

This Opinion is a
Precedent of the TTAB

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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Scott Stawski

v.

John Gregory Lawson

Concurrent Use No. 94002621

Scott Stawski, appearing *pro se*.

Bruce A. Miroglio, of Law Offices of Bruce A. Miroglio,
for John Gregory Lawson.

Before Wellington, Ritchie and Heasley,
Administrative Trademark Judges.

Opinion by Heasley, Administrative Trademark Judge:

Scott Stawski (“Applicant”) seeks concurrent use registration of the marks PROSPER ESTATE and PROSPER RIDGE (both in standard characters, “ESTATE” disclaimed) for “wines” in International Class 33. His applications acknowledge Registrant John Gregory Lawson’s mark PROSPER (in standard characters) for “wine,” the subject of a prior, geographically unrestricted registration in

International Class 33,¹ as an exception to Applicant's otherwise exclusive right to use the marks. Applicant seeks concurrent use rights in the states of Texas, New Mexico, Oklahoma, Arkansas, Louisiana, Alabama, Mississippi, Georgia and Florida.²

As plaintiff in this concurrent use proceeding, *see* Trademark Rule 2.116(b), 37 C.F.R. § 2.116(b), Applicant bears the burden of proving two preconditions for registration by a preponderance of the evidence. First, he must show that he made lawful use of his marks in commerce before February 29, 2012, when Registrant filed the application that matured into the subject registration. Second, he must show that the concurrent use of his two marks with Registrant's mark is not likely to cause confusion. 15 U.S.C. § 1052(d).

Based on the applicable law and evidence of record, we find that Applicant has not met his burden of proving either precondition. Applicant has not proven lawful use in commerce prior to Registrant's filing date because (a) he has not shown use in commerce, defined as "the bona fide use of a mark in the ordinary course of trade" prior to that date, and (b) even if he had shown prior use in commerce, he has not proven that any prior use was lawful, as he did not obtain the required Certificates

¹ Registrant applied to register the PROSPER mark on February 29, 2012, resulting in Registration No. 4336033 issuing on the Principal Register on May 14, 2013. The USPTO issued a reminder May 14, 2018 that a maintenance filing under Section 8 is due by May 14, 2019.

² Applicant's brief, 39 TTABVUE 3. Applicant claims to have used his marks in commerce in Texas, New Mexico, Oklahoma, Arkansas and Louisiana, and further claims that Mississippi, Alabama, Georgia and Florida are "in his natural zone of expansion." 39 TTABVUE 22. We address the territory and zone of expansion issue *infra*.

of Label Approval (COLA) for the wine bottles bearing his marks until well after registration of Registrant's mark. Furthermore, we find that Applicant has not proven by a preponderance of the evidence that confusion is not likely. For these reasons, we conclude that Applicant has not proven his entitlement to concurrent registration of his marks.

I. Procedural History

Applicant originally filed both applications seeking registration of his PROSPER ESTATE and PROSPER RIDGE marks on the Principal Register without geographic restriction.³ The Examining Attorney refused registration of both under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d), based on likelihood of confusion with Registrant John Gregory Lawson's registered mark PROSPER (in standard characters) for "wine" in International Class 33. In response, Applicant amended both applications to seek concurrent use registrations with Registrant's PROSPER registration.

The Board instituted this concurrent use proceeding after the applications were published and not opposed. Registrant, as defendant, filed a statement under Trademark Rule 2.99(d)(2), 37 C.F.R. § 2.99(d)(2), responding to the allegations in the concurrent use applications, and objecting to approval of the applications on two grounds: First, Registrant contended, Applicant could not meet the jurisdictional

³ Application Serial No. 86038734 for PROSPER ESTATE and Application Serial No. 86038728 for PROSPER RIDGE were filed on August 15, 2013, based upon Applicant's claim of first use of the marks anywhere and use in commerce since at least as early as May 8, 2009.

requirement imposed by 15 U.S.C. § 1052(d) of showing lawful prior use of his applied-for marks, because Applicant did not have the U.S. Treasury Alcohol and Tobacco Tax and Trade Bureau's Certificate of Label Approval, which is needed for lawful use of a label on bottles of wine.⁴ Second, Registrant stated, confusion is likely, as the marks are virtually identical standard character marks on identical goods.⁵

Registrant raised these issues in two successive motions for summary judgment.⁶ In response to each motion, Applicant also moved for summary judgment, arguing that he had established priority based on “test marketing” and “use analogous to trademark use.”⁷ The Board denied the parties' successive cross-motions for summary judgment on the ground that there were genuine disputes of material fact. In so ruling, the Board emphasized to Applicant that he, as plaintiff and concurrent use applicant, must prove technical use of his trademarks in commerce prior to Registrant Lawson's February 29, 2012 filing date—i.e. use sufficient to support a trademark registration. As the Board explained, the issue was not establishing Applicant's priority over Registrant, but establishing the jurisdictional requirement for concurrent registrations. *See CDS Inc. v. I.C.E.D. Mgmt., Inc.*, 80 USPQ2d 1572, 1580 n.12 (TTAB 2006) (“Priority is not normally an issue in concurrent use

⁴ 4 TTABVUE 5. Labeling irregularities on specimens is not an issue typically raised by Examining Attorneys during examination of an application. *See TRADEMARK MANUAL OF EXAMINING PROCEDURE (TMEP) § 907 (Oct. 2018)* (“USPTO does not routinely solicit information regarding label approval under the Federal Alcohol Administration Act”).

⁵ 4 TTABVUE 6.

⁶ 6 TTABVUE and 22 TTABVUE.

⁷ 7 TTABVUE and 23 TTABVUE.

proceedings. The question here is whether the concurrent use applicant has met the jurisdictional requirement (or ‘condition precedent’) of establishing use in commerce prior to the defendant’s application filing date.”). One Board order pointed out that “evidence of analogous use, as opposed to technical trademark use, which could be considered when establishing priority for the purposes of likelihood of confusion, will not be considered in this concurrent use proceeding.”⁸

After the successive cross-motions for summary judgment were denied, the parties submitted a proposed Settlement and Coexistence Agreement,⁹ which the Board found insufficient to obviate confusion.¹⁰ Applicant moved for reconsideration of that Board Order,¹¹ and Registrant, changing his position on likelihood of confusion, opposed the motion, arguing that confusion between the parties’ marks is “inherent.”¹²

In any event, the parties later agreed to try this case via the Board’s Accelerated Case Resolution (“ACR”) procedure. Specifically, they agreed that they would forego a traditional trial and oral hearing and that the Board may resolve genuine disputes of material fact and issue a final ruling based on the parties’ submissions.¹³ *See Bond v. Taylor*, 119 USPQ2d 1049, 1051 (TTAB 2016) (“In order to take advantage of any

⁸ 28 TTABVUE 8.

⁹ 30 TTABVUE.

¹⁰ 32 TTABVUE.

¹¹ 34 TTABVUE.

¹² 35 TTABVUE 2.

¹³ 38 TTABVUE 2.

form of ACR, the parties must stipulate that the Board may resolve any genuine disputes of material fact in the context of something less than a full trial.”). *See generally* TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (TBMP) §§ 528.05(a)(2), 702.04, 705 (June 2018).¹⁴

II. The Record

The files of the involved applications and Registrant’s unrestricted registration are automatically of record. *See* Trademark Rule 2.122(b)(1), 37 C.F.R. § 2.122(b); *Boi Na Braza, LLC v. Terra Sul Corp.*, 110 USPQ2d 1386, 1389 (TTAB 2014).

The parties’ approved ACR stipulation provides that “[t]he parties will submit ACR briefs with accompanying evidentiary submissions.”¹⁵ Applicant’s brief appends 43 exhibits, labelled A to Z, AA to AO, and BA and BB.¹⁶

Registrant objects to all of Applicant’s exhibits except for exhibit L (Alcohol and Tobacco Tax and Trade Bureau personalized label guidelines) and exhibit AG, (the proposed settlement agreement) on the grounds that they constitute inadmissible hearsay with no authentication, and are irrelevant.¹⁷ We overrule the objections. The parties’ approved ACR stipulation provides that “all office records, matters of public

¹⁴ In his request for reconsideration, Applicant moved to amend his applications to provide that the words “ESTATE” and “RIDGE” would always appear in the same font, size, and color as PROSPER in the PROSPER ESTATE and PROSPER RIDGE marks. As part of the ACR stipulation, Applicant withdrew his request for reconsideration of the Board’s Order refusing approval of the proposed settlement agreement, 34 TTABVUE, but expressly retained the right to “revive” this amendment in his ACR brief. *See* discussion *infra*.

¹⁵ 38 TTABVUE 2.

¹⁶ 41 TTABVUE.

