

This Opinion is not a  
Precedent of the TTAB

Mailed: September 23, 2016

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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*Heaven Hill Distilleries, Inc.*

v.

*Cricket Hill Brewing Co., Inc.*

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Cancellation No. 92060811

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Lisa C. DeJaco, Matthew A. Williams and Brittany L. Hampton of  
Wyatt, Tarrant & Combs, LLP for Heaven Hill Distilleries, Inc.

Jack Baldini of Baldini Law, LLC for Cricket Hill Brewing Co., Inc.

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Before Seeherman, Wellington and Lynch,  
Administrative Trademark Judges.

Opinion by Seeherman, Administrative Trademark Judge:

Heaven Hill Distilleries, Inc. (“Petitioner”) has petitioned to cancel Registration No. 4498217, owned by Cricket Hill Brewing Co., Inc. (“Respondent”), for HOPNOTIC, in standard characters, for “beer,”<sup>1</sup> on the ground of likelihood of

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<sup>1</sup> Issued March 18, 2014, from an application filed September 24, 2013, asserting first use on March 1, 2004 and first use in commerce on May 7, 2004.

confusion. In its amended petition for cancellation,<sup>2</sup> Petitioner has alleged that since at least September 2001, it or its predecessor has continuously used the mark HPNOTIQ in connection with liqueur, and more recently has used the mark for such other goods as clothing, candles, beverage glassware, jewelry and lighters; that it owns four trademark registrations for HPNOTIQ, including two for liqueur; that its mark has a high degree of recognition and renown and, coupled with the arbitrary nature of the mark, it is entitled to a broad scope of protection; that three of Petitioner's applications for HPNOTIQ-formative marks have been refused registration in view of Respondent's mark; and that the marks are similar and the channels of trade and classes of consumers are identical.

In its answer Respondent has denied the salient allegations in the petition, and specifically asserted that Petitioner's pleaded registration, No. 2822475, was cancelled for failure to file a Section 8 affidavit; asserted various affirmative defenses including waiver and estoppel, and otherwise amplified its denials as to the likelihood of confusion.<sup>3</sup>

We grant the petition to cancel.

The record includes the pleadings; the file of the registration sought to be cancelled; and the testimony, with exhibits, of Petitioner's witnesses Max Shapira

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<sup>2</sup> Petitioner filed the motion to amend the petition two days after filing the original petition. The primary difference in the petitions is that the amended petition includes status and title copies of Petitioner's pleaded registrations. Because Respondent had not filed an answer to the original petition, and therefore was within the time allowed by Fed. R. Civ. P. 15(a)(1)(B) for a plaintiff to amend its pleading as a matter of course, the motion was granted.

<sup>3</sup> Respondent did not submit any evidence regarding its affirmative defenses, nor did it address them in its brief. We consider these defenses to have been waived.

(9 TTABVUE) and Brittany Capito (10 TTABVUE)<sup>4</sup>, and of Respondent's witnesses Asha Dais (14 TTABVUE) and Earl Frederick (Rick) Reed (15 TTABVUE). Petitioner submitted, under a notice of reliance (8 TTABVUE), copies of the registration certificates for three of its pleaded registrations for the mark HPNOTIQ, one for HPNOTIQ HARMONIE and one for HPNOTIQ SPARKLE,<sup>5</sup> and papers from its three pleaded applications; various third-party registrations and applications; a copy of a non-precedential opinion in a Board opposition proceeding in which Petitioner was the opposer; and results from a search of the USPTO's TESS database listing registrations that include goods in both Class 32 and Class 33. Respondent made of record, through a notice of reliance (13 TTABVUE), Office actions in two of Petitioner's pleaded applications; search results of the TESS database that Respondent retrieved; and Petitioner's responses to one of Respondent's interrogatories and five of Respondent's requests for admission.<sup>6</sup>

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<sup>4</sup> Ms. Capito's testimony, including all exhibits, was filed under seal. Petitioner properly submitted a redacted copy of the testimony deposition for the public record. However, all of the exhibits to Ms. Capito's testimony were filed under seal, including dictionary definitions (Exhibit 9) and a screen shot of Petitioner's webpage (Exhibit 10) introduced by Respondent during cross-examination; this exhibit had previously been introduced during the cross-examination of Mr. Shapira (also Exhibit 10) and was not filed under seal. These exhibits are clearly not confidential material. Normally a party that overdesignates material as confidential is allowed time in which to file redacted portions for the public record. However, in this case, because Exhibits 9 and 10 do not contain any confidential information, the Board has sua sponte placed these exhibits in the TTABVUE database, where they will be part of the public record of Ms. Capito's testimony.

<sup>5</sup> These "soft" copies do not show current status and title of the registrations, and would not be sufficient to make the registrations of record. However, Petitioner submitted copies of the registrations taken from the USPTO TESS database with its amended petition to cancel. These documents show current status and title as of the time the petition was filed, and therefore the registrations are of record. *See* Trademark Rule 2.122(d)(1).

