



MELLINO
LAW FIRM

GUIDE TO Craft Beer & Spirits Trademarks

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the basics

A trademark is an indicator of the source of particular goods or services. Trademarks inform consumers *who* makes the product or offers the service being sold. A business's trademarks include not only the name of the business itself, but also the name of its individual products and services, as well as its logos, symbols, slogans, and even possibly its packaging and color scheme.

WHY TRADEMARKS MATTER: BRAND LOYALTY & GOODWILL

Trademarks are especially important in crowded industries, such as the beer and spirits industries. Trademarks help consumers identify the specific source of each beverage, allowing shoppers to sort through the multitude of options on the shelf. By being able to identify the source, consumers can then repeatedly find products from the same source, allowing businesses to build good will and brand loyalty.

WHY PROTECT TRADEMARKS: UNFAIR COMPETITION

However, if trademarks of different businesses are too similar, it could confuse consumers, causing them to incorrectly believe various

products originate from the same source. This confusion could allow a business to unfairly benefit from the hard-earned brand loyalty and good will of another business. To prevent such unfair competition in the market place, the United States legal system created trademark law.

U.S. TRADEMARK LAW: A DUEL SYSTEM

United States Trademark law operates under a duel system of common law and federal statutory law. Common law simply means there is no controlling legislation, but instead, rules have developed

“To prevent such unfair competition in the market place, the United States legal system created trademark law.”

over time through case law. Many states' trademark law is determined this way. Alternatively, The Lanham Act was enacted by Congress in 1946 to govern federal trademark law. The government's ability to regulate trademarks arises from Article I, Section 8 of the Constitution, namely, the Commerce Clause. Pursuant to this clause, the Lanham Act applies to goods and services involved in interstate commerce; anything else is left to the states.

USE BASED SYSTEM: YOU ALREADY HAVE RIGHTS.

A trademark is property of the business using it. Rights to a trademark are establishing simply by using it in commerce; no registration is required. As a result, a business has rights in a trademark as soon as it is used in connection with selling, marketing, promoting, or otherwise denoting the source goods or services offered in commerce. However, the extent of those rights can depend on many factors. In the craft beer and spirits industry, those rights often depend most on what other trademarks are already in use.

W i t h o u t registration, a business has a right to use their trademark wherever they are currently *actually* using the mark in commerce, as long as their use does not infringe upon another trademark already in use. This geographic scope extends to where the business is actively selling their goods or services, whether they are local or national. However, by registering their trademark, a business's rights to that trademark can extend beyond their existing footprint and apply in markets they have not entered, even if they have no plans to expand.

registration

In order to determine what trademarks are in use, and therefore, the extent of your rights in your trademark, both the federal government and individual states have established trademark registries. These registries help prevent confusion and infringement by creating a database to put everyone on constructive notice of trademarks already in use. This constructive notice allows businesses to assert and establish presumptive evidence of their rights in a trademark to any and all potential competitors.

THE DIFFERENCE BETWEEN STATE & FEDERAL REGISTRATION

State registries are commonly run by the secretary of state. These registrations provide statewide notice to all competitors. As a result, trademark owners enjoy presumptive rights to their trademark throughout the state, even if they are only engaged in business in their own hometown. However, unlike the federal registry, these state databases are often extremely specific, allowing very similar names to be concurrently registered. For example, these registries may allow both Main Street Brewing and Maine Street Brewery to be registered at the same time.

The federal registry is operated by the United States Patent and Trademark Office (USPTO) in Alexandria, VA. Registration with the USPTO provides nationwide notice, meaning trademark owners enjoy presumptive rights across the country, even if they are only engaged in business in a small region. Unlike state registries, the USPTO is much more strict about similar names, as discussed below. Further, in addition to the standard “Principle Register”, USPTO’s “Intent to Use”

applications and “Supplemental Register” offer trademark owners alternative avenues to protect their rights even before they are sufficiently using their trademarks to otherwise register them.

STATE REGISTRATION PROCESS

Individual States registrations process is generally very straightforward. Often business owners can conduct a search of the trademark registry on the secretary of state’s website. If the desired name is not already taken, the owner may complete and submit forms provided by the secretary of state to register the business’s trademark. Often state’s use “trade name” and “trademark” interchangeably. Generally, a “trade name” refers to the name of the business, usually without including its corporate identity, such as Main Street Brewing, LLC going by simply “Main Street Brewing”, while a “trademark” refers to a logo or specific products or services offered by the business. Notably, trademark registration is different and separate from forming and naming your entity with the secretary of state.