¹⁷ Registrant’s brief, 43 TTABVUE 11-16.

record, affidavits, declarations and the like incorporated in or annexed as exhibits to the prior or final motions, affidavits or declarations shall be deemed to have been properly filed pursuant to notice of reliance under Trademark Rule 2.122(e).¹⁸ The declarations appended as exhibits AK through AO are executed in conformity with Trademark Rule 2.20, 37 C.F.R. § 2.20. The other exhibits are authenticated by the declarations, or consist of government records and business records, which are exceptions to the hearsay rule, Fed. R. Evid 803(6), (8). In any event, “[u]ltimately, the Board is capable of weighing the relevance and strength or weakness of the objected-to testimony and evidence, including any inherent limitations, and this precludes the need to strike the testimony and evidence.” *Inter IKEA Sys. B.V. v. Akea, LLC*, 110 USPQ2d 1734, 1737 (TTAB 2014).

Registrant’s brief appends his ACR declaration¹⁹ and cites his second motion for summary judgment, which motion was supported by his verification and by an earlier, somewhat similar declaration averring *inter alia* that “[Applicant] does not own and never has owned a Certificate of Label Approval (COLA) for wines using the ‘PROSPER’ name in any form.”²⁰

III. Applicable Law

“Because the primary evil to be prevented by the Lanham Act is the likelihood of consumer confusion, and not the protection of exclusive, gross rights in intellectual

¹⁸ ACR Stipulation ¶5, 38 TTABVUE 2.

¹⁹ Lawson decl., 42 TTABVUE 2-3.

²⁰ 22 TTABVUE 12-14.

property, the Lanham Act also allows for the concurrent federal registration of marks for use in different geographic areas, so long as such use does not cause likelihood of consumer confusion.” *Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.*, 330 F.3d 1333, 66 USPQ2d 1811, 1816 (Fed. Cir. 2003), reh’g en banc denied, (July 9, 2003) and cert. denied, 124 S. Ct. 958 (U.S. 2003). “The purpose of a concurrent use proceeding is to provide a forum for determining whether an applicant, whose right to an unrestricted registration is barred by the main clause of Section 2(d) due to the likelihood of confusion which would result from his unrestricted use of the mark on the identified goods, might nonetheless be entitled to a specially restricted ‘concurrent’ registration which imposes conditions and limitations on the applicant’s use of the mark.” *The Tamarkin Co. v. Seaway Food Town Inc.*, 34 USPQ2d 1587, 1589 (TTAB 1995).

Concurrent use proceedings are governed by the following proviso of Section 2(d) of the Trademark Act:

That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter....

15 U.S.C. § 1052(d).

Section 2(d) thus recognizes that, under certain conditions, more than one party may have a right to use, and to register, a given mark. *Weiner King, Inc. v. The Wiener King Corp.*, 615 F.2d 512, 204 USPQ 820, 831 (CCPA 1980). “[C]oncurrent rights arise

where a party, in good faith and without knowledge of a prior party's use in another geographical area, adopts and uses the same or similar mark for the same or like goods or services within its own geographical area with a measure of commercial success and public recognition and without any resulting confusion as to source." *Woman's World Shops Inc. v. Lane Bryant Inc.*, 5 USPQ2d 1985, 1987-88 (TTAB 1988) quoted in *Sw. Mgmt. v. Ocinomled*, 115 USPQ2d at 1020, aff'd, 652 Fed. Appx. 971 (Fed. Cir. 2016). This case does not involve any allegation that Applicant adopted or used his marks in bad faith, with prior knowledge of Registrant's registration.

Nonetheless, as indicated, Applicant must: (i) demonstrate that he made lawful concurrent use of his marks in commerce prior to the February 29, 2012 filing date of the application that matured into Registrant's existing Registration, and (ii) establish that confusion, mistake or deception is not likely to result from his use of PROSPER RIDGE and PROSPER ESTATE for wines in the territory he claims, concurrent with Registrant's use of PROSPER for wine in the rest of the country. *See Sw. Mgmt. v. Ocinomled*, 115 USPQ2d at 1020. Applicant, as plaintiff in this concurrent use proceeding, has the burden of proving these two conditions precedent by a preponderance of the evidence. *Turdin v. Trilobite, Ltd.*, 109 USPQ2d 1473, 1478 (TTAB 2014); Trademark Rule § 2.99(e), 37 C.F.R. § 2.99(e); TBMP § 1108.²¹

A. Lawful Use in Commerce Prior to Registrant's Filing Date

Applicant's burden of proving that his use was both lawful and in commerce is jurisdictional in nature. *In re Beatrice Foods Co.*, 429 F.2d 466, 166 USPQ 431, 433

²¹ Approved Stipulation, 38 TTABVUE 2.

n. 1 (CCPA 1970); *Gray v. Daffy Dan's Bargaintown*, 823 F.2d 522, 3 USPQ2d 1306, 1308 (Fed. Cir. 1987); *CDS v. I.C.E.D. Mgmt.*, 80 USPQ2d at 1580 n.12; *The Tamarkin Co. v. Seaway Food Town*, 34 USPQ2d at 1590 n. 5; TBMP § 1103.01(b). A concurrent use plaintiff who cannot demonstrate that he has made **lawful use** of his mark **in commerce** prior to the filing date of the concurrent use defendant's involved application or registration cannot cross the threshold, and cannot obtain a concurrent use registration. *See Bad Boys Bail Bonds, Inc. v. Yowell*, 115 USPQ2d 1925, 1933 (TTAB 2015) (motion for summary judgment granted where there was no genuine dispute of material fact that applicant did not use the mark in commerce prior to the filing date of the application underlying defendant's registration).²² Since the filing date of the concurrent use defendant's application places the concurrent use plaintiff on constructive notice of the defendant's claimed trademark rights, use commenced thereafter is unavailing.

In sum, there is a requirement for use in commerce and that it be lawful. As the following analysis shows, however, Applicant has not proven use in commerce, and if he had, he has not proven that such use was lawful.

1. "Use in Commerce"

Applicant maintains that he first used PROSPER ESTATE and PROSPER RIDGE on wine in commerce "on or about October 2007 with the selection of Prosper Estate Vineyards as the company's business name and Prosper Estate and Prosper

²² *But see* TBMP § 1103.01(b) (need not meet jurisdictional requirement where excepted user consents to the grant of a concurrent registration or where an applicant seeks concurrent use registration based on a final determination by a court of competent jurisdiction that applicant is entitled to concurrently use its mark).

Ridge as the company's brands." Applicant also avers "The Internet domains prosperestate.com, prosperridge.com, prosperestatevineyard.com, prosperestatewine.com, prosperestatewines.com, and prosperestatevineyards.com were registered on October 1, 2007," and, "Applicant's websites under the Applicant's marks went live on June 24, 2009 and have been a continuous channel of advertising since that date until present."²³

At his two-acre vineyard, located behind his residence in Prosper, Texas, Applicant had Cabernet Sauvignon, Merlot, Chardonnay, and Sauvignon Blanc grape vines planted between 2008 and 2012.²⁴ Applicant recognized that the grape vines would have to develop and mature for ten years before they could yield wines of the sort he planned to produce.²⁵

Applicant's January 2012 business plan projected filing for the involved marks and illustrated the anticipated wine labels:

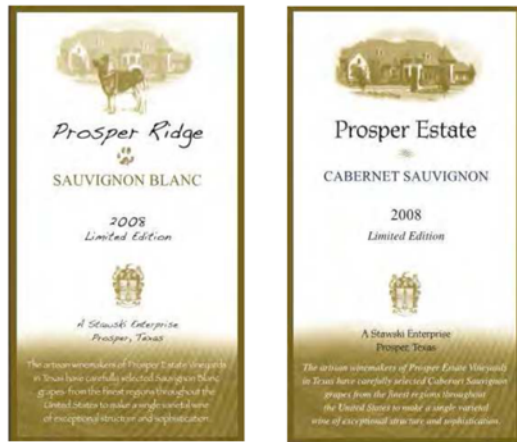
²³ Stawski decl. ¶¶ 2, 7, 14, 41 TTABVUE 159-161, 165-167; Applicant's brief, 39 TTABVUE 4; exhibit M, assumed name certificate dated Oct. 27, 2008 from Office of County Clerk, Collin County, Texas, 41 TTABVUE 56; exhibit AJ, domain registrations, 39 TTABVUE 5.

²⁴ Stawski decl. ¶ 9, 41 TTABVUE 167.

²⁵ Applicant's brief, 39 TTABVUE 18.

Future Product Plans

PEV will introduce direct wine sales once the vineyards vines achieve maturity (10+ years) by establishing an onsite winery and wine production facility. PEV will make the decision on mass marketing based upon yearly analysis of vine maturity. Until such time, PEV began actively test marketing both the Prosper Ridge and Prosper Estate brands in order to establish brand recognition for when the vines do reach maturity. PEV will apply for trademarks for Prosper Estate and Prosper Ridge with the label designs illustrated below.