<sup>6</sup> Respondent also submitted with its notice of reliance a copy of the file of its registration, but this was unnecessary; the registration file is of record by operation of Trademark Rule 2.122(b).

The proceeding was fully briefed.<sup>7</sup>

## **I. Standing.**

“Standing requires only that the petitioner have a ‘real interest’ in the cancellation proceeding.” *Herbko Int’l Inc. v. Kappa Books Inc.*, 308 F.3d 1156, 64 USPQ2d 1375, 1377 (Fed. Cir. 2002). Petitioner made of record, *inter alia*, its registrations in standard character format for HPNOTIQ for “liqueur,”<sup>8</sup> HPNOTIQ HARMONIE for “liqueurs”<sup>9</sup> and HPNOTIQ SPARKLE for “alcoholic beverages except beers; liqueurs.”<sup>10</sup> Petitioner also made of record excerpts from the files of its applications for HPNOTIQ GLITTER, HPNOTIQ SHIMMER and HPNOTIQ SWIRL, showing that registration of its marks has been refused on the ground of likelihood of confusion in view of, *inter alia*, Respondent’s registration which is the subject of this proceeding. The foregoing shows that Petitioner has a real interest in this proceeding, and has established its standing. *See Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014) (because USPTO refused petitioner’s registration based on a likelihood of confusion with respondent’s registration, petitioner “has a real interest in cancelling the Registrations and a reasonable belief

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<sup>7</sup> Respondent did not provide USPQ citations for federal district court or federal appeals court decisions. Any cited decision of a court which appears in the USPQ should include a citation to the USPQ in addition to any citation to an official report such as the Federal Reporter or Federal Supplement. *See* TMBP § 101.03 (2016).

<sup>8</sup> Registration No. 2642855, issued October 29, 2002, from an application filed February 20, 2002; Section 8 & 15 affidavits accepted and acknowledged; renewed.

<sup>9</sup> Registration No. 4010313, issued August 9, 2011, from an application filed June 3, 2010.

<sup>10</sup> Registration No. 4629177, issued October 28, 2014, from an application filed September 26, 2012.

that the Registrations blocking its application are causing it damage”);<sup>11</sup> *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000); *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982).

## II. Priority.

Because both Petitioner and Respondent own registrations, priority is in issue. See *Brewski Beer Co. v. Brewski Brothers Inc.*, 47 USPQ2d 1281, 1284 (TTAB 1998). Cf. *King Candy Company v. Eunice King’s Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974) (in an opposition where the opposer owns a registration, and of course the applicant only has an application, priority is not in issue). There is no dispute in this case that Petitioner has priority. Respondent has sold HOPNOTIC ale since March 24, 2004. Reed test, 15 TTABVUE 22.<sup>12</sup> Petitioner’s application for its HPNOTIQ registration was filed on February 20, 2002, so Petitioner may rely on this date as its constructive first use. Moreover, Petitioner’s president, Max Shapira, testified that HPNOTIQ liqueur was first brought to market, by Petitioner’s predecessor, in the 2000-2001 time frame. 9 TTABVUE 7.

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<sup>11</sup> Respondent points out that, in two of the applications, the Examining Attorney also refused registration based on third-parties’ registrations, and in one application noted there was a prior pending application that, if registered, could also be cited as a bar. However, this does not obviate the fact that Respondent’s registrations are preventing Petitioner from obtaining the registrations it seeks.

<sup>12</sup> The discrepancy between Mr. Reed’s testimony and the first use date of March 1, 2004 claimed in Respondent’s application is of no consequence.

### III. Likelihood of confusion.

Our determination of the issue of likelihood of confusion under Section 2(d) of the Trademark Act is based on an analysis of all of the probative facts in evidence that are relevant to the factors set forth in *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973). *See also In re Majestic Distilling Co., Inc.*, 315 F.3d 1311, 65 USPQ2d 1201, 1203 (Fed. Cir. 2003).

We first address an argument that Respondent has made throughout its brief to the effect that we must look at the conditions that existed on March 24, 2004, the time Respondent began selling its goods under the mark. Respondent asserts that it is irrelevant what the likely expansion of product lines might be today or what is happening in the industry generally. Respondent claims that anything that occurred after March 24, 2004 “is irrelevant because later unforeseen industry changes and the ability of other large companies to enter the beer market where no such ability or intent is demonstrated by the Petitioner here are not a ‘natural’ expansion.” Brief, 17 TTABVUE 19. Respondent states:

There is also an argument regarding a consumer’s perception that even if Petitioner has no intention or ability to expand into the beer market, consumers may perceive that it has. However, this argument is made in the context of a current industry trend in crossover of product lines. There is no evidence that this trend was true or likely to develop as of the critical date of March 24, 2004, and thus is also a red-herring argument.

