this matter.¹⁸

This Order terminates Docket Numbers 236, 237, and 240.

IT IS SO ORDERED.

Dated: January 26, 2021


YVONNE GONZALEZ ROGERS
UNITED STATES DISTRICT JUDGE

¹⁷ The Court defers any finding on attorneys’ fees until further briefing from the parties.

¹⁸ Additionally, for the good cause shown therein, the Court **GRANTS** the parties’ administrative motions to seal with respect to the parties’ post-trial briefing.

EXHIBIT C

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

THE VINEYARD HOUSE, LLC.,
Plaintiff,

v.

**CONSTELLATION BRANDS U.S.
OPERATIONS, INC.,**
Defendant.

Case No. 4:19-cv-01424-YGR
CONSOLIDATED CASE

**POST-TRIAL ORDER RE: ATTORNEYS’
FEES AND EXPERT FEES**

Dkt. Nos. 249, 250

**CONSTELLATION BRANDS U.S.
OPERATIONS, INC.,**
Plaintiff,

v.

THE VINEYARD HOUSE, LLC,
Defendant.

United States District Court
Northern District of California

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On January 26, 2021, this Court issued a Rule 52 Order After Trial on the Merits (“Rule 52 Order,” Dkt. No. 244) finding in favor of Constellation Brands U.S. Operations, Inc. (“Constellation”) and against The Vineyard House, LLC (“TVH”) on both the declaratory relief action, Case No. 19-cv-1424 (“Main Action”) and the action necessitated by TVH’s active infringement of Constellation’s trademark, Case No. 20-cv-238 (“Second Action”).¹ Thereafter, Constellation filed a “Motion of Attorney Fees” and recovery of expert witness fees which is now fully briefed. The Court, having considered the briefing, and good cause appearing, **HEREBY GRANTS IN PART** the motion as follows:²

¹ The Court assumes familiarity with the contents of the Rule 52 Order and the procedural history of this consolidated case.

² The Court also **GRANTS** Constellation’s motion to seal (Dkt. No. 248), because the request is narrowly tailored and only includes confidential information. Pursuant to Federal Rule of Civil Procedure 78(b) and Civil Local Rule 7-1(b), the Court finds these motions appropriate for decision without oral argument.

1 **I. LEGAL FRAMEWORK**

2 The parties do not dispute the standard to be used in evaluating the motion, only its
3 application. Two legal standards apply. First, with respect to attorneys’ fees, the Lanham Act
4 provides that in “exceptional cases,” a court “may award reasonable attorney fees to the prevailing
5 party.” 15 U.S.C. § 1117(a). As the Supreme Court has explained, however, an “exceptional case”
6 is “simply one that stands out from others with respect to the substantive strength of a party’s
7 litigating position (considering both the governing law and the facts of the case) or the
8 unreasonable manner in which the case was litigated.” *Octane Fitness, LLC v. ICON Health &*
9 *Fitness, Inc.*, 572 U.S. 545, 554 (2014); *accord SunEarth, Inc. v. Sun Earth Solar Power Co., Ltd.*,
10 839 F.3d 1179, 1180 (9th Cir. 2016). When determining whether to exercise its equitable
11 discretion to award fees, a court is instructed to look to the “totality of the circumstances,” and
12 should consider factors such as “frivolousness, motivation, objective unreasonableness (both in the
13 factual and legal components of the case) and the need in particular circumstances to advance
14 considerations of compensation and deterrence.” *Octane Fitness*, 572 U.S. at 554 n.6 (*quoting*
15 *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 n.19 (1994)). Second, with respect to expert witness
16 fees, Federal Rule of Civil Procedure 26(b)(4)(E) provides that absent “manifest injustice,” a party
17 who seeks discovery from an expert must “pay the expert a reasonable fee for time spent in
18 responding to [the] discovery.” Fed. R. Civ. P. 26(b)(4)(E). The Court addresses each.

19 **II. APPLICATION**

20 **A. Attorneys’ Fees Under the Lanham Act**

21 This Court cannot recall a single instance where it awarded attorneys’ fees under a
22 standard requiring “exceptional” or “extraordinary” circumstances (as opposed to fees authorized
23 by statute or contract to a prevailing party). In short, this case should never have been tried.
24 Perhaps, it should never have been brought. Unlike Mr. Beckstoffer, TVH did not have a
25 legitimate claim.
26

27 However, even giving TVH the benefit of the doubt, certainly, after the Court issued a
28 preliminary injunction, the action should have resolved. The fact that TVH ignored a walk-away

1 offer is baffling. To the extent that TVH now interprets the Court’s Rule 52 Order to argue that its
 2 claim had any merit, the Court can only surmise that TVH has seized on a few phrases included to
 3 cushion the landing for the lawyers hired to pursue, unfortunately, a client’s bidding.³ Ultimately
 4 though, a line must exist across which litigants, and lawyers, should not cross without
 5 consequence. This is the line defined by the concept of “exceptional.” This is the line that TVH
 6 cavalierly traversed without any regard for the attendant costs or impact.