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Applicant’s intermediate-term goals (years 4-7) included solidifying long-term sales contracts with his target market for 100% of his vineyard production; and his long-term goals (years 8+) included:

- **Build and launch Prosper Estate Vineyard winery for direct wine production under the Prosper Estate and Prosper Ridge label. Both brand names currently being test marketed. Full mass production upon vine maturity (10+ years) (not included in Financial Proforma)**

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Applicant states that he arranged “to provide test marketing programs starting in 2009 and to include test distribution of Prosper Estate and Prosper Ridge labeled wines at community events, at events at Prosper Estate Vineyards, to restaurants in the PEV targeted marketing region and direct to individuals.”²⁸

Since Applicant’s grape vines would not be mature until 2017 at the earliest, Applicant used a California wine for the “test marketing.”²⁹ The bottles bore

²⁶ Applicant’s Business Plan, 41 TTABVUE 120.

²⁷ *Id.*

²⁸ Applicant’s brief, 39 TTABVUE 5.

²⁹ *Id.*, 39 TTABVUE 6.

Applicant's label on the front, and identified the California wine producer and bottler, Brutocao Cellars, on the back.³⁰ However, there is a dearth of evidence as to when Applicant commenced distributing bottles bearing these labels. The record shows only that Applicant received an estimate for design of the logo wine labels in July 2008. *See* 7 TTABVUE 24. But he has not established when he first contacted Brutocao Cellars, when he first ordered bottles of wine bearing his marks, or when he first received bottles from Brutocao Cellars bearing his marks.

Applicant states that he began distributing free samples of PROSPER ESTATE and PROSPER RIDGE -labeled bottles of wine to restaurants in the fall of 2010 and continued into 2011 and 2012.³¹ In the fall of 2010, Applicant avers, "I personally carried the first bottle of Prosper Estate and Prosper Ridge wine to the first restaurant in that sampling program; Rick's Chophouse in McKinney, Texas."³² An employee of Rick's Chophouse, Brent Tyler, states in his declaration that he has known Applicant—a regular customer who has hosted numerous private events at the restaurant—since 2008. "In the Fall of 2010, Scott [Stawski] provided ... myself and the restaurant a sample bottle of Prosper Estate Cabernet Sauvignon and Prosper Ridge Chardonnay. Scott stated that full scale production would not begin for 5-7 years as the vines needed to reach 10 year maturity to achieve the quality desired, he wanted to provide samples to restaurants in the community as a start to long-term

³⁰ We discuss the types of wine bottle labels *infra*, and find that Applicant's labels, placed on the front of the bottles of California wine, were "**private**" labels, requiring Certificates of Label Approval, which Applicant did not obtain until later.

³¹ *Id.*, 39 TTABVUE 6-7.

³² Stawski decl. 41 TTABVUE 168.

branding.”³³

Applicant’s spouse, Hope Malone, assisted in distributing the labeled bottles of wine through her single-member limited liability company, HAM & Cheese Events, LLC (“HAM”), a business providing event planning, marketing, test marketing and catering services, based at their residence. According to Ms. Malone, “To date, HAM has distributed samples of Prosper Estate and Prosper Ridge labeled wines to approximately 135 restaurants in Texas, Oklahoma, New Mexico, Arkansas and Louisiana.”³⁴ She elaborates:

Test marketing consists of distributing Prosper Estate and Prosper Ridge labeled wine to restaurants with messaging that Prosper Estate Vineyard is developing a high end, estate grown wine in Texas that upon maturity in 2018 will begin mass distribution in Texas and the surrounding region. ... Continually reminding restaurants in the market area that the wine will become available upon maturity is a vital aspect of establishing the brand in the area.³⁵

Ms. Malone’s business has also hosted events, primarily at Applicant’s Prosper Estate Vineyards: “At each of these events, Prosper Estate and Prosper Ridge labeled wines have been sampled. These events include ‘crush’ parties in 2009, 2010 and 2011 and bottling parties in 2010 and 2011. These events continue to [the] present day.”³⁶

Another service, Rubicon Catering, Inc., based in North Texas, has catered weddings and other events at Prosper Estate Vineyards, beginning with a holiday

³³ Tyler decl. ¶¶ 1-4, 41 TTABVUE 161-162.

³⁴ Malone decl. ¶¶ 1, 9 (declaration executed on Feb. 14, 2018), 41 TTABVUE 173-175.

³⁵ Malone decl. ¶ 8, 41 TTABVUE 175.

³⁶ Malone decl. ¶ 7, 41 TTABVUE 174-175.

party on December 11, 2009. When catering events at Applicant's Vineyards, Rubicon provides Prosper Estate Cabernet Sauvignon and Prosper Ridge Chardonnay under license with Applicant.³⁷

One attendee declares that he has "attended numerous events at Prosper Estate Vineyards including wine tastings, grape picking and crush parties and private events" in 2010 and 2011. "At all Prosper Estate Vineyard parties attended, Prosper Estate Cabernet Sauvignon and Prosper Ridge Chardonnay have been served. At several events, gift bottles of Prosper Estate Cabernet Sauvignon and Prosper Ridge Chardonnay were provided to attendees"³⁸

Overall, Applicant states, Prosper Estate Vineyards "has distributed wines with Applicant's marks at events, restaurants, and to individuals each year since 2008. Hundreds of consumers and restaurant owners and managers from Texas, New Mexico, Oklahoma, Arkansas, and Louisiana have attended community events, events at Prosper Estate Vineyards, and/or restaurants where Prosper Estate and Prosper Ridge labeled wine has been sampled and distributed."³⁹

Now, Applicant states, "The vitis vinefera grape vines in the Prosper Estate Vineyard reached 10 year maturity in 2017. Test marketing and sampling indicate the level of quality has been achieved to move from test marketing to full production. PEV was granted a TTB [U.S. Department of the Treasury Alcohol and Tobacco Tax

³⁷ JoAnne Ormsby decl. ¶¶ 1-4, 41 TTABVUE 171-72. No evidence regarding the nature or terms of the license has been introduced into the record.

³⁸ McConnell decl. ¶¶ 1-5, 41 TTABVUE 163-164.

³⁹ Stawski decl. ¶ 22, 41 TTABVUE 169.

and Trade Bureau] license for mass wine production and distribution in 2017.”⁴⁰ The TTB license to which Applicant refers was issued in November 2016; it provides, in pertinent part, that “Your application for a Bonded Winery has been approved,” and “If you will be bottling wine, you must obtain label approval prior to bottling the wine.”⁴¹ Applicant avers that “PEV was granted a COLA [Certification of Label Approval, issued by the TTB] for Prosper Estate labeled wine in 2017. PEV was granted a COLA for Prosper Ridge labeled wine in 2018.”⁴² Since the respective COLAs issued, Ms. Malone states, “HAM has contracted with [Prosper Estate Vineyards] to now move from test marketing of these brands via customized labels to full direct and indirect marketing in 2018.”⁴³

The concurrent use proviso in Section 2(d) expressly requires “lawful use in commerce” prior to the filing date of an excepted user’s application or registration. 15 U.S.C. § 1052(d); *Action Temporary Servs., Inc. v. Labor Force, Inc.*, 870 F.2d 1563, 10 USPQ2d 1307, 1309 (Fed. Cir. 1989); *Gray v. Daffy Dan’s Bargaintown*, 3 USPQ2d at 1308; *CDS v. I.C.E.D. Mgmt.*, 80 USPQ2d at 1580 n.12; *Satinine Societa v. P.A.B. Produits*, 209 USPQ 958, 964 n. 2 (TTAB 1981). “Use in commerce” means “the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a

⁴⁰ Stawski decl. ¶ 23, 41 TTABVUE 169.

⁴¹ 41 TTABVUE 133.

⁴² Stawski decl. ¶ 23, 41 TTABVUE 169; *accord* Malone decl. ¶ 11, 41 TTABVUE 175-176.

⁴³ Malone decl. ¶ 11, 41 TTABVUE 175-176. Ms. Malone’s declaration does not specify the nature of the contract between Applicant and HAM. Nor does her earlier discussed testimony regarding HAM events used to distribute Applicant’s wine discuss the legal relationship between Applicant and HAM, or any control the Applicant may have exercised over distribution of Applicant’s wine.

right in a mark.” 15 U.S.C. § 1127.

Applicant has not established his use was “in commerce” as defined by the statute. Nor has he established that his use, if it was in commerce, was lawful.

