



**International Trademark Association**

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Mr. Frank Foote  
Director, Regulations and Rulings Division  
Alcohol and Tobacco Tax and Trade Bureau  
1310 G Street, N.W., Suite 200-E  
Washington, D.C. 20005

March 17, 2008

RE: Comments in Opposition to Notice of Proposed Rulemaking No. 78

Dear Mr. Foote:

The International Trademark Association (“INTA”) is a not-for-profit membership association of more than 5,500 trademark owners and professionals, from more than 190 countries, dedicated to the support and advancement of trademarks and related intellectual property as elements of fair and effective national and international commerce.

INTA maintains a Geographical Indications Committee (“GIC”) which evaluates treaties, laws, regulations and procedures relating to geographical indications and develops and advocates policies to advance the balanced protection of geographical indications in relation to trademarks.

One of the policies adopted by the INTA Board of Directors regards balancing protection of geographical indications in relation to pre-existing trademarks. INTA believes that such disputes between trademarks and geographical indications should be resolved based on “first in time, first in right” priority.

The general term “geographical indication” encompasses many concepts, including, but not limited to, “indications of source” and “appellations of origin.” As defined by TRIPS, “geographical indications are ... indications which identify a good as originating in a territory... or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin” (Article 22(1)). Thus producers of products from a certain geographical region are permitted to claim a right to use a geographical indication for that region (e.g., Napa

Valley for wine produced from grapes from that region). Importantly, a geographical indication is not a trademark which contains a geographic term, such as BOSTON MARKET for restaurants, nor is it a generic term such as Swiss cheese. A geographical indication is a term which is given protection as an indication of geographical origin, such as Darjeeling tea, either as an appellation of origin or through unfair competition and/or consumer protection laws. On the federal level, geographical indications in the United States can be protected as certification trademarks with the United States Patent and Trademark Office.

As demonstrated in Notice of Proposed Rulemaking (“NPRM”) No. 78 published in the November 20, 2007 edition of the Federal Register, Volume 72 at page 65261, the Alcohol and Tobacco Tax and Trade Bureau (“TTB”) recognizes that American Viticultural Areas (“AVAs”) are geographical indications as they “allow vintners and consumers to attribute a given quality, reputation or other characteristic of a wine made from grapes grown in an area to its geographic origin.”

NPRM No. 78 proposes to revise the TTB procedures related to the recognition of AVAs and the relative effect on prior trademark rights. However, the proposal advocated by TTB fails to properly consider the principle of “first in time, first in right” priority and the fact that U.S. trademark and unfair competition laws recognize the establishment of rights in trademarks and geographical indications based on use and consumer recognition without the necessity of any type of registration. Accordingly, the “grandfather” proposal advocated in NPRM No. 78, and effectively applied in NPRM No. 77, does not ensure that the valid rights of either trademark owners or the users of geographical indications, or the interests of consumers, will be protected.

NPRM No. 78 proposes that where a conflict exists between a newly-proposed AVA and a brand name represented in a previously approved Certificate of Label Approval (“COLA”), the owner of the geographic brand name will be allowed to continue the use of such brand name on wine not meeting the source requirements for the AVA where: (1) the COLA issued prior to the 5-year period immediately preceding receipt of the perfected petition for establishment of the AVA; and (2) the brand name was in commercial use for three years during that five year period. This 5-year-COLA/3-year-use rule is arbitrary and capricious and does not reflect any recognized standard for the acquisition of trademark rights and does not protect the rights of trademark owners.

In the U.S., a party may acquire rights in a trademark upon its adoption and use where that mark is distinctive. Distinctive marks are those marks which do not describe a quality or characteristic of the product on which they are used. For instance, if a party were to adopt the mark BLUE SPRUCE for wine, this mark would be entitled to immediate protection as a distinctive trademark as it does not describe any quality or

characteristic of wine. While the term “Blue Spruce” itself is not unique, it is arbitrary when applied to wine, and therefore distinctive and protectable as a trademark for wine.

The current and proposed regulations permit AVAs to be identified by rather arcane geographical references such as school names and road names, so long as such names are locally known. *See* 27 C.F.R. §9.12. Thus, a new AVA application for “Blue Spruce” could be based on the name of a road known only to local residents, without any additional evidence of recognition, particularly recognition in association with wine.

Under the rules proposed in NPRM No. 78, unless a COLA for the BLUE SPRUCE wine brand issued at least five years prior to the perfected petition for recognition of the Blue Spruce AVA, the owner of the BLUE SPRUCE mark would be precluded from using the mark on wine from outside of the Blue Spruce AVA, even in the case where the BLUE SPRUCE trademark was first in time in use and recognized in association with wine. This is contrary to basic principles of U.S. trademark law.

Furthermore, this rule makes it virtually impossible for a trademark practitioner to safely advise her client on its ability to adopt a trademark for wine. Since no one can predict what terms may or may not be proposed as AVAs five years in the future, the only safe legal advice that can be given to a winery under the proposed rule is to not adopt any term with any remote possibility of being recognized as having geographic viticultural significance. As wine grapes are being grown in every state in the U.S., the onerous burden this creates is obvious.

The 5-year/3-year grandfather rule also violates the concept of first in time, first in right to the extent it establishes AVAs and “grandfathers” geographic brand names where the geographic brand name was established prior to the public recognition of the viticultural significance of the conflicting AVA. Under first in time, first in right, an established geographic brand name should preclude recognition of a subsequent confusingly similar AVA, which should not be allowed co-exist with the trademark.

The proposed rule can exact similar injustice on wineries that benefit from a geographical indication. As demonstrated in the U.S. Patent and Trademark Office Trademark Manual on Examination Procedure (“TMEP”), a geographical indication does not need to be registered or officially recognized by any government agency to be entitled to protection relative to trademarks. *See* TMEP §1210.08. Accordingly, terms recognized by consumers as the name of a place with a reputation associated with wine should not be permitted as part of a brand name for wine not originating from the place identified. *See id.*

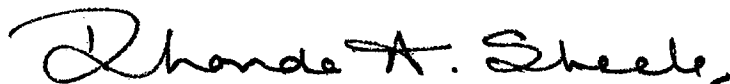
Therefore, even where the owner of a brand name has owned a COLA for over five years and has used the brand name in commerce for three of those five years, the AVA may

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still be first in time where it can be demonstrated that the AVA name was recognized by consumers as the name of a place associated with wine before the owner of the brand name first used its brand encompassing the AVA name. Thus, grandfathering the continued use of the brand name on wine not originating from the AVA despite the earlier public recognition of the AVA name as a geographical indication is also contrary to principles of first in time, first in right.

As the foregoing examples demonstrate, the bright line 5-year/3-year rule being proposed by TTB simply does not conform to U.S. trademark and unfair competition law and benefits neither trademarks nor AVAs. Priority and use rights in trademarks and geographical indications are based on factual evidence. Therefore, the facts of every case must be considered and parties with standing must be given the opportunity to defend their rights relative to one another before an AVA is recognized by TTB and use of particular brand names precluded. Accordingly, INTA urges that the bright line 5-year-COLA/3-year-use proposal reflected in NPRM No. 78 should not be adopted by TTB.

Sincerely yours,

A handwritten signature in black ink that reads "Rhonda A. Steele," with a small flourish at the end.

Rhonda A. Steele  
President