*Id.*, n. 4 (emphasis in original). Respondent also dismisses evidence which came into being after March 24, 2004 in connection with third-party registrations for marks registered for goods in both Classes 32 and 33, *id.* at 28, and in connection with the

strength of Petitioner's mark, *id.* at 31. In fact, it would appear that Respondent would have us determine the issue of likelihood of confusion on the facts as they existed on March 24, 2004, with the exception of the lack of evidence of actual confusion as of the present day, on which Respondent heavily relies.

In support of its theory that March 24, 2004 is the operative date for considering the state of the industry, third-party registrations, strength of Petitioner's mark and the like, Respondent cites *Sheller-Globe Corp. v. Scott Paper Co.*, 204 USPQ 329 (TTAB 1979). In *Sheller-Globe*, the opposer had made prior use of its mark on goods that were not related to the goods for which the applicant sought to register its mark, and therefore opposer relied on use of the mark for other, more similar goods by a different business that was later acquired by the opposer after the time the applicant began using its mark. The opposer argued the use of the mark on the later goods were a natural expansion of the opposer's original business, so that the later use on these products should be carried back and accrue to opposer's benefit from a time prior to applicant's first use. The Board did not accept this argument, explaining at 204 USPQ 333:

The theory of natural expansion is, in a sense, a legal fiction. It treats the use of a trademark by an opposer on particular goods, commencing after an applicant has entered the field with a mark on its own goods, as though opposer's use had begun prior to the use by applicant. As indicated above, the rationale of the theory is that the purchasing public, through education or experience, would have thought at the time of applicant's initial appearance on the scene that applicant's mark signified a connection of its goods with opposer notwithstanding that the goods sold at the time by opposer and applicant were not so related as to support an opposition on traditional grounds of likelihood of confusion.

This case is not applicable to the present situation. Petitioner is not claiming that its first use of the mark on liqueur should be treated as the first use of the mark on beer. Rather, it is asserting that liqueur and beer are related goods, such that consumers, upon seeing the mark HOPNOTIC for beer, are likely to believe that it emanates from, or is associated with or sponsored by the maker of HPNOTIQ for liqueur. That question is determined as of the time of trial. *See Hornby v. Tjx Companies Inc.*, 87 USPQ2d 1411, 1416 (TTAB 2008) (determination of likelihood of confusion claim is based on the factual situation as of the time of trial, not at the time the registration issued). *See also, General Mills Inc. v. Fage Dairy Processing Industry SA*, 100 USPQ2d 1584, 1595, n. 13 (“Board generally accepts and considers evidence related to likelihood of confusion for the period up to the time of trial, and this includes evidence of the fame of a plaintiff’s mark”). *Cf. Consorzio del Prosciutto di Parma v. Parma v. Parma Sausage Prods., Inc.*, 23 USPQ2d 1894, 1898 (TTAB 1992) (issue of geographic deceptiveness is determined as of the time the registration issued; Section 14 of Trademark Act makes distinction between registration that *was obtained* contrary to the provisions of Section 2(a) and marks that *become* generic, or are abandoned).

With this in mind, we consider the *du Pont* factor of “the similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.” *du Pont*, 177 USPQ at 567. Petitioner’s goods are “liqueur”; Respondent’s goods are “beer.” Respondent has attempted to limit these goods by characterizing its product as “a specialized brand

of craft beer, namely, an India Pale Ale—a peculiarly extra bitter brew and a micro brew at that,” and characterizing Petitioner’s product as “a specialized, imported liqueur, namely, a fruity cognac vodka blend, colorful and exotic practically creating its own niche category.” Brief, 17 TTABVUE 26. However, it is well-established that the question of likelihood of confusion must be determined based on an analysis of the marks and goods recited in the respective registrations, rather than what the evidence shows the goods to be. *See Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000); *Canadian Imperial Bank of Commerce, N.A. v. Wells Fargo Bank*, 811 F.2d 1490, 1 USPQ2d 1813, 1815 (Fed. Cir. 1987).

Moreover, “it is not necessary that the goods or services be identical or even competitive in nature in order to support a finding of likelihood of confusion, it being sufficient that the goods or services are related in some manner and/or that the circumstances surrounding their marketing are such that they would be likely to be encountered by the same persons under circumstances that would give rise, because of the marks employed thereon, to the mistaken belief that they originate from or are in some way associated with the same producer.” *In re Home Builders Ass’n of Greenville*, 18 USPQ2d 1313, 1317 (TTAB 1990). The issue is not whether consumers will confuse the goods, but whether they will confuse the source of the goods. *Orange Bang, Inc. v. Olé Mexican Foods, Inc.*, 116 USPQ2d 1102, 1117 (TTAB 2015); *Bd. of Regents, Univ. of Tex. Sys. v. S. Ill. Miners, LLC*, 110 USPQ2d 1182, 1189 (TTAB 2014) (“The issue, of course, is not whether purchasers would confuse the goods or

services, but rather whether there is a likelihood of confusion as to the source thereof.”).