His mere selection of the trademarks in 2007 did not constitute their use in commerce. *Hydro-Dynamics Inc. v. George Putnam & Co. Inc.*, 811 F.2d 1470, 1 USPQ2d 1772, 1774 (Fed. Cir. 1987). “A right of ownership in and to a mark arises from prior use of said mark in connection with a particular product or service and not from prior adoption alone. A mark has no existence apart from any product or service, and hence the mere adoption of a word or symbol does not without more confer upon the adopter thereof the right of ownership.” *Comput. Food Stores Inc. v. Corner Store Franchises, Inc.*, 176 USPQ 535, 538 (TTAB 1973) (citing *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918)).

Nor did Applicant’s 2007 registration of “Prosper Estate Vineyards” as an assumed business name constitute use in commerce sufficient to support registration. *See In re Letica Corp.*, 226 USPQ 276, 277 (TTAB 1985) (“trade names qua trade names do not qualify for registration.”). “A designation used only as a ‘trade name’ cannot be federally registered as a trademark or service mark. Only if the designation is also used as a trademark or service mark can it be federally registered.” 1 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 9:3 (5th ed. Sept. 2018 update).

Applicant’s 2007 registration of PROSPER-formative domain names did not constitute use in commerce. *See Brookfield Comms., Inc. v. W. Coast Ent. Corp.*, 174

F.3d 1036, 50 USPQ2d 1545, 1555 (9th Cir. 1999) (mere registration of domain name does not constitute use of trademark in commerce). Nor did his 2009 registration of domain names that connect to a website. *See In re Quantum Foods, Inc.*, 94 USPQ2d 1375, 1378-79 (TTAB 2010) (“However, an Internet web page that merely provides information about the goods, but does not provide a means of ordering them, is viewed as promotional material, which is not acceptable to show trademark use on goods. ... It long has been held that mere advertising is not sufficient to show trademark use.”). In sum, none of these preparatory measures by Applicant amounted to technical use in commerce for purposes of the statute. 15 U.S.C. § 1052(d).

The record is clear that Applicant knew that his vines would not mature for ten years after planting. He was aware that his vineyard would not become the source of commercially marketable wine for over a decade.⁴⁴ As Applicant has acknowledged, he did not have a product ready to market. Yet he sought “to establish the reputation and brand identity of the vineyard and the Prosper Estate and Prosper Ridge wine labels.”⁴⁵ Applicant’s order form to Brutocao Cellars notes, “Wine used for personal gifts, not sale.”⁴⁶ Applicant’s evidence regarding his purchase of bottled wine from Brutocao lacks critical details and corroboration.

⁴⁴ Stawski decl. ¶ 15, 41 TTABVUE 168.

⁴⁵ *Id.*

⁴⁶ Order form, 8 TTABVUE 16; 20 TTABVUE 33. Throughout this proceeding, Registrant has called into question Applicant’s order from Brutocao, suggesting that Applicant’s first order came well after Registrant’s filing date. But Registrant did not adduce evidence to support the issues he has raised, so we have not considered these challenges, and have assessed Applicant’s evidence regarding Brutocao for whatever credibility and probative value it may have.

There is no evidence that Applicant made any sales to customers. “While actual sales are not required for statutory use in commerce, ... in the context of test marketing, whether the goods are sold can help inform whether the activity is in the ordinary course of trade.” *Tao Licensing, LLC v. Bender Consulting Ltd.*, 125 USPQ2d 1043, 1054 (TTAB 2017) (internal citations omitted). That standard contemplates “commercial use of the type common to the particular industry in question.” *Paramount Pictures Corp. v. White*, 31 USPQ2d 1768, 1774 (TTAB 1994) (reviewing the legislative history), *aff’d* without published opinion, *White v. Paramount Pictures Corp.*, 108 F.3d 1392 (Fed. Cir. 1997) (opinion available at 1997 WL 76957).

Applicant claims to have given “corporate gifts of samples to prominent community members since 2011,”⁴⁷ but provides no indication of the nature or number of the samples, their recipients, or their dates of distribution by the end of February 2012. Ms. Malone claims that her business distributed the labeled wine bottles “to approximately 135 restaurants in Texas, Oklahoma, New Mexico, Arkansas and Louisiana,”⁴⁸ but aside from the single delivery to “Rick’s Chophouse” in 2010, discussed above, she does not state when the distribution took place or provide even an approximate number of wine bottles delivered before the end of February 2012. Her business “has hosted and catered many events at the Prosper Estate Vineyard venue where they distributed Prosper Ridge and Prosper Estate wine,” Applicant states, as has Rubicon Catering, located in Dallas, which “hosted a

⁴⁷ Stawski decl. ¶ 21, 41 TTABVUE 169.

⁴⁸ Malone decl. ¶ 9, 41 TTABVUE 175.

holiday party at the Prosper Estate Vineyard in the winter of 2009 where they distributed Prosper Estate and Prosper Ridge wine.”⁴⁹ The wines offered for tasting at Applicant’s vineyard events were either from the barrel (with no indication that either trademark was affixed) or from Brutocao bottles (with no indication of how or whether the trademarks were displayed to attendees), and the number of bottles given to attendees as gifts is not of record.⁵⁰

We find, based on review of Applicant’s evidence, that Applicant has failed to carry his burden of proving by a preponderance of the evidence use in commerce prior to February 29, 2012. Long prior to trial, Applicant was made aware of his evidentiary burden in proving of use of the marks in commerce prior to Registrant’s application date.⁵¹ Applicant had the opportunity to provide specific, probative, credible evidence documenting dates, quantities, and recipients of goods distributed, and the way his marks were displayed in connection therewith. We would be further remiss if we did not note that Applicant’s relationship with Ms. Malone, as husband and wife, certainly made the task of obtaining this information easier. “[W]hen it is within a party’s power to produce a certain kind of persuasive testimony or documentary evidence on an urged factual finding, and it fails to do so, a tribunal is at least permitted—perhaps even compelled—to draw the inference that that fact is

⁴⁹ Stawski decl. ¶¶ 19, 20. *See also* Malone decl. ¶ 7, Ormsby decl. ¶ 2-4, McConnell decl. ¶¶ 2-5; 41 TTABVUE 163, 168-169, 171, 174-175.

⁵⁰ *See* McConnell decl. ¶¶ 3-5, 41 TTABVUE 163.

⁵¹ *See* 28 TTABVUE 8 (Board order denying cross summary judgment motions instructs: “Stawski, as plaintiff and concurrent use applicant, must submit evidence of use prior to Lawson’s February 29, 2012 filing date that is sufficient to support a trademark registration.”)

unsupported and/or untrue.” *In re USA Warriors Ice Hockey Program, Inc.*, 122 USPQ2d 1790, 1794 (TTAB 2017); *Tao Licensing v. Bender Consulting*, 125 USPQ2d at 1053 (“The presence of business records would strengthen the case that these transactions occurred in the ordinary course of trade, and the absence of such records does the opposite.”). Here, Applicant’s vague, equivocal, mostly undated evidence of distributing samples is deficient, as it fails to prove bona fide use in the ordinary course of trade. “The TLRA altered the burden that applicants must meet before satisfying the use element by requiring an applicant to make a ‘bona fide use of [the] mark in the ordinary course of trade.’ Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935 (effective November 16, 1989) (codified at 15 U.S.C. §1127 (2006)). This ‘bona fide use’ language was intended to eliminate ‘token uses,’ which occurred when applicants used marks in conjunction with selling goods or offering services for the sole purpose of obtaining registration, and with no intention of legitimately using the mark in commerce until a later date.” *Aycock Eng’g Inc. v. Airflite Inc.*, 90 USPQ2d 1301, 1306 (Fed. Cir. 2009). See *M.Z. Berger & Co., Inc. v. Swatch AG*, 787 F.3d 1368, 114 USPQ2d 1892, 1896 (Fed. Cir. 2015) (“the TLRA heightened the burden for use applications by requiring that an applicant’s use be ‘bona fide use of [the] mark in the ordinary course of trade.’”).

We also find that Applicant’s labels on wine ordered from California constitute private labels—notwithstanding his earlier characterization of the labelled bottles as customized or for personal gifts—and that he used them merely as a placeholder, until he had a product ready to market. His minimal distribution under the private labels

tacitly acknowledges that his “activity was preliminary and exploratory, and [he] was not yet ready to introduce the product in the ordinary course of trade.” *Tao Licensing v. Bender Consulting*, 125 USPQ2d at 1054. Indeed, he would not be ready to do so for years.

After a decade passed, and his vineyard grape vines approached maturity, Applicant sought and obtained COLA labeling approval.⁵² And he now contemplates use in the ordinary course of trade, through direct and indirect sales of his product, under his applied-for marks.⁵³ But readiness to make such use comes over five years after Registrant filed his application to register PROSPER for wine, much longer than the delay in *Tao Licensing v. Bender Consulting*, 125 USPQ2d at 1055 (“The absence of any sales whatsoever under the mark for more than 2 years following Respondent’s sample-related activities underscores their preliminary nature.”). This is not use in the ordinary course of trade.⁵⁴

We therefore find that Applicant has not carried his burden of proving prior use in commerce by a preponderance of the evidence, as required by Section 2(d).

