UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES—GENERAL

Case No. CV 14-9830-MWF (PJWx) **Date: March 9, 2015**

Title: White Oak Vineyards & Winery LLC -*v*- White Oak Spirits, LLC

Present: The Honorable MICHAEL W. FITZGERALD, U.S. District Judge

Deputy Clerk: Rita Sanchez

Court Reporter: Not Reported

Attorneys Present for Plaintiff: None Present

Attorneys Present for Defendant: None Present

Proceedings (In Chambers): ORDER GRANTING PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION [12]

Before the Court is the Motion for Preliminary Injunction (the "Motion") filed by Plaintiff White Oak Vineyards & Winery LLC on February 6, 2015. (Docket No. 12). Defendant White Oak Spirits, LLC filed an Opposition to Plaintiff's Motion for Preliminary Injunction (the "Opposition") on February 16, 2015. (Docket No. 19). Plaintiff filed a Reply to Defendant's Opposition on February 23, 2015. (Docket No. 23).

The Court has read and considered the Motion and related papers, and a hearing was held on March 9, 2015. For the reasons set forth below, the Motion is **GRANTED**.

I. BACKGROUND

Since 1982, Plaintiff White Oak Vineyards & Winery LLC, a California company, has marketed and sold "ultra premium" wines under the "WHITE OAK" mark. (Mot. at 1). On October 4, 2004, Plaintiff applied to the United States Patent and Trademark Office (the "PTO") for registration of the WHITE OAK mark in International Class 033 for "Wine." (*Id.*). On January 24, 2006, the PTO approved Plaintiff's application and issued a Certificate of Registration for the WHITE OAK mark (U.S. Reg. No. 3,049,660). (Decl. of Richard C. O'Hare ¶ 2 (Docket No. 13)). On June 30, 2011, White Oak filed a combined Declaration of Use and Incontestability under Sections 8 and 15 with the PTO for the WHITE OAK mark, making the WHITE

OAK trademark registration valid, subsisting, and incontestable pursuant to 15 U.S.C. § 1065 and § 1115(b). (*Id.*).

Plaintiff asserts that since its start in 1982, it has "sold millions of bottles of wine, the labels of which prominently featured, and continue to feature, the WHITE OAK mark." (Decl. of Donald G. Groth ¶ 2 (Docket No. 14)). Plaintiff has distributors in 40 states and four provinces in Canada, along with distributors in Germany, Austria, Japan, China, Taiwan, Hong Kong, and Singapore. (*Id.*). It owns and maintains the domain name www.whiteoakwinery.com to promote its wines, and has invested millions of dollars in developing and promoting the WHITE OAK brand, which "now enjoys considerable goodwill in the alcoholic beverage industry, among consumers, and among the general public." (*Id.* ¶ 4).

According to the declaration of Donald G. Groth, a managing member of White Oak Vineyards & Winery LLC, "White Oak's wine is sold in restaurants and bars as well as retail stores and over the internet," and "consumers . . .[,] distributors, licensed bars and restaurants, and retailers in the State of California and throughout the United States recognize the WHITE OAK mark as an exclusive designation of source for the goods of [Plaintiff]." (*Id.* ¶¶ 5–6). "Over the years, White Oak has been the recipient of literally thousands of awards for its wines." (*Id.* ¶ 5).

Defendant White Oak Spirits, LLC, a Florida company based in New York, was founded in 2013 for the purpose of distributing and selling alcoholic beverage products. Specifically, Defendant makes and promotes a product called "