In this case, the evidence shows that Petitioner’s and Respondent’s goods are sold in some of the same channels of trade, including off-premises establishments such as liquor stores and on-premises establishments such as bars and restaurants, and that the same distributors handle both liqueur and beer. The parties’ goods are also sold to the same classes of consumers. A 2013 research study conducted by Petitioner (not in connection with this litigation) showed that beer amounted to one third of the monthly alcohol consumption of HPNOTIQ liqueur drinkers. Capito test, 10 TTABVUE 9. Moreover, Petitioner has shown that there is a trend in the alcoholic beverage industry for companies to expand their brands not only into line extensions in their own category and into other spirit categories, such as KINKY expanding from a mark used for a liqueur to a mark used for vodka, and BULLEIT originally being a trademark for bourbon and now used for rye, but also on products that are not distilled spirits, with the brands being licensed for use with other products. Capito test, 10 TTABVUE 16. Mr. Shapira explained that this expansion has been the trend in the alcoholic beverage industry for the last ten to twelve years; as consumers’ wants and desires have broadened, producers have responded, expanding “mother” brands “across other products, other categories that are far, far afield from what the brand originally was....” 9 TTABVUE 12. He gave as examples SKINNY GIRL expanding from a brand for a lower-calorie pre-mixed margarita to a line of wines and a line of vodka; and JACK DANIELS starting as a Tennessee whiskey, then used

for a line of pre-mixed cocktails that are spirit-based, and now for a malt-based product that can be sold in grocery stores where distilled products are not allowed.

*Id.*

Although beer is made by a different process from distilled spirits (Petitioner's liqueur contains vodka and cognac and some fruit juices), that fact alone does not mean that the goods are unrelated. This Board and our primary reviewing court have held beer to be related to other alcoholic beverages despite the difference in the manner of production. In *Majestic Distilling*, the Federal Circuit affirmed the Board's finding that RED BULL for tequila was likely to cause confusion with RED BULL for malt liquor, even though Majestic had argued that malt liquor is a brewed product and tequila is distilled. The Federal Circuit agreed with the PTO's position that malt liquor and tequila are similar by virtue of the fact that both are alcoholic beverages that are marketed in many of the same channels of trade to many of the same consumers. The court did not find relevant that there was no evidence of any manufacturer who both brews malt liquor and distills tequila.

Unless consumers are aware of the fact, if it is one, that no brewer also manufactures distilled spirits, that fact is not dispositive. The *DuPont* factors require us to consider only "trade channels," which may be, but are by no means necessarily, synonymous with manufacturing channels. In this case, Majestic has not demonstrated that consumers distinguish alcoholic beverages by manufacturer rather than brand name.

65 USPQ2d 1204. Further, in *In re Chatam Int'l*, 380 F.3d 1340, 71 USPQ2d 1944 (Fed. Cir. 2004), the Federal Circuit affirmed the Board's finding that JOSE GASPAR GOLD for tequila was likely to cause confusion with GASPAR'S ALE for beer and ale. The court, quoting *Majestic*, relied on the fact that "both are alcoholic beverages that

are marketed in many of the same channels of trade to many of the same consumers,” 71 USPQ2d at 1948. *See also Rosenblum v. George Willsher & Co.*, 161 USPQ 492, 492 (TTAB 1969) (While it might be true that scotch whiskey and rum are not usually produced by the same manufacturers of alcoholic beverages or that they would normally emanate from the same geographic areas, it is nevertheless apparent that these distilled alcoholic beverages would be handled by the same distributors and would be sold through the identical retail outlets to the same class of ultimate purchasers. These alcoholic beverages must, therefore, be considered as closely related in kind.)

In the present case, we have not only the evidence that the goods are alcoholic beverages marketed in many of the same channels of trade to many of the same consumers, but we have testimony about brand extension in the alcoholic beverage industry, and an explanation that consumers may, even if they are aware of the difference in manufacture of beer and liqueur, assume that there is a licensing arrangement by which the beer is being made.

Accordingly, we find that Petitioner’s and Registrant’s goods are related, and that the second and third *du Pont* factors (similarity of goods and channels of trade) favor Petitioner.<sup>13</sup>

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<sup>13</sup> In reaching the conclusion that the goods are related, we have given little probative value to the listing of registrations taken from the USPTO’s TESS database, as the listing only shows the registration number and mark, but not the goods. As Respondent’s further search shows, these listings can include goods that are not beer or distilled spirits. We also do not find Respondent’s evidence from TESS as to the number of registrations for goods in Class 32 and in Class 33, as compared to the number of registrations which include goods in both classes, to be persuasive that the parties’ goods are not related. *See In re G.B.I. Tile and Stone Inc.*, 92 USPQ2d 1366, 1370 (TTAB 2009) (there is no requirement for goods to be found

In addition, the factor of “the conditions under which and buyers to whom sales are made, i.e., ‘impulse’ vs. careful, sophisticated purchasing,” favors Petitioner’s position. Beer is an inexpensive drink, and buying a beer, or a six-pack, may be an impulse purchase. Liqueurs, too, although more expensive than beer, are relatively inexpensive items. A bottle of HPNOTIQ can cost between \$17.99 and \$24.99, while a cocktail containing HPNOTIQ liqueur can cost as little as \$5.00. *Capito*, 10 TTABVUE 10. Ms. *Capito* testified, in fact, that it is Petitioner’s marketing strategy in off-premises establishments such as liquor stores to place HPNOTIQ liqueur at eye level, next to products that get a lot of traffic, in order to “have impulse buys.” *Id.* at 6. Further, the customers for both goods are the general public.