2. “Lawful Use In Commerce”

Even if Applicant proved use of his marks in commerce prior to Registrant’s filing date of February 29, 2012, another issue is whether that use was lawful, within the meaning of the concurrent use proviso of Section 2(d). Registrant contends that

⁵² Stawski decl. ¶ 23, 41 TTABVUE 169.

⁵³ Stawski decl. ¶ 24, 41 TTABVUE 169.

⁵⁴ Furthermore, Applicant did not prove that the process he followed to introduce his PROSPER ESTATE and PROSPER RIDGE marks to the market as described above is standard operating procedure in this industry.

Applicant has not proven lawful use by a preponderance of the evidence. “[T]he jurisdictional requirement for a concurrent use application is the ‘legal use in commerce’ standard,” Registrant maintains. “The Federal Regulations make clear that no wine can be ‘introduced’ in ‘commerce’ except as per the Code – which expressly mandates the use of the COLA procedure.”⁵⁵

The federal regulations to which Registrant refers are promulgated by the Alcohol and Tobacco Tax and Trade Bureau (TTB), under the authority of the Federal Alcohol Administration Act, 27 U.S.C. § 201 et seq. Under this authority, the TTB has promulgated regulations relating to the labeling of wine, which apply to those filling various roles in the wine-making and distribution industry. 27 C.F.R. § 4.1. One regulation provides:

(a) Application. No person engaged in business as a producer, rectifier, blender, importer, or wholesaler, **directly or indirectly** or through an affiliate, shall sell or ship or deliver for sale or shipment, **or otherwise introduce in interstate or foreign commerce**, or receive therein, or remove from customs custody, any wine in containers unless such wine is packaged, and such packages are marked, branded, and labeled in conformity with this subpart.

27 C.F.R. § 4.30 (emphasis added).

Another pertinent provision is 27 C.F.R. § 4.50:

(a) No person shall bottle or pack wine, other than wine bottled or packed in U.S. Customs custody, or remove such wine from the plant where bottled or packed, **unless an approved certificate of label approval, TTB Form 5100.31, is issued by the appropriate TTB officer.**

⁵⁵ 22 TTABVUE 7.

- (b) Any bottler or packer of wine shall be exempt from the requirements of this section if upon application the bottler or packer shows to the satisfaction of the appropriate TTB officer that the **wine to be bottled or packed is not to be sold, offered for sale, or shipped or delivered for shipment, or otherwise introduced in interstate or foreign commerce.**

27 C.F.R. § 4.50 (emphasis added).

A COLA certificate of label approval is a necessary prerequisite to lawful use in commerce, Registrant maintains, citing *Tassel Ridge Winery, LLC v. WoodMill Winery, Inc.*, 2013 WL 5567505 (W.D.N.C. 2013) a trademark infringement case. There, the plaintiff, Tassel Ridge Winery, obtained a COLA certification of label approval from the TTB for its wine brand, “RED, WHITE, & BLUE,” in July 2006 and commenced selling wine under that brand that month. (It later obtained a registration on the Principal Register for the mark.) *Id.* at *1. The defendant, WoodMill Winery, began selling table wine under the label “Red, White, and Blue,” in the same month, July 2006, but did not obtain COLA label approval from the TTB until several months later, on October 5, 2006. After Tassel Ridge brought a trademark infringement action against WoodMill, the district court addressed the issue of which winery had prior use in commerce:

Additionally, “use in commerce” must be lawful; commercial use that constitutes a per se violation of a federal statute is not lawful and cannot establish priority for trademark rights. *Gen. Mills Inc. v. Healthy Valley Foods*, 24 U.S.P.Q.2d (BNA) 1270, 1273 (T.T.A.B.1992); *Clorox Co. v. Armour-Dial, Inc.*, 214 U.S.P.Q. (BNA) 850, 851 (T.T.A.B. 1982) (“[U]se in commerce’ means a ‘lawful use in commerce,’ and the shipment of goods in violation of federal statute ... may not be recognized as the basis for establishing trademark rights.”).

Id. at *5.

Although both parties in that case began selling their wines in July 2006, the court, citing Board precedent, found that WoodMill's sales without an approved COLA were not lawful for purposes of determining priority:

In order to lawfully sell wine pursuant to the Federal Alcohol Administration Act, 27 U.S.C. § 201 et seq., a party must appropriately package, mark, brand, and label the wine. 27 C.F.R. § 4.30. According to 27 C.F.R. § 4.50, an approved COLA, TTB Form 5100.31, must be issued before wine can be lawfully bottled or sold. Therefore, any sale of Defendant's "Red, White, and Blue" wine prior to October 5, 2006, was not lawful for purposes of determining priority. *See Sa[utinine Societa v.] P.A.B Produits*, 209 U.S.P.Q. (BNA) 958, 964 (T.T.A.B.1981) ("[T]here has been a per se violation ... when a regulatory statute requires that a party's labels must be registered with or approved by the regulatory agency charged with administering the statute before his goods may lawfully enter the stream of commerce, and the party has failed to obtain such registration or approval."). Defendant has not introduced any evidence to show lawful commercial use of "Red, White, and Blue" before July 2006.

Id. at *6.

Registrant argues that the principles of *Tassel Ridge Winery* apply to this case. Since Applicant, by his own admission, did not obtain a COLA certificate of label approval until 2017, Registrant maintains that Applicant had no lawful use in commerce prior to Registrant's February 29, 2012 filing date, and the concurrent use application must therefore be denied.⁵⁶

⁵⁶ Registrant's brief, 43 TTABVUE 4. *See generally* Bethany Rabe, *Adapting the USPTO's Unlawful Use Doctrine for the Federal Courts* 17 WAKE FOREST J. BUS. & INTELL. PROP. L. 286, 341 (Spring 2017).

Applicant, on the other hand, points to a nonprecedential Board decision that came to a different outcome in a case involving the significance of label approval obtained after a party's use commenced, *Churchill Cellars, Inc. v. Graham*, Opposition No. 91193930, 2012 WL 5493578 (TTAB Oct. 19, 2012). That decision, not a precedent, is not binding on this panel. Moreover, in that case, the opposer asserted and had the burden to prove that the applicant's use was unlawful. Here, Applicant has the burden of proving by a preponderance of the evidence that there was use in commerce sufficient to support a registration, and that such use was lawful. See *Turdin v. Trilobite, Ltd.*, 109 USPQ2d at 1478; Trademark Rule § 2.99(e), 37 C.F.R. § 2.99(e). As the Board noted in the seminal case, *Satinine Societa v. P.A.B. Produits*, 209 USPQ at 964 n. 2, "The words 'lawful use in commerce' are specifically used in that part of Section 2(d) of the Statute governing concurrent registration...." This burden places Applicant in a dilemma: Either he can prove use in commerce prior to a certain date, February 29, 2012, or he cannot. If, as we have found, he cannot prove use in commerce prior to that date, he does not need COLA approval, but he also cannot satisfy the jurisdictional precondition for concurrent use. If, on the other hand, he can prove use in commerce prior to that date, then he needed COLA approval, but did not obtain it for over five years, and fails to prove that his use was lawful. In either event, he cannot meet his burden of proof. *Id.*

Throughout this proceeding, Applicant has maintained that he lawfully ordered *personalized* labels to place on the front of wine bottles provided by Brutocao

Cellars.⁵⁷ He directs our attention to the Alcohol and Tobacco Tax and Trade Bureau's published guidance on personalized labels, which he attaches as an exhibit.⁵⁸ But he also likens his labels to *private* labels, such as those that restaurants use to place their brands on wines supplied by others.⁵⁹ We agree that the characterization as private labels is correct; and for purposes of determining lawful use in commerce, there is a legally significant difference between personalized labels and private labels. Private labels may bear brand names (such as a restaurant's brand name) on bottles that can be used in commerce (e.g., sold to diners at the restaurant). Not so with personalized labels, which are for personal use (e.g. weddings and anniversaries), and are not to be used in commerce.

The Alcohol and Tobacco Tax and Trade Bureau's TTB Public Guidance document explains the material difference between personalized labels and private labels:

You should not confuse personalized labels with customized private labels created for purchasers other than the ultimate consumer. Such private labels may bear a brand name or artwork that is specific to the purchaser who is buying the product **in order to sell it to**

⁵⁷ For example, Applicant has stated: "In July, 2008, Applicant sought out the services of Custom Wine Source for design of personalized labels for bottles of wine intended for testing and sampling during the maturation of the vines. [Exhibit 2]." 7 TTABVUE 3. "During this time, Applicant sought services of wine distributor and custom labeling company, Custom Wine Source, to provide wine affixed with personalized labels which included Applicant's PROSPER marks." 7 TTABVUE 14. "In a good faith effort to establish his trade, and in anticipation of the maturing vineyard which would be able to produce its own goods in future years, Applicant reached out to commercial companies for purchase of wine affixed with personalized labels." 23 TTABVUE 12.