7 Mr. Nickel, whose actions are one and the same with TVH, showed himself to be one who
 8 cared not whether he was acting in a rash manner, who indiscriminately ignored the findings of
 9 experts when the findings did not suit him and the established parameters of the law in the context
 10 of pending litigation, while later downplaying the actions in his testimony. Courts should be used
 11 in good faith and not as a relatively free means to test one’s self-centered, unfounded ideas. An
 12 award of attorneys’ fees impresses upon those who use the courts primarily for self-indulgent
 13 purposes, and without regard for the law, that the cost will be greater than that expended on their
 14 own side of the ledger.

15 The Court will not regurgitate the findings of the Rule 52 Order which outlined the lack of
 16 any substantive legal or factual basis for pursuing the lawsuit,⁴ other than to highlight some
 17 critical issues which epitomize the point:

- 18 1. Constellation owns and owned an incontestable trademark on the term TO KALON and
 19 TO KALON VINEYARD on wine since 1988. Moreover, the Patent and Trademark
 20 Office warned TVH against using the mark.
- 21 2. The record evidence contained overwhelming numbers of references showing that Mr.
 22 Crabb used To Kalon (or some variation thereof) as a brand on wine, the name of a
 23 company, and the name of his vineyard, all simultaneously. While, of course, the term
 24

25 ³ For instance, the reference in the Rule 52 Order that the “record is replete with
 26 conflicting evidence showing how narrow, or alternatively, how widespread, is the reference to To
 27 Kalon” says nothing about the unambiguous finding that To Kalon does not, and never has, related
 to the Baldrige property.

28 ⁴ The Court concurs with the recitation of citations to the record in Constellation’s moving
 papers. As noted, the Court does not repeat the same here.

1 also included the alluvial fields in Oakville, the argument that it only referred to a vineyard
2 was specifically contradicted by the evidence for which there was no argument addressing
3 this glaring inconsistency.

4 3. TVH's case is not, and never was, Mr. Beckstoffer's case, the latter of whom owned some
5 of the alluvial, grape-growing fields which were previously owned by H.W. Crabb.
6 Further, Mr. Beckstoffer acted as a reasonable businessperson would in settling his own
7 case with a license, understanding the metes and bounds of the law.

8 4. No historical records exist to show that the Baldrige Parcel was ever used to grow grapes.
9 This was confirmed by an independent examiner, *before the litigation commenced*, hired
10 by TVH itself and relied upon for permitting purposes with Napa County. The examiner
11 explicitly advised of the lack of any connection to wine making. The hiring of an academic
12 who is willing to testify to a strained reading of a couple of sentences in a historic report
13 does not provide a valid counter-narrative. Rather, it is easily disregarded as irrelevant.

14 5. Mr. Nickel demonstrated himself to be obsessive in his desire to leverage the To Kalon
15 name by importing it to all parts of his various businesses including wine and horse racing
16 and ignoring the advice of his own employees regarding the use of the term as a likely
17 trademark violation.

18 6. Finally, TVH raised so many issues in a desperate attempt to make something out of
19 nothing that it is not surprising that costs skyrocketed. Constellation did have to defend
20 and respond in kind. Constellation submits, and TVH does not contend otherwise, that the
21 parties exchanged 63 sets of discovery or responses and twenty-two expert reports,
22 including a damages expert opining that TVH was entitled to approximately \$25.7 million
23 in damages. The parties took 21 depositions; 5 of which were experts. Motion practice
24 included two rounds of motions related to pleadings, preliminary injunctions, and
25 discovery disputes. For trial, the parties presented more than 1000 trial exhibits.

26 Across the board, TVH's theories proffered at trial lacked merit and any factual basis. The notion
27 that one can hire an expert who is willing to testify to some proffered theory does not create a
28

1 foundation to argue that the lawsuit had a meritorious basis. An expert's opinion must be
2 grounded in the record. Where the factual basis is vacuous, so too are the expert's opinions.