Although these applications are generally far more affordable than

a federal application, they also provide far less rights. Because these registries are not as strict about similar names, a trademark may still be infringing even though the state allows it to be registered. Also, a federal registration will trump a state registration. Therefore, federal registration is heavily preferred when applicable.

FEDERAL REGISTRATION

Businesses may apply for registration on either USPTO’s Principle Register or Supplemental Register. In order to register a trademark on the Principle Register, the trademark must be (1) used in commerce; (2) adequately distinctive; (3) and unlikely to cause confusion among consumers.

If a trademark is not yet being used in commerce, but will be shortly, an applicant may file an Intent to Use application to get the registration process started in the meantime. Similarly, if a trademark *is* being used but is not adequately distinctive, it may be placed on the Supplemental Register until it can acquire distinctiveness.

Distinctiveness

The USPTO requires that a mark be adequately distinctive in order to be registered. Distinctiveness measures how related the trademark is to the goods or services it identifies. There are four (4) levels of distinctiveness:

1. Generic
2. Descriptive
3. Suggestive
4. Arbitrary and Fanciful

Generic marks are not registrable. These marks are general terms used to describe goods. Examples include Escalator, Murphy Bed, and Trampoline. Even if a name is registered, it may still become generic if the owner does not enforce his or her rights and instead lets others use the mark widely.

Descriptive marks must acquire distinctiveness to be registered. Descriptive marks merely describe the goods and services they identify, like Hoppy IPA and Smooth Vodka. This also includes geographic descriptions such as Alaskan Brewery and Champagne. Such marks can only be registered if they “acquire distinctiveness.” This means that through use in commerce, consumers come to associate the trademark with a singular source of goods.

Applications to register descriptive marks will generally be denied unless the applicant can prove that their mark has already acquired distinctiveness. However, if the applicant is unable to do so, the mark may be registered on the Supplemental Register until it does acquire distinctiveness. This type of registration preserves the trademark’s priority over subsequent applications. Suggestive marks are generally

registrable. These marks begin to indicate the nature, quality, or a characteristic of the good, but are not quite descriptive. Instead, they still leave something to the imagination of consumers. An example would be Galactic Ale for a beer containing Galaxy Hops.

Arbitrary and Fanciful marks are generally registrable. These marks have nothing to do with the goods or services they describe, such as “Apple” for computers and “Dove” for soap. Often they are even made up words or logos and symbols such as FedEx and Pepsi.

Consumer Confusion

In order to be registered, a trademark cannot cause confusion with marks that are already registered. Two marks do not need to be exactly the same in order to create a likelihood of confusion; similar marks may cause confusion. Further, actual confusion is not necessary. The mere likelihood that confusion may occur is enough to prevent registration.

Therefore, in order to assess the likelihood of confusion, the USPTO Examining Attorney will compare an applicant’s mark to similar, currently registered marks and weigh a number of factors, known as the “DuPont Factors.” These factors are:

- The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
- The relatedness of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
- The similarity or dissimilarity of established, likely-to-continue trade channels.
- The conditions under which and

buyers to whom sales are made, i.e. “impulse” vs. careful, sophisticated purchasing.

- The number and nature of similar marks in use on similar goods.
- A valid consent agreement between the applicant and the owner of the previously registered mark.

These factors are generally viewed in the totality of the context, with no one factor being given more weight than others. In assessing likelihood of confusion, the USPTO Trademark Trial and Appeal Board, as well as federal court, use the same or a similar set of factors. They may vary in number and wording, but are all generally the same. However, if the court feels that one factor is more compelling than others, it may give it more weight.

In order to determine if your mark will be confusing to other marks already registered, the USPTO attorney who examines your application will perform a search to find similar marks and compare your mark to the search results. If there is a preexisting federally registered mark that has a high likelihood of causing consumer confusion with your mark, then the USPTO is unlikely to approve your application.

Consumer Confusion Among Alcoholic Beverages

Although there is no “per se” rule that all alcoholic beverages are related and confusable, this seems to be the default presumption of USPTO. When comparing a new application to existing marks, USPTO lumps alcoholic beverages, and even energy drinks, into one broad category. For example, according to USPTO, the name of a new beer could easily be confused with a similarly named wine or spirit. Therefore, when

checking to see if a name is taken, existing registrations for all alcoholic beverages should be considered, even if the applicant does not agree that they are related.

Part of the reasoning behind this “unwritten rule” is the similarity of trade channels among various alcoholic beverages; meaning that, among other places, they are all found together in liquor stores. Additionally, the relatively low price point of alcoholic beverages classifies them as an “impulse buy”. “Careful, sophisticated” purchasing is usually reserved for purchases of a much greater magnitude,

such as real estate. Previous arguments that craft beer consumers are sophisticated shoppers have all failed.