⁵⁸ Exhibit L, TTB Public Guidance document, "Personalized Labels," TTB G 2011-05, issued by the Tax and Trade Bureau's Advertising, Labeling and Formulation Division on Sept. 21, 2011, 41 TTABVUE 52-55. On September 5, 2017 the TTB issued Public Guidance document 2017-2, which supersedes TTB G 2011-5, but does not substantially change the underlying policy.

⁵⁹ Applicant's brief pp. 18-19, 39 TTABVUE 20-21.

consumers. For example, a distilled spirits, wine, or malt beverage industry member may create private labels for customers who may include other permittees, retail stores or restaurants. **This guidance document does not apply to such private labels, which are subject to the same requirements as other labels.**⁶⁰

The Guidance Document explains that personalized labels have a limited purpose, as they are designed for use on special occasions:

What is a personalized label?

Importers, bottlers, and wholesalers of alcohol beverages may offer personalized labels to consumers who desire to have a special label appear on the container. The labels contain a personal message, picture, or other artwork that is specific to the consumer who is purchasing the product. For example, a winery may create a personalized label for a bottle of wine that individual or corporate customers will use to commemorate a special event, such as an anniversary, a wedding, or a grand opening. For this reason, the names and dates on a personalized label may change based on the event that is being recognized (**for example, “Happy 50th Birthday, Mary” or “Congratulations to Jim and Sue on their 40th wedding anniversary, April 25, 2011”**).⁶¹

Unlike a private label, a personalized label cannot change the brand name on the wine bottle. This is a material requirement:

The personalized label qualification does not authorize you to change any of the mandatory label information, **for example the brand name** or the class or type designation, when you personalize a label.⁶²

Furthermore, the personalized label cannot violate the TTB’s other applicable

⁶⁰ *Id.* (emphasis added).

⁶¹ Exhibit L, TTB Public Guidance document, “Personalized Labels,” TTB G 2011-05, 41 TTABVUE 52 (emphasis added).

⁶² *Id.*, 41 TTABVUE 54, 55 (emphasis added).

labeling regulations.⁶³ These regulations include C.F.R. Sections 4.30 and 4.50, quoted above, which prohibit bottled wine from being introduced into commerce unless it is labeled properly. As Registrant has correctly maintained throughout this proceeding, “anyone can have a personalized label for a Brutocao wine to use for their birthday, but they cannot introduce it into commerce; that still requires a COLA approval.”⁶⁴

Although Applicant has alternatively claimed to have ordered “personalized” labels for the wine bottles he distributed,⁶⁵ he placed his own PROSPER ESTATE and PROSPER RIDGE brands on the wine bottles supplied by Brutocao Cellars:



So if, as Applicant claims, he used these labels on wine bottles in commerce, then

⁶³ *Id.*, Exhibit L, TTB Public Guidance document, “Personalized Labels,” TTB G 2011-05:

⁶⁴ 8 TTABVUE 9; 25 TTABVUE 5.

⁶⁵ *See n. 58 supra.*

⁶⁶ 41 TTABVUE 129-130.

they were, in fact, private labels all along, subject to the COLA labeling requirements. Applicant cannot have it both ways—contending that his actions constituted use in commerce, which are subject to the COLA requirements, yet contending that he was not subject to the COLA requirements because he only used personalized labels. Applicant could not place his brands on the wine bottles via **personalized** labels, which are not used for branding purposes; nor could he place his brands on **private** labels for wine to be introduced in commerce without prior COLA approval. Yet he endeavored to create and preserve trademark rights without being in a position to comply with the legal requirements, by means that could hardly be attributed to inadvertence.⁶⁷

We conclude that Applicant has failed to carry his burden of proving that lawful use in commerce prior to Registrant’s filing date of February 29, 2012. It was not use in commerce, in accordance with the statutory definition of “bona fide use in the ordinary course of trade,” and if it were, it was not lawful use. Applicant thus fails to meet the first, jurisdictional, condition precedent to the issuance of concurrent use registrations. *See Bad Boys Bail Bonds v. Yowell*, 115 USPQ2d at 1928.

B. Likelihood of Confusion

To be complete, we also consider the second condition precedent. Under Section 2(d), a concurrent use registration may issue only where it is determined “that

⁶⁷ Applicant clearly understood that the COLA label requirements existed. *See* Applicant’s argument *infra* that the required labeling will help avoid confusion among consumers. *Cf. Nationstar Mortg. LLC v. Ahmad*, 112 USPQ2d 1361, 1373 (TTAB 2014) (applicant well aware of legal restrictions and requirements).

confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used....” 15 U.S.C. § 1052(d); see *Sw. Mgmt. v. Ocinoled*, 115 USPQ2d at 1020. “The touchstone ... is the requirement that there be no likelihood of confusion, mistake or deception in the market place as to the source of the goods resulting from the continued concurrent use of the trademark.” *In re Beatrice Foods*, 166 USPQ at 436.

Likelihood of confusion is determined based on an analysis of all of the facts in evidence relevant to the factors enumerated in *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973) (the *DuPont* factors); see also *In re Majestic Distilling Co.*, 315 F.3d 1311, 65 USPQ2d 1201, 1203 (Fed. Cir. 2003), and *Turbin v. Trilobite*, 109 USPQ2d at 1481 (“In considering the evidence of record on these factors, we keep in mind that [t]he fundamental inquiry mandated by §2(d) goes to the cumulative effect of differences in the essential characteristics of the goods and differences in the marks.”) (quoting *Federated Foods, Inc. v. Fort Howard Paper Co.*, 544 F.2d 1098, 192 USPQ 24 (CCPA 1976)).

Applicant bears the burden of proving this second condition precedent. See *Gray v. Daffy Dan’s Bargaintown*, 3 USPQ2d at 1308 (stating that concurrent use plaintiff “was not ‘entitled’ to [a concurrent use] registration unless he also satisfied the ‘touchstone’ requirement of no likelihood of confusion with [the defendant’s] use”) cited in *Boi Na Braza v. Terra Sul*, 110 USPQ2d at 1392. “A concurrent use applicant

has the burden to show that confusion is not likely to result from the concurrent use by applicant and the other users in the specified territories.” 3 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 20:85. Applicant argues that a concurrent use registration with geographic restrictions would result in “no realistic likelihood of confusion”⁶⁸ with regard to three of the applicable *DuPont* factors: the similarity or dissimilarity of the marks, the channels of trade for the involved goods, and the strength or weakness of Registrant’s mark. Registrant, however, contends that confusion is likely because the parties’ marks are virtually identical, for identical goods.

1. Similarity of the Marks

Under the first *DuPont* factor, similarity or dissimilarity of the marks, Applicant contends that the TTB imposes labeling regulations that differentiate the parties’ wines. First, he argues, the regulations require that wine labels designate their appellation of origin—Texas for Applicant’s wines and California for Registrant’s wines.⁶⁹ Second, the regulations require that the wine bottlers’ names and addresses appear on the wine label. Now, “Applicant is the bottler and the address on its wine labels and COLA registrations is Prosper Estate Vineyards, 5560 Oak Bend Trail, Prosper, TX 75078.”⁷⁰ “Registrant does not own a bottling operation and the bottler indicated in its COLA is out of business,” Applicant argues, “Presumably a new bottler would be in California and the address of that bottler would be clearly

⁶⁸ Applicant’s brief, 39 TTABVUE 22.

⁶⁹ *Id.*, 39 TTABVUE 24.

⁷⁰ *Id.*

labeled.”⁷¹ Third, Applicant argues, the term “estate” in his PROSPER ESTATE mark means that his wine is produced from grapes grown on the land of the winery and bottled on location—i.e., his wine is “estate” grown, and Registrant’s is not.⁷² In answer to an earlier Board ruling observing that the suffixes ESTATE and RIDGE could be displayed in a minimal way, subordinating them to the shared first word, PROSPER,⁷³ Applicant moves to amend his applications to provide that the suffixes will appear in the same size, font, and color as PROSPER.⁷⁴

Because the parties’ goods, wine, are identical, less similarity between their marks is needed to find a likelihood of confusion. *See, e.g., In re Viterra, Inc.*, 671 F.3d 1358, 101 USPQ2d 1905, 1908 (Fed. Cir. 2012); *In re Mighty Leaf Tea*, 601 F.3d 1342, 94 USPQ2d 1257, 1260 (Fed. Cir. 2010).

The marks at issue in this proceeding are not the parties’ respective labels or the information required for such labels under TTB regulations. The marks are PROSPER, PROSPER ESTATE and PROSPER RIDGE. Thus, Applicant’s focus on the entirety of the labels is inappropriate.