3 TVH's authorities do not compel a different result as each is distinguishable. *See Globefill*
4 *Inc., v. Elements Spirits, Inc.*, 756 F. App'x 764, 766 (9th Cir. 2019) (affirming the district court's
5 determination that the case was not exceptional where the losing party had reasonable litigation
6 positions); *Angioscore, Inc. v. Trireme Med., Inc.*, No. 12-CV-03393-YGR, 2015 WL 8293455, at
7 *2 (N.D. Cal. Dec. 9, 2015) (finding no exceptional case where the case was reasonably litigated
8 by all parties); *Netlist, Inc. v. Diablo Techs., Inc.*, No. 13-CV-5962 YGR, 2015 WL 5157315, at
9 *2 (N.D. Cal. Sept. 1, 2015), aff'd, 667 F. App'x 774 (Fed. Cir. 2016) (finding no exceptional case
10 where plaintiff submitted credible evidence and expert testimony, thereby making the case not
11 objectively unreasonable); *Blue Spike, LLC v. Adobe Sys., Inc.*, No. 14-CV-01647-YGR, 2015 WL
12 5542995, at *2 (N.D. Cal. Sept. 18, 2015), aff'd, 710 F. App'x 889 (Fed. Cir. 2018) (finding no
13 exceptional case where defendant conceded that plaintiff had at least a colorable basis for an
14 infringement case against it); *Gonzalez v. Tagged, Inc.*, No. 16-CV-00574-YGR, 2016 WL
15 4376343, at *3 (N.D. Cal. Aug. 17, 2016) (holding no exceptional case where a magistrate judge's
16 prior finding and a jury verdict suggested that plaintiff's underlying lawsuit was not objectively
17 unreasonable). As noted above, and confirmed by case cites, this Court does not award such fees
18 lightly.

19 In summary, when a myopic view of litigation untethered to the realities of the facts and
20 the law converge, one finds an "exceptional" case. Fortunately, for the courts and opposing
21 parties, such cases are seldom seen. Usually, resources or business judgment serve to counsel
22 reasonableness. Unfortunately, no such external force bridled the plaintiff here.

23 **B. Reasonableness of Attorneys' Fees**

24 The parties agree that to "calculate reasonable attorneys' fees in a case brought under the
25 Lanham Act, courts utilize the lodestar method." *Athena Cosmetics, Inc. v. Timbo Trading Co.*,
26 2020 WL 4805470, at *3 (C.D. Cal. 2020) "The lodestar figure is calculated by multiplying the
27 number of hours the prevailing party reasonably expended on the litigation (as supported by
28

1 adequate documentation) by a reasonable hourly rate for the region and for the experience of the
2 lawyer.” *Yamada v. Nobel Biocare Holding AG*, 825 F.3d 536, 546 (9th Cir. 2016).

3 Constellation seeks reimbursement of fees of \$4,419,57.90. Alternatively, they seek
4 reimbursement of \$190,517.30 with respect to the Second Action and \$2,570,164 on the Main
5 Action for time spent after the Court’s issuance of the Preliminary Injunction Order. (*See* Second
6 Action, Dkt. 40.) Even though the Court could likely find recoverable fees incurred *prior* to the
7 issuance of its Order Granting Motion for Preliminary Injunction (“PI-Order”), those fees incurred
8 after are certainly recoverable. Three factors weigh towards that infliction point. First, by that
9 date, the legal theories and the Court’s analysis had been vetted. Second, Constellation offered to
10 resolve the matter with both sides walking away without further expense. Third, TVH understood
11 its factual arguments and expert analysis. Given Constellations’ offer, much of the remaining
12 depositions and intense trial preparation could have reasonably been avoided.

13 **Number of Hours Spent:**

14 With respect to the Second Action, the total hours billed equaled 246.5, and with respect to
15 the other, the hours billed post the PI-Order totaled 3,260.2. In one paragraph, TVH complains
16 that Constellation’s counsel “overstaffed and over-worked this case” contrasting it with its own
17 approach of using two lawyers and one paralegal billing “far fewer hours.” TVH cites
18 Constellation’s use of ten lawyers, five paralegals, and three other billable staff. Notably, plaintiff
19 does not take issue with a single entry, nor does it advise the Court how many hours its own
20 counsel spent. Rather, it merely asks the Court to reduce the amount so that “only hours
21 reasonable expended” are assessed.