We next turn to the strength of Petitioner’s mark. Consumers would understand Petitioner’s mark HPNOTIQ to be the equivalent of the word “hypnotic”; Ms. *Capito*

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related that a majority of the sources of one product must also be sources of the other product; further, the fact that some goods are not included in a registration does not establish that the owner of the mark has not registered the mark for those goods in another registration); *see also, In re Kysela Pere et Fils Ltd.*, 98 USPQ2d 1261, 1265 (TTAB 2011).

As for the third-party registrations submitted by Petitioner, many of them are not based on use in commerce. *See In re Albert Trostel & Sons Co.*, 29 USPQ2d 1783, 1785-86 (TTAB 1993). Third-party registrations that individually cover a number of different items and that are **based on use in commerce** serve to suggest that the listed goods and/or services are of a type that may emanate from a single source. Accordingly, we have given them no probative value. There are, however, some use-based registrations or registrations for which an affidavit of use was filed that list both beer products and distilled beverages, for example, Reg. No. 4646106 for beer, beer based cocktails, distilled spirits and wine; Reg. No. 4721168 for beer, non-alcoholic cider, spirits, hard cider, vodka, poitin, whiskey, gin and rum; Reg. No. 4667715 for, *inter alia*, beer, non-alcoholic cocktail mixes, distilled spirits; Reg. No. 4669048 for beverages produced from a brewed malt base with natural lemon flavors, namely, flavored beer, and distilled spirits with natural lemon and other natural flavors; Reg. No. 3066254 for low alcoholic malt-based beverages and low alcoholic rum-based beverages; and Reg. No. 2777561 for malt liquor based beverages and potable distilled spirits. Petitioner’s notice of reliance, 8 TTABVUE 97-98, 118-128. These registrations support Petitioner’s testimony about the expansion of brand lines within the alcoholic beverage industry.

testified that consumers consistently pronounce the mark as this word. 10 TTABVUE 15-16. Respondent accepts that the root word of both is “hypnotic,” and claims that the marks suggest “the products invoke an ethereal state of consciousness, intoxicating.” Brief, 17 TTABVUE 24. At another point in its brief Respondent treats “hypnotic” as the equivalent of “intoxicating,” and based on that assertion, contends that both Petitioner’s and Respondent’s marks are suggestive. *Id.* at 37. Respondent then goes on to analogize this case to those which involved marks that had a descriptive term or geographically descriptive term or highly suggestive term in common, and in which no likelihood of confusion was found. For example, in *Sears Mortgage Corp. v. Northeast Savings F.A.*, 24 USPQ2d 1227 (TTAB 1992), involving the marks APPROVAL PLUS and APPROVAL FIRST, the term APPROVAL was found to be merely descriptive of the parties’ services; in *Sunbeam Corp. v. Green Bay Tissue Mills, Inc.*, 199 USPQ 695 (TTAB 1978), which involved the mark PURE BREW for disposable paper coffee filters and CLEAR BREW for coffeemakers, third-party registration evidence showed it was a common practice for merchandisers of coffeemakers to adopt trademarks containing the word BREW, and as a result the protection to be accorded the plaintiff’s mark was narrow. *Id.* at 698.

These cases are not applicable to the present situation. “Hypnotic” does not mean “intoxicating”; the definitions of “hypnotic” submitted by Petitioner are “of or relating to hypnosis”; “inducing or tending to induce sleep”; “an agent that causes sleep.” Exhibit 9 to Capito test. Although being intoxicated can result in a person becoming sleepy (or even passing out!), it goes well beyond mental gymnastics to view

“hypnotic” for an alcoholic beverage as suggesting that the product will intoxicate. Thus, rather than viewing “hypnotic” as highly suggestive of liqueurs, we consider it to be an arbitrary term, the same conclusion that the Board reached in an opposition brought by petitioner against an application to register HYPNOTIZER for various alcoholic beverages, including an alcoholic beverage produced from a brewed malt base with natural flavors. *Heaven Hill Distilleries, Inc. v. Yassinn Patrice Diallo*, Opp. No. 91183753 (TTAB October 17, 2011), 8 TTABVUE 130-148.