Applicant’s marks, PROSPER RIDGE and PROSPER ESTATE, wholly encompass the registered mark PROSPER. Likelihood of confusion is often found where the

⁷¹ *Id.* Registrant admits that one of his bottlers “has had some financial difficulties since their relationship ended,” but maintains that this is irrelevant. Registrant’s brief p. 9, 43 TTABVUE 10.

⁷² *Id.*, 39 TTABVUE 25.

⁷³ Order, 32 TTABVUE 8.

⁷⁴ Applicant’s brief, 39 TTABVUE 3, 25, citing exhibits U-W and BA-BB re Lawson bankruptcy, 41 TTABVUE 66-100, 177-194.

entirety of one mark is incorporated within another. *See, e.g., Coca-Cola Bottling Co. of Memphis, Tenn., Inc. v. Joseph E. Seagram & Sons, Inc.*, 526 F.2d 556, 188 USPQ 105 (CCPA 1975) (BENGAL LANCER for club soda, quinine water and ginger ale likely to cause confusion with BENGAL for gin). The common term PROSPER, appearing first in Applicant’s marks, is their dominant feature. *See Palm Bay Imps. Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 396 F.3d 1369, 73 USPQ2d 1689, 1692 (Fed. Cir. 2005) (“Veuve” is the most prominent part of the mark VEUVE CLICQUOT because “veuve” is the first word in the mark and the first word to appear on the label); *Century 21 Real Estate Corp. v. Century Life of Am.*, 970 F.2d 874, 23 USPQ2d 1698, 1700 (Fed. Cir. 1992) (upon encountering the marks, consumers would first notice the identical lead word); *Presto Prods. Inc. v. Nice-Pak Prods., Inc.*, 9 USPQ2d 1895, 1897 (TTAB 1988) (“[I]t is often the first part of a mark which is most likely to be impressed in the mind of a purchaser and remembered”).

In fact, Applicant has repeatedly referred to his marks as his “PROSPER marks.”⁷⁵ Applicant cannot avoid likelihood of confusion by adopting Registrant’s entire mark and adding subordinate matter thereto. *See Hewlett-Packard Co. v. Packard Press Inc.*, 281 F.3d 1261, 62 USPQ2d 1001, 1003 (Fed. Cir. 2002); *In re Jump Designs LLC*, 80 USPQ2d 1370, 1375 (TTAB 2006). Applicant’s marks add only nondistinctive geographic elements, “RIDGE” and “ESTATE,” (disclaimed)—elements

⁷⁵ *See, e.g.,* Applicant Stawski’s response to motion for summary judgment, 7 TTABVUE 14 (“Applicant’s PROSPER marks.”); Applicant’s reply, 9 TTABVUE 8 (“Applicant’s PROSPER marks.”); response to second motion for summary judgment, 23 TTABVUE 2 (“Applicant is the owner of trademark Application Serial Nos. 86038734 and 86038728 for the marks ‘PROSPER ESTATE’ and ‘PROSPER RIDGE’, respectively, (hereinafter ‘PROSPER marks’).”

that are not so prominent as to diminish the strong similarity engendered by the identical element PROSPER, which begins the marks. *See In re Integrated Embedded*, 120 USPQ2d 1504, 1513 (TTAB 2016) (BARR GROUP encompasses BARR, adding nondistinctive GROUP).

Applicant's argument that the wines come from different regions does not reduce the likelihood of consumer confusion. "In any event, even if there were evidence that U.S. customers are aware that these wines come from different regions, they are still likely to assume that the wines share a common source or affiliation, particularly where, as here, the marks share a dominant, fanciful term." *In re Aquitaine Wine USA, LLC*, 126 USPQ2d 1181, 1188 (TTAB 2018). For much the same reason, a difference in bottlers would likely go unnoticed; if consumers could not distinguish the wines' sources based on the brand names on the front labels, they are less likely to do so based on the fine print on the back labels. We conclude that the regulatory limitations to which Applicant refers would not avert a likelihood of consumer confusion.

Applicant also argues that the term "ESTATE" denotes wine from grapes grown on the land of his winery and bottled on location. But nothing prevents Registrant from providing PROSPER estate-bottled wine. Furthermore, ESTATE, when used to convey this meaning, is a descriptive term. Hence, the nondistinctive suffix ESTATE does not differentiate marks sharing the dominant component PROSPER.

Applicant's motion to amend his applications to provide that ESTATE and RIDGE would appear in the same size, color and font as PROSPER would be fruitless, as it

would not allay the likelihood of confusion. Even if RIDGE and ESTATE were the same size, color, and font as PROSPER, consumers would still tend to view Applicant's marks as variations of Registrant's PROSPER mark, suggesting that the parties' wines emanate from affiliated or connected producers. *See In re Bay State Brewing Co., Inc.*, 117 USPQ2d 1958, 1961 (TTAB 2016). The proper focus is on the recollection of the average customer, who retains a general rather than specific impression of the marks. *Joel Gott Wines LLC v. Rehoboth Von Gott Inc.*, 107 USPQ2d 1424, 1430 (TTAB 2013). Applicant's motion to amend his applications is therefore denied. *See Trademark Rule 2.133, 37 C.F.R. § 2.133; TBMP § 514.01.*

All in all, the first *DuPont* factor, the similarity of the marks, weighs in favor of finding a likelihood of confusion.

2. Strength of the Prior Mark

Under the fifth *DuPont* factor, fame of the prior mark, Applicant argues that "Registrant has no fame in the prior mark. Registrant has provided no evidence of any marketing, advertising or test marketing of its mark."⁷⁶

In determining the strength of a mark, we consider both inherent strength, based on the nature of the mark itself, and commercial strength or recognition. *Bell's Brewery, Inc. v. Innovation Brewing*, 125 USPQ2d 1340, 1345 (TTAB 2017); *see also In re Chippendales USA Inc.*, 622 F.3d 1346, 96 USPQ2d 1681, 1686 (Fed. Cir. 2010) ("A mark's strength is measured both by its conceptual strength (distinctiveness) and its marketplace strength (secondary meaning)."). The fame of a mark is not "an all-

⁷⁶ Applicant's brief, 39 TTABVUE 26.

or-nothing measure” when considered in the context of a likelihood of confusion analysis. *Joseph Phelps Vineyards, LLC v. Fairmont Holdings, LLC*, 857 F.3d 1323, 122 USPQ2d 1733, 1734 (Fed. Cir. 2017). Rather, likelihood of confusion fame “varies along a spectrum from very strong to very weak.” *Palm Bay Imps.*, 73 USPQ2d at 1694 (quoting *In re Coors Brewing Co.*, 343 F.3d 1340, 68 USPQ2d 1059, 1063 (Fed. Cir. 2003)). Conceptually, Registrant’s mark, PROSPER, is arbitrary when used in connection with wine, and is therefore inherently distinctive. Commercially, we agree that Registrant has not adduced evidence of the market strength of his mark. We therefore accord the cited Registration no more than the presumptions conferred by Section 7(b) of the Trademark Act. 15 U.S.C. § 1057(b); see *In re Home Federal Savings and Loan Ass’n*, 213 USPQ 68, 69 (TTAB 1982). Overall, we find the factors regarding the strength of Registrant’s mark to be neutral.

3. Channels of Trade and Classes of Customers

Under the third *DuPont* factor, established, likely-to-continue trade channels, Applicant argues that:

[Registrant] has no vineyard, no winery, no wine making assets. According to Registrant’s bankruptcy filing in 2013, Registrant has few assets in total and has liabilities in excess of assets. Registrant has an outstanding judgment from his legal problems with Coastal Industrial Partners. With all of these obstacles, the evidence clearly indicates that Registrant has no commerce associated with his mark in any channels. It is therefore unrealistic to think that Registrant will expand trade channels or expand geography into the geography where Applicant operates. Applicant, however, is well capitalized and well positioned for geographic expansion now that PEV grape vines have achieved maturity.⁷⁷

⁷⁷ Applicant’s brief, 39 TTABVUE 26.