As a result, the burden will be on the applicant to show that consumers will not confuse various alcoholic beverages. For instance, if an applicant’s beer and a wine have a similar name, the applicant will have to show that consumers will not mistakenly believe the beer and wine are made by the same business. While some previous applicants have successfully overcome this presumption of confusion, many others have failed.

maintenance



Obtaining a federal registration of a trademark with the United States Patent and Trademark Office does not mean you are free and clear of all problems. Now, you must monitor and protect that trademark from infringement and possibly dilution. Unfortunately, failing to protect your rights could cause you to lose them.

If a number of other people use marks that are similar to your trademark, it will weaken your rights. When a trademark is weakened, it is harder to protect. For example:

- Suppose you register a trademark, but then do not realize (or just do not care) that people all over the country are using names similar to your trademarked name.

- But then one day a business down the street starts using a similar name. You want to stop the business down the street from using a name similar to yours because you have many of the same potential customers.
- However, since you failed to stop everyone else across the country up until now from using similar names, you may not be able to stop the business down the street.

The USPTO leaves it entirely up to trademark owners to protect their rights. However, protecting your rights does not mean suing anyone and everyone who comes near your trademark. Instead, there are a number of ways to both prevent problems, and amicably address potential issues.

To prevent and address issues, trademark owners can:

- Put the public on notice of their registration by using ® on their labels.
- Check the USPTO Gazette for publications of new trademarks. Owners who are then concerned that a potential new trademark would be too similar to theirs can oppose the mark before it is registered.
- Ask USPTO to cancel other trademarks that should not have been granted in the first place.
- Communicate with other businesses using a similar trademark and, if necessary, work out an agreement.

cease & desist letters



Many businesses receive letters instructing them to stop using a certain trademark. These correspondences are often referred to as “Cease & Desist” letters. While some letters cause well-publicized disputes, most are handled quietly and amicably. However, because many are handled privately, new recipients are unaware of the options available to them. Just because you have received a letter telling you to stop using a certain name or logo does not necessarily mean you have to.

YOU HAVE RIGHTS.

Do not be intimidated by strong, definitive language or legalese. Just because the sender’s trademark is federally registered does not mean you are out of luck. You have common law rights in your names and logos just from using them; the situation

greatly depends on the nature and extent of your rights compared to the sender’s. Subsequently, the comparative rights in the trademarks at issue are often more complicated than these letters let on. As a result, there are many ways to respond to a Cease & Desist letter.

ANSWER BACK

For instance, the letter-sender might not even have the rights they claim. A recipient of a Cease & Desist letter can fight back by attacking the validity of the sender’s trademark. If the trademark should not have been registered in the first place, or the sender has failed to enforce it, its registration could be cancelled.

TRADEMARKS CAN COEXIST

Similar names and logos can and do coexist in the marketplace.

Sometimes this coexistence is the result of an agreement between businesses. Other times, a business that used the name or logo first but did not register the trademark with USPTO can still establish their right to continue using the name or logo.

CREATE A DIALOGUE

Some businesses’ demands change after a little pushback. Some ask that others only slightly change their name or logo to avoid confusion. Others have offered financial assistance for rebranding and loss. Most genuine issues are handled amicably and quietly. Not giving in does not automatically mean you will need to go to court.

don't wait

Importance of Priority in a 1st to File System

FEDERAL REGISTRATION TAKES AWHILE

The federal registration process can be long and drawn out. It often takes around a year to complete, if no issues arise. After filing an application, it takes an average of three months just to receive an initial response. Issues that may arise could add months, even years, to the process. Therefore, it's advantageous to start the process as soon as possible.

ESTABLISHING PRIORITY: FIRST TO FILE

The date on which you begin the process establishes your priority, or your place in line. The USPTO registration process is a "First-to-File" system, meaning whoever files their application first is presumed to have priority. This presumption can be overcome, but takes additional time and money.

Therefore, if you are actually using a trademark first, but someone else applies to register a same or similar trademark before you, they will have priority over you, despite your prior use and common law rights. As a result, registering your trademark may take much more time and money

than if you had simply applied first.

INTENT TO USE APPLICATIONS
Although a trademark must be in use to be registered, a business can start the application process even before they start using a trademark by filing an Intent to Use application. When rolling out new products, many developers attempt to reduce upfront investment in these untested brands by waiting to register their trademarks until after their products reach the market and start performing well. However, filing an Intent to Use Application with the

reserving your priority in the name and similar names. An Intent to Use Application reserves the priority of existing rights in a name on the date the Application is filed. As a result, priority with USPTO could predate your common law rights, which often don't begin until you actually start using the trademark in commerce.