In addition to the inherent strength of its mark, Petitioner has submitted evidence relating to consumer recognition. Some of this information, particularly the exhibits that contain details of what is alluded to in the testimony, was submitted under seal, and therefore we will not discuss many of the specifics in this opinion. However, we can state, based on Ms. Caputo’s testimony, that in the last 12 years (since Petitioner acquired the HPNOTIQ brand in 2004), it has spent more than \$100 million in marketing it. Promotion has included radio and Internet advertising; advertisements in magazines such as “Cosmopolitan,” “OK” and “U.S. Weekly,” as well as trade publications such as “Beverage Dynamic” and “Market Watch”; point of sale materials; billboards and transit ads such as in subway cars and bus shelters; product placement in 163 songs by notable artists (in which the brand is mentioned in the song) and on television in shows such as “Two and a Half Men”; celebrity endorsements; social media such as Facebook and Twitter, including mentions on celebrities’ Twitter accounts; and mentions at celebrity events. The product is also featured as an ingredient in cocktails. Petitioner’s marketing strategy has shifted

over the years, going from print publications to social media and out-of-home advertising. In 2004-05 the advertisements had 120 million media impressions; in 2013-14 it was 3 million. However, there have been thousands of mentions of the brand in publications over the years; in the fall of 2015 the brand was mentioned in over 300 publications.

Sales were at their height in 2004, with 762,112 cases sold; there was a downward trend to 192,000 in 2015. 10 TTABVUE 14. Nevertheless, HPNOTIQ is still a big brand, with larger sales than other popular liqueur products such as Chambord and Cointreau. 10 TTABVUE 15.

Overall, we consider HPNOTIQ a strong, although not famous, mark. The mark is also unique in the alcoholic beverage field, in that, except for Respondent's mark, there is no evidence that any third party is using or has registered any mark that has a "hypnotic" or "hypnosis" formative. On the contrary, both of Petitioner's witnesses testified that they were unaware of anyone, other than Respondent, using a variant of "hypnosis" as a mark in the alcoholic beverage industry or nightlife industry since Petitioner obtained the HPNOTIQ mark. 9 TTABVUE 11; 10 TTABUVE 8. Petitioner has been quite diligent in policing its mark, and has sent cease and desist letters to entities planning to use HPNOTIQ or CLUB HPNOTIQ for a nightclub, HPNOTIQ INTIMATES for lingerie, and HPNOTIQUE for candles; has protested to MySpace.com regarding postings by a user on that website; and has even sent a cease and desist letter to a company in Jamaica. *See* exhibits to Shapira test, 9 TTABVUE

47-71. The *du Pont* factor of “the number and nature of similar marks in use on similar goods” favors Petitioner.

With the foregoing in mind, we consider the *du Pont* factor of “[t]he similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.” The marks are both shown in standard character format, so any differences in the fonts and colors (as argued by Respondent) are irrelevant. The owner of a registration for a standard character mark is entitled to depictions of the mark regardless of font style, size, or color. *Citigroup Inc. v. Capital City Bank Group Inc.*, 637 F.3d 1344, 98 USPQ2d 1253, 1259 (Fed. Cir. 2011). *See also, Cunningham v. Laser Golf Corp.*, 55 USPQ2d at 1847-48, in which the respondent made an argument similar to that of Respondent herein:

Cunningham also argues that there was no analysis of the “evidence of use of the mark on the goods as another relevant factor.” Cunningham is apparently referring to the appearance of the mark as he uses it in commerce. He claims to distinguish his mark with such techniques as using particular colors and a particular font, using specific arrangements of lower and upper case, using colored whoosh stripes, and by the juxtaposition of the main brand name.

However, Cunningham's argument is inapposite to our review of this cancellation proceeding. The record shows that the registration for the LASERSWING mark contains a “typed drawing.”<sup>14</sup> ... Registrations with typed drawings are not limited to any particular rendition of the mark and, in particular, are not limited to the mark as it is used in commerce. *See Vornado, Inc. v. Breuer Elec. Mfg. Co.*, 390 F.2d 724, 727, 156 USPQ 340, 342 (CCPA 1968) (stating that because the registration for the senior mark, upon which the opposition was based, disclosed only

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<sup>14</sup> Effective November 2, 2003, Trademark Rule 2.52, 37 C.F.R. § 2.52, was amended to replace the term “typed” drawing with “standard character” drawing. A mark depicted as a typed drawing is the legal equivalent of a standard character mark. *See In re Brack*, 114 USPQ2d 1338, 1339 n.2 (TTAB 2015).

the word, “the [advertising] display of the mark in a particular style is of no material significance since the display may be changed at any time as may be dictated by the fancy of the applicant or the owner of the mark”); ... *Kimberly-Clark Corp. v. H. Douglas Enters., Ltd.* , 774 F.2d 1144, 1147, 227 USPQ 541, 543 (Fed. Cir. 1985) (stating that trade dress associated with the mark of the opposed registration was irrelevant in distinguishing the mark because “such dress might well be changed at any time; only the word mark itself is to be registered”). Therefore, it is irrelevant that Cunningham has a particular display for his mark in commerce, and the Board was correct to ignore those features.