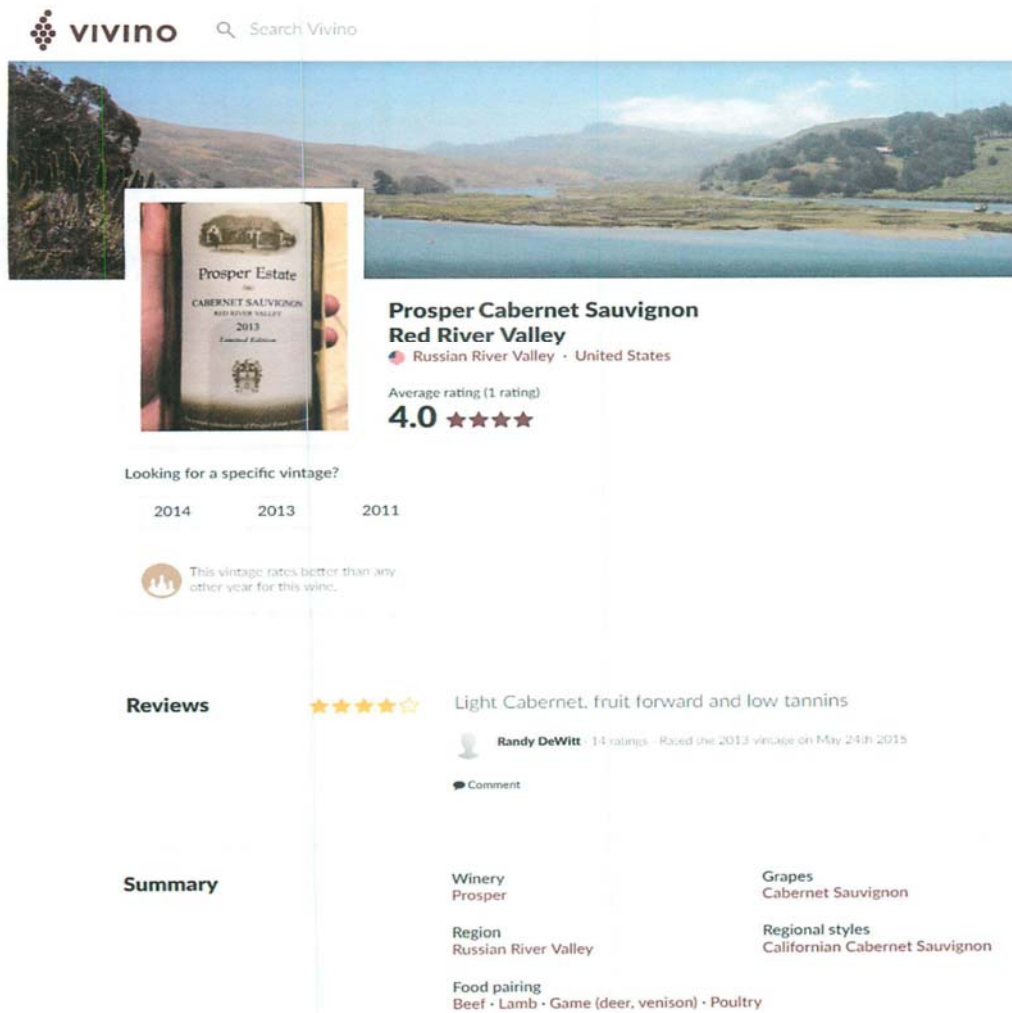
In a concurrent use proceeding, however, consideration of the parties' respective wherewithal, business activity, and planned expansion, among other factors, is relevant only in determining the extent of their respective geographic territories. *See, e.g., Boi Na Braza v. Terra Sul*, 110 USPQ2d at 1394 (listing factors, and citing *Weiner King*, 204 USPQ at 830). We do not reach those factors unless and until the applicant carries his burden of proving the two conditions precedent: that there was prior lawful use in commerce and that the geographic territorial division he proposes would be likely to avoid consumer confusion. Further, we do not consider Registrant as a party with only a limited territory and a possible zone of expansion. Rather, since his registration is geographically unrestricted, we must consider Registrant as having rights to use his mark in the entire United States, but for that territory where Applicant could show actual use prior to Registrant's filing date.

Here, where the parties' goods, wine, are identical, we must presume that they would be marketed to the same classes of customers—ordinary adult wine drinkers and purchasers—through the same channels of trade. *See In re Viterra*, 101 USPQ2d at 1908 (“[I]t is well established that, absent restrictions in the application and registration, [identical] goods and services are presumed to travel in the same channels of trade to the same class of purchasers.”) (internal quotation marks and citation omitted) *quoted in Zheng Cai v. Diamond Hong, Inc.*, 901 F.3d 1367, 127 USPQ2d 1797, 1801 (Fed. Cir. 2018). And since there is no restriction in the subject applications and registration as to price or quality, there is no reason to infer that the consumers or purchasers of these alcoholic beverages will be particularly

discriminating or careful in distinguishing Applicant's wine from Registrant's. *See In re Aquitaine Wine*, 126 USPQ2d at 1195 ("Wine purchasers are not necessarily sophisticated or careful in making their purchasing decisions...."); *Somerset Distilling Inc. v. Speymalt Whisky Dist. Ltd.*, 14 USPQ2d 1539, 1542 (TTAB 1989); *In re Bercut-Vandervoort & Co.*, 229 USPQ 763, 765 (TTAB 1986). Thus, absent geographic separation, the parties' channels of trade and classes of customers would be the same, contributing to a likelihood of confusion.

The remaining issue is whether geographic separation would suffice to obviate that likelihood of confusion. If the parties were to divide the United States market into two separate geographic territories, their bottled wine, marketed under their respective marks, could be marketed in two ways: through direct distribution, *see Granholm v. Heald*, 544 U.S. 460, 125 S.Ct. 1885 (2005) ("direct" sales from a winery to the consumer) or through distributors to wine retailers, who would place the bottles on their shelves. We consider each channel of trade in turn. Consumers seeking direct sales would still tend to encounter both parties' marks on the Internet, and in national publications reviewing the wines. There, due to the great similarity of the parties' marks on identical goods, a rating of one wine, either good or bad, could very likely be attributed, unfairly, to the other. For instance, Registrant adduced evidence of a mobile application called Vivino. The app allows consumers to scan photographs of wine bottles onto the Vivino.com website, which will then populate with information about the wines—information that users can correct and supplement with further reviews of the wine brands shown. On that website, a bottle of **Applicant's**

PROSPER ESTATE wine appeared, accompanied by information about Registrant's PROSPER wine:



The website mistakenly identified the winery as “Prosper,” located in both the “Red River Valley” and the “Russian River Valley,” offering “Californian Cabernet Sauvignon,” apparently mistakenly referring to Registrant’s wine.⁷⁹

Even if, as it appears, the website has been corrected, this demonstrates how

⁷⁸ 36 TTABVUE 8.

⁷⁹ See Registrant’s response in opposition to Applicant’s request for reconsideration of Board Order rejecting proposed settlement and coexistence agreement. 35 TTABVUE 6.

ordinary wine consumers and purchasers encountering these highly similar marks on identical products could easily infer, mistakenly, that the brands are related or affiliated, even if they originate from different regions. “Consumers who encounter wines from different regions under similar trademarks may mistakenly believe they emanate from the same ultimate source.” *In re Aquitaine Wine*, 126 USPQ2d at 1194. Indeed, the parties’ highly similar marks, PROSPER, PROSPER ESTATE and PROSPER RIDGE, yield the commercial impression that the parties’ wines are affiliated or connected. As the Board has stated, “the statutory concept of ‘likelihood of confusion’ denotes any type of confusion, including not only source confusion but also ‘confusion of affiliation; confusion of connection; or confusion of sponsorship.’” *In re Nat’l Novice Hockey League, Inc.*, 222 USPQ 638, 641 n.7 (TTAB 1984) (quoting 4 McCarthy on Trademarks and Unfair Competition § 24.3.B). Accordingly, even if the parties’ wines were marketed in different parts of the United States, and did not appear on the same store shelves, that would not suffice to allay the likelihood of confusion. Consumers viewing advertisements or reviews online would have to rely on their imperfect recollections of the marks. *See In re St. Helena Hosp.*, 774 F.3d 747, 113 USPQ2d 1082, 1085 (Fed. Cir. 2014). Given the parties’ highly similar marks, PROSPER, PROSPER ESTATE and PROSPER RIDGE, these consumers could easily be misled into believing that the parties’ wines are affiliated or connected.

Thus, we find that even if there were a geographic division of territories, the parties would still have overlapping classes of customers, whose susceptibility to

confusion, engendered by the marked similarity of the parties' marks on identical goods, would not be appreciably reduced.

IV. Conclusion

On consideration of all of the arguments, authorities, and evidence, including portions not specifically mentioned in this decision, we find that Applicant has not carried his burden of proving by a preponderance of the evidence the two conditions precedent to obtaining a concurrent use registration: lawful use in commerce prior to Registrant's filing date and lack of likelihood of confusion. We find that the parties' marks are highly similar, that they appear on identical goods, and that a territorial division would be insufficient to avoid a likelihood of confusion, mistake, or deception resulting from the parties' concurrent use of their marks.

Decision:

In view of the foregoing, the Board finds that Applicant is not entitled to concurrent registration of his PROSPER ESTATE and PROSPER RIDGE marks. Accordingly, concurrent registration to Applicant is refused, and this concurrent use proceeding is dissolved.