LEARN FOR LESS

Alternatively, an Intent to Use Application can save the time and resources of the full registration process by alerting an applicant of issues early on. For a less expensive initial filing fee, applicants can "test the waters" before throwing their brand into the sharks of the marketplace. For this cheaper fee, USPTO begins

"The federal registration process can be long and drawn out. It often takes around a year to complete, if no issues arise."

the examination of an Intent to Use Application just as it would for a trademark currently in use in the marketplace. Therefore, applicants may learn if there is an insurmountable issue, or simply too much hassle, that prevents or hinders the registration process of their trademark without paying the full registration fee upfront.

United States Patent and Trademark Office (USPTO) to federally register your trademark before selling your product offers a number of benefits. First, an Intent to Use Application can "get the ball rolling" on the lengthy federal registration process. Second, an Intent to Use Application can help you protect your interests in a trademark even before the product reaches the market, by

why we are different

HONESTY.

We provide clear, straightforward legal advice that is uniquely tailored to the needs of your business.

SECURITY.

We assure the security of your investments by obtaining clear, definite answers to complex legal issues.

TRANSPARENCY.

We are upfront about our costs. We provide simple flat fees for services whenever possible. You will know exactly what we are doing for you and how much it will cost.

PROTECTION.

The goal of our services is to prevent problems and keep our clients out of the courtroom, not to create expensive conflicts. We want to do what is best for your unique business.

about Calder Mellino

Prior to entering the practice of law, Calder gained real-life insider experience in the protection of intellectual property working at the United States Patent and Trademark Office in Washington, D.C. While at the USPTO, he researched new and emerging legal issues, particularly those affecting small and entrepreneurial business.

HIS EXPERIENCE INCLUDES:

- Helping prepare successful federal trademark applications and working with the owners to shepherd them through the approval process.
- Educating small business owners and entrepreneurs on their rights to their names and products.
- Assessing current and proposed names and labels for federal and state trademark registration.
- Developing cost/benefit analyses of registration for individual names and labels.
- Individually preparing application materials for names and labels.
- Educating businesses about the federal trademark system and outlining best practices and considerations for future names and labels.

**GET THE LEGAL ADVICE, SUPPORT AND REPRESENTATION YOU NEED WHEN
DEVELOPING AND PROTECTING THE BRAND NAME OF YOUR
BEER, WINE, AND SPIRITS PRODUCTS.**

PLEASE CONTACT US AT 440-333-3800 OR CALDER@MELLINOLAW.COM.



Beer, Wine & Spirits Trademark Attorneys

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Protect your investment

Free Initial Consultation

Protect your investment

INITIAL CONSULTATION

- Listen to current and potential concerns unique to your business
- Outline the basics of Trademark Law as they apply to your business
- Identify trademarks your business is currently using
- Discuss potential trademarks you wish to use in the future
- Explain the various services we offer and determine which services are appropriate at this time
- Provide clear, straightforward costs and discuss payment options

RATES

Initial consultation	Free
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FEDERAL REGISTRATION

- Outline the process
- Compile and file the application on your behalf
- Correspond with the United States Patent and Trademark Office throughout the application process
- Renew your registration timely

RATES

Attorney fees	\$250
Application fee	\$325
Additional Class attorney fee	\$175
Per additional class application	\$225
Addressing application issues	Hourly + USPTO fees
Renewal attorney fees	\$250
Renewal fee	\$300

ASSESS EXISTING RIGHTS & DETERMINE APPROPRIATE COURSE OF ACTION

- Perform a comprehensive, detailed search for other persons using an identical or similar trademark
- Identify potential problems prior to application process
- Outline and explain possible solutions to existing and potential issues

RATES

Word mark	\$425
Additional word mark	\$400
Design	\$635
Additional logo	\$600

DISPUTES/CONFLICTS

- Cordially contact other businesses that are using potentially infringing trademarks
- Draft and deliver Cease & Desist letters to people posing a threat to your business and legal rights by using a trademark that is identical or too similar to yours
- Review Cease & Desist letters you have received to weigh your rights against the senders
- Explain potential courses of action in response to Cease & Desist letters
- Act on your behalf to leverage your existing rights in order to obtain a resolution that is favorable to your business's interests

RATES

Phone Call and/or C&D letter	\$200
Review and respond to C&D letter	\$600

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