What we must consider, then, is the similarity of HPNOTIQ and HOPNOTIC. As previously mentioned, there is no question that Petitioner’s mark is understood as “hypnotic” and is normally pronounced as such. Many consumers will not even recognize that there is no consonant between the “H” and the “P” in Petitioner’s mark, or remember that Petitioner’s mark substitutes a “Q” for the “C.” As noted above, liqueur and beer can be impulse purchases, and consumers who make such purchases are not likely to pay careful attention to each letter in the mark, to the extent of noticing these differences. Thus, the differences do not serve to distinguish the appearance of Petitioner’s mark from Respondent’s. Respondent’s mark also is nearly identical to the word “hypnotic,” differing from it by only one letter. It does begin with “HOP,” reflecting the fact that “hops” are an ingredient in beer, particularly the craft beer that Respondent makes which is particularly “hoppy” and therefore has a distinctive taste. However, even if consumers notice that the mark contains an “O” between the “H” and the “P,” they are not likely to think that it signifies a different source from HPNOTIQ liqueur. Rather, they will see HOPNOTIC as a variation of the HPNOTIQ mark, adopted because of the connection between “hops” and beer. In

fact, Mr. Reed testified that he chose HOPNOTIC because it was a play on “hypnotic.”  
15 TTABVUE 44-45.

The marks are also very similar in pronunciation. In the noisy atmosphere of a bar, a bartender or waiter may not be able to distinguish between HPNOTIC and HOPNOTIC, nor may a customer be able to understand whether a waiter/bartender is saying HPNOTIC or HOPNOTIC. Although at the time the customer is served, he or she will immediately recognize that they have been given beer instead of a liqueur, or vice versa, there will still be initial confusion.

Even without the similarity in sound, the similarity in meaning dictates a finding in favor of Petitioner on this *du Pont* factor. As Respondent has conceded, both marks convey the same meaning, that of the word “hypnotic,” with Respondent’s mark also carrying the additional concept of “hops.” But as we have already said, this second meaning does not distinguish the marks, it will be seen only as a pertinent reference to the specific goods with which HOPNOTIC is used.

Accordingly, when the marks are compared in their entirety, they are similar in appearance, pronunciation, meaning and commercial impression.

Respondent argues that because of federal labeling requirements for alcoholic beverages such as liqueur and beer, the name and address of the maker of such products, or the importer if the product comes from abroad, must be displayed on the label. However, Mr. Reed testified that the size in which this information must be printed on beer labels is two millimeters high, which he agreed was fairly small. 15 TTABVUE 29. Further, although the information must be on the label, it could be on

the back of a bottle if the label wraps around. As a result, we cannot conclude that consumers would necessarily note or pay attention to this information as the source designation, as opposed to the trademark. Most importantly, if consumers had to rely on name and address labeling on bottles as the source indicators, there would be no point to trademarks at all; it is the trademarks that consumers look to as the indicator of source of the products.

The factor that Respondent considers most important, indeed “dispositive,” brief, 17 TTABVUE 20, is the eighth *du Pont* factor, “the length of time during and conditions under which there has been concurrent use without evidence of actual confusion.” *du Pont*, 177 USPQ at 567. There is no evidence of actual confusion and, indeed, until Respondent’s registration was cited against Petitioner’s pending applications in 2014, Petitioner had never heard of Respondent’s mark. Respondent relies on the fact that there have been “twelve years of concurrent use” and that “if there were a likelihood of confusion, the co-existence of these two marks over the past twelve years would undoubtedly have resulted in at least one instance (if not many) of actual confusion.” Brief, 17 TTABVUE 21. The problem with Respondent’s position is that we have almost no evidence of the extent of its use, such that we can determine whether there has been an opportunity for confusion to occur. The only information Respondent has provided about its sales is in the testimony of Mr. Reed, who said that Respondent is currently selling its HOPNOTIC beer in only three states, New Jersey (the state where it is located), Pennsylvania and New York, and that at various times in the past it has sold in Connecticut, Rhode Island, Virginia, Maryland, South

Carolina, North Carolina and Georgia. There is no information about how long Respondent sold its goods in any of these states, or what its sales were. Currently its annual sales are \$550,000, but Respondent has not testified as to what its sales levels were in previous years. In addition, approximately \$144,000 of the \$550,000 (or about 20%) is due to sales made directly at its brewery, something that has been allowed in New Jersey for the past two years. We would not expect that people who go directly to Respondent's brewery to buy their beer to be confused as to the source of the beer; they are physically at the source. In short, we cannot determine whether there has been an opportunity for confusion to occur, such that we can conclude from the absence of evidence of actual confusion that confusion is not likely to occur.<sup>15</sup> In any event, it is unnecessary to show actual confusion to establish likelihood of confusion. *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 218 USPQ 390, 396 (Fed. Cir. 1983).