22 TVH overstates the facts. A review of the documentation shows that the case was
23 principally litigated by five attorneys (Edward Colbert, Erik Kane, William Merone, Jeremy
24 Boczko, and Armin Ghiam). The ranges of experience are appropriate for the size and complexity
25 of this case. The others played an insignificant role. Further, the hours billed post the PI-Order
26 were reasonably incurred. Having reviewed the billings, the Court confirms that defense counsel
27 has eliminated block billing, potentially duplicative charges, and those billings related to an
28 unsuccessful claim.

1 However, the Court does make further adjustments. First, given the award of attorneys’
 2 fees, the Court does eliminate those hours expended (a) on Constellation’s unsuccessful attempt to
 3 settle and (b) on the unsuccessful opposition to the TVH’s motion to amend. These entries
 4 subtotal \$7,326.41 and \$41,470.19, respectively. Second, the Court does not award any fees for
 5 the filing of the motion for attorneys’ fees. Not only is over \$102,500.00 excessive for this
 6 motion, but the entries contain research attempting to find authority to support this portion of the
 7 award. Having not read any legal justification in the briefing, the Court surmises that Constellation
 8 could not find any such authority. Third, the research relative to the Bill of Costs was also
 9 excessive and the Court discounts those fees by \$10,000.00. Finally, the Court deducts an across-
 10 the-board amount of ten percent. It is the Court’s experience that attorneys can always be more
 11 efficient. A ten percent savings is a reasonable estimate to achieve that end.

12 **Hourly Billing Rates:**

13 TVH argues that the billing rates tendered are not commensurate with those more
 14 common in the Northern District of California, but are at a premium for New York and
 15 Washington, D. C. The Court disagrees. While slightly on the high side, the rates are within the
 16 range of those charged in the Northern District by lawyers practicing intellectual property.
 17 Constellation has justified the rates with third party analysis and the amounts are consistent with
 18 others with which this Court is familiar.

19 **Summary:**

20 Based on the foregoing, the Court calculates the award of attorneys’ fees as follows: On
 21 the requested amount of \$190,517.30 with respect to the Second Action plus \$2,570,164 for work
 22 on the Main Action after the PI Order subtotaling \$2,760,681.30, the Court deducts (a) \$7,326.41;
 23 (b) \$41,470.19; (c) \$102,500.00; and (d) \$10,000.00 resulting in \$2,599,384.70. From this figure,
 24 the Court deducts ten percent and awards a net amount of \$2,339,446.23.

25 **C. Expert Fees Under Federal Rule of Civil Procedure 26(b)(4)(E)**

26 Federal Rule of Civil Procedure 26(b)(4)(E) mandates that a court “require that [a] party
 27 seeking discovery [from an expert]: (i) pay the expert a reasonable fee for time spent in responding
 28 to discovery under Rule 26(b)(4)(A) or (D); and (ii) for discovery under (D), also pay the other

1 party a fair portion of the fees and expenses it reasonably incurred in obtaining the expert's facts
 2 and opinions." Subsection (A) applies here as it relates to the "Deposition of an Expert Who May
 3 Testify," more specifically, it provides that "[a] party may depose any person who has been
 4 identified as an expert whose opinions may be presented at trial."

5 In terms of evaluating the reasonableness of the request, the Court agrees that it should use
 6 its discretion and consider objective criteria such as: "(1) the witness's area of expertise; (2) the
 7 education and training required to provide the expert insight that is sought; (3) the prevailing rates
 8 of other comparably respected available experts; (4) the nature, quality, and complexity of the
 9 discovery responses provided; (5) the fee actually charged to the party who retained the expert; (6)
 10 fees traditionally charged by the expert on related matters; and (7) any other factor likely to assist
 11 the court in balancing the interest[s] implicated by Rule 26." *Granite Rock Co. v. Int'l Bhd. of*
 12 *Teamsters*, No. C 04-2767 JW (RS), 2008 WL 618897, at *1 (N.D. Cal. Mar. 3, 2008) *citing*
 13 *Fisher-Price, Inc. v. Safety 1st, Inc.*, 217 F.R.D. 329, 333 (D. Del. 2003).

14 Here, Constellation seeks reimbursement of \$20,981 which represents the expert fees
 15 associated with four depositions, both in terms of preparation for the deposition and the deposition
 16 itself. The parties disagree over whether Constellation can seek amounts for preparation.
 17 Apparently, district courts are split on this issue and the Ninth Circuit has not ruled.

