

Beverage Law Insight - A Wine Trademark Registration Failed Where a Certificate of Label Approval Was Not Obtained

February 7, 2019

By [Deborah K. Squiers](#)

It may seem obvious that a brand owner can claim rights in a trademark only when it has used the mark in a “lawful” manner. The issue of lawful use does not arise often, but it can be perilous for valuable brands not used in compliance with federal regulations.

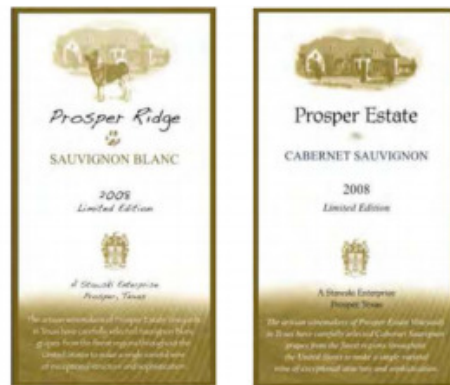
The Trademark Trial and Appeal Board (TTAB) recently held that a wine producer’s failure to obtain a Certificate of Label Approval (COLA) from the U.S. Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau meant its use of the mark did not satisfy the “lawful use in commerce” requirement for trademark registration.

John Gregory Lawson, of Napa, California, had obtained a geographically unrestricted registration of the mark PROSPER for “wine” based on an application filed February 29, 2012.

Scott Stawski, of Prosper, Texas, thereafter sought a concurrent use registration for PROSPER ESTATE and PROSPER RIDGE for “wines” restricted to Texas and nine other states where he claimed to have used his marks before February 29, 2012, or which were “in his natural zone of expansion,” and where he alleged Lawson had no sales.



Registrant's PROSPER Label



Applicant's PROSPER RIDGE and PROSPER ESTATE Labels

A concurrent registration essentially divides a federal registration in a mark to different owners when for example, they are in different geographic areas or channels of trade. Normally, concurrent use rights may be claimed (1) when a mark was in lawful use in commerce in a different geographic area before the filing date of an application for the same mark that matured

into an existing registration, and (2) the geographic split would be sufficient to avoid a likelihood of confusion.

In this case, however, the TTAB held in a precedential decision that Stawski failed to meet either of the requirements for a concurrent use registration:

1. Lawful use in commerce before the registrant's filing date. Stawski had planted his vineyard in 2007 but knew that it would take at least ten years for his grape vines to mature and yield wines. During that period, he undertook various steps that the TTAB characterized as “merely as a placeholder, until he had a product ready to market.” It found that none of the following activities constituted use in commerce of Stawski's mark:

- Selecting the name of his vineyard, “Prosper Estate Vineyards,” and selecting his proposed trademarks
- Registering the assumed business name “Prosper Estate Vineyards”
- Registering Prosper-formative domain names and using them for a website
- Arranging for “test marketing” and gift programs by applying his labels to the front of wines obtained from a California producer and bottler whose label appeared on the back

Significantly, the TTAB flatly held that a COLA certificate is a necessary prerequisite to *lawful* use in commerce. Thus, there was no way that Stawski could have established trademark rights before 2017 when he got his COLA certificate, five years after Lawson's 2012 application date.

Stawski argued that his earlier uses were of a “personalized label” for special occasions that did not require a COLA certificate. But the TTAB pointed out that “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.”

2. Likelihood of Confusion. The TTAB also concluded that even if there were a geographic division of territories, the parties would still have overlapping classes of customers susceptible to confusion because of the similarity of the parties' marks used on identical goods.

Therefore, the TTAB refused Stawski's requested concurrent registration. It clearly stated that you must get your COLA certificate *before* you can claim lawful use in commerce of a wine trademark.

Scott Stawski v. John Gregory Lawson, Concurrent Use No. 94002621 (TTAB December 21, 2018)

Author's Note: Trademark examining attorneys are instructed not to question whether an applicant's use of a mark was “lawful.” So the COLA issue usually arises only when there is a question of priority of use, which is when it can be most important. Presumably, the TTAB would apply the COLA requirement to all alcoholic beverage trademarks, not just to those for wine.