Respondent also asks us to consider, under the 13<sup>th</sup> *du Pont* factor—"any other established fact probative of the effect of use"—the fact that several examining attorneys who considered Respondent's applications for HOPNOTIC (which matured into the subject registration), HOPNOTIC IPA and IPA HOPNOTIC, all for beer, did not refuse registration based on Petitioner's HPNOTIQ registration, or withdrew

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<sup>15</sup> Although this does not factor into our conclusion on this factor, we note Mr. Reed's testimony that "when I go into a liquor store on a sales call in order to break the ice we'll be talking about the Hopnotic and I will find a bottle of Hpnotiq and I will put them side by side and said [sic] 'Are you confused?' And then they get a chuckle out of it and it helps break the ice...." 15 TTABVUE 24. Mr. Reed said that he began doing this before the present litigation commenced. This suggests that the liquor store buyer raised a question about confusion between HOPNOTIC and HPNOTIQ which prompted Mr. Reed's comment.

such a refusal.<sup>16</sup> Nor did Petitioner's applications for HPNOTIQ HARMONIE and HPNOTIQ SPARKLE encounter a refusal based on Respondent's registration for IPA HOPNOTIC, the only registration of Respondent's which was in existence at the time Petitioner's applications were examined.

We give this evidence little probative value. If we were to accept examining attorneys' assessments of likelihood of confusion, there would be no point in having an opposition or cancellation proceeding. Examining attorneys do not consider the evidence that may be adduced in an *inter partes* proceeding; in the present case, evidence such as the strength of Petitioner's mark and the practices and trends in the alcoholic beverage industry. *See In re Nett Designs Inc.*, 236 F.3d 1339, 57 USPQ2d 1564, 1566 (Fed. Cir. 2001) (each mark must be assessed on its particular record).

Respondent has also discussed the remaining *du Pont* factors, as did Petitioner in its reply brief, so we will mention them briefly. With respect to the variety of goods on which a mark is used, Petitioner has submitted evidence that it has registrations for HPNOTIQ for candles, beverage glassware and shirts. The variety of goods favors Petitioner somewhat, in that consumers might believe that Petitioner has again expanded its line to include beer. However, we find more significant the evidence

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<sup>16</sup> The application for HOPNOTIC IPA, Serial No. 78420597, was initially refused registration based on Petitioner's Registration No. 2642855 for HPNOTIQ for liqueur and No. 2822475 for HPNOTIQ in blue, placed on a bottle (now cancelled for failure to file a Section 8 affidavit); after receiving Respondent's response to the Office action, the mark was approved for publication and a Notice of Allowance subsequently issued. This application never matured into a registration. Respondent's Application Serial No. 78854583 for IPA HOPNOTIC did not encounter a refusal on the ground of likelihood of confusion. Apparently the registration that issued therefrom was cancelled for failure to file a Section 8 affidavit.

showing that it is a trend in the alcoholic beverage industry is to expand one's product line.

The *du Pont* factor regarding market interface is not relevant to this proceeding: there is no market interface between the parties such as an agreement between them, an assignment of a mark, or laches and estoppel.

Respondent states that the eleventh *du Pont* factor, "the extent to which applicant has a right to exclude others from use of its mark on its goods," is neutral. Petitioner treats this factor as relating to how much Respondent has invested in its mark, and considers it to favor Petitioner. We do not believe that Petitioner's interpretation of this factor is correct; because Petitioner has given no other reason as to why it should favor Petitioner, we treat it as neutral.

With respect to the extent of potential confusion, because beer is a product that can be bought and consumed by adult members of the general population, and liqueur is as well, the number of people who may be exposed to Respondent's use of its mark and be confused thereby is substantial. This *du Pont* factor favors Petitioner.

Finally, Respondent argues that any doubt should be resolved in its favor because of the detriment to the public and the costs associated with re-branding. We do not have any doubt that Respondent's mark HOPNOTIC for beer is likely to cause confusion with Petitioner's mark HPNOTIQ for liqueur, and therefore do not need to resolve it in this manner. Even if we had any doubt, however, we would not be persuaded by Respondent's arguments. Respondent contends that the public would be confused if Respondent were to change the name of its beer, since they could no

longer find the beer under the brand they know. Frankly, this argument turns trademark law on its head, that a concern that Respondent's mark HOPNOTIC for beer is likely to cause confusion with Petitioner's mark should be ignored because of a speculative concern that consumers would confuse third-party HOP formative marks with Respondent's brand. Moreover, a Board decision finding likelihood of confusion is not an injunction, it only determines whether Respondent has the right to keep its registration, and does not prevent Respondent from using its mark. Perhaps most importantly, Respondent's position flies in the face of established case law that any doubts about likelihood of confusion must be resolved against the newcomer. *See Century 21 Real Estate Corp. v. Century Life of America*, 970 F.2d 874, 23 USPQ2d 1698, 1701 (Fed. Cir. 1992); *Giant Food v. Nation's Foodservice*, 218 USPQ at 395 (Fed. Cir. 1983); *SquirtCo. v. Tomy Corp.*, 697 F.2d 1038, 216 USPQ 937, 939 (Fed. Cir. 1983).

After considering all the relevant *du Pont* factors, as discussed above, we find that Respondent's use of its registered mark HOPNOTIC for beer is likely to cause confusion with Petitioner's registered mark HPNOTIQ for liqueur.

**Decision:** The petition for cancellation is granted.