18 To resolve the dispute, the Court relies on the plain language of the rule and finds that
 19 nothing in the plain language mandates the reimbursement for preparation time associated with the
 20 deposition. The extent to which such preparation is needed and beneficial lies more with the
 21 responding party rather than the party noticing the deposition. Given the obligation to reimburse,
 22 the noticing party can control the extent to which it requires the testimony in order to prepare for
 23 trial. Thus, the Court awards \$11,681.00 which represents the 16.33 hours the three experts
 24 actually spent in deposition. The Court finds the hourly rates charged reasonable. Certainly,
 25 plaintiff was on notice of the amount and could have shortened the deposition if it believed the
 26 rates were too high.

27 **III. CONCLUSION**

28 For the reasons set forth herein, the Court **HEREBY GRANTS** the motion but in an amount

1 less than the full amount requested, namely attorneys' fees in the amount of \$2,339,446.23 and
2 reimbursement of expert fees in the amount of \$11,681.00 for a total amount of \$2,351,127.23.

3 This Order terminates Docket Nos. 249 and 250.

4 **IT IS SO ORDERED.**

5 Dated: July 28, 2021

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7 YVONNE GONZALEZ ROGERS
8 UNITED STATES DISTRICT JUDGE
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United States District Court
Northern District of California

EXHIBIT D

EJ-100

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, address, and State Bar number):
 After recording, return to: (SBN 253688)
Justin S. Draa
DIBENEDETTO LAPCEVIC & DRAA, LLP
 1101 Pacific Ave. Suite 320
 Santa Cruz, CA 95060
 TEL NO.: (831) 325-2674 FAX NO. (optional): (831) 477-7617
 E-MAIL ADDRESS (Optional): **jdraa@dld-law.com**

ATTORNEY FOR JUDGMENT CREDITOR ASSIGNEE OF RECORD

STREET ADDRESS: **1301 Clay Street, #400**
 MAILING ADDRESS:
 CITY AND ZIP CODE: **Oakland, CA 94612**
 BRANCH NAME: **USDC, NorCal-Oakland Division**

FOR RECORDER'S OR SECRETARY OF STATE'S USE ONLY

PLAINTIFF: **THE VINEYARD HOUSE, LLC**
 DEFENDANT: **CONSTELLATION BRANDS U.S. OPERATIONS, INC.,**

CASE NUMBER:
4:19-cv-01424-YGR

ACKNOWLEDGMENT OF SATISFACTION OF JUDGMENT
 FULL PARTIAL MATURED INSTALLMENT

FOR COURT USE ONLY

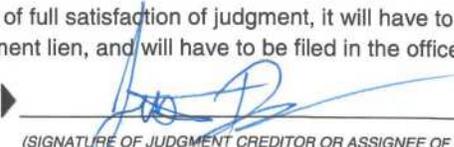
1. Satisfaction of the judgment is acknowledged as follows:
 - a. Full satisfaction
 - (1) Judgment is satisfied in full.
 - (2) The judgment creditor has accepted payment or performance other than that specified in the judgment in full satisfaction of the judgment.
 - b. Partial satisfaction
 The amount received in partial satisfaction of the judgment is \$
 - c. Matured installment
 All matured installments under the installment judgment have been satisfied as of (date):
2. Full name and address of judgment creditor:*
CONSTELLATION BRANDS U.S. OPERATIONS, INC.
3. Full name and address of assignee of record, if any:
N/A
4. Full name and address of judgment debtor being fully or partially released:*\br/>
THE VINEYARD HOUSE, LLC.
5. a. Judgment entered on (date): **July 28, 2021**
 b. Renewal entered on (date):
6. An abstract of judgment certified copy of the judgment has been recorded as follows (complete all information for each county where recorded)

COUNTY	DATE OF RECORDING	INSTRUMENT NUMBER
--------	-------------------	-------------------

7. A notice of judgment lien has been filed in the office of the Secretary of State as file number (specify):
U210071346120

NOTICE TO JUDGMENT DEBTOR: If this is an acknowledgment of full satisfaction of judgment, it will have to be recorded in each county shown in item 6 above, if any, in order to release the judgment lien, and will have to be filed in the office of the Secretary of State to terminate any judgment lien on personal property.

Date: **10/27/21**


 (SIGNATURE OF JUDGMENT CREDITOR OR ASSIGNEE OF CREDITOR OR ATTORNEY**)

*The names of the judgment creditor and judgment debtor must be stated as shown in any Abstract of Judgment which was recorded and is being released by this satisfaction. ** A separate notary acknowledgment must be attached for each signature. Page 1 of 1
 Form Approved for Optional Use Code of Civil Procedure, §§ 724.060, 724.120, 724.250
 Judicial Council of California
 EJ-100 [Rev. July 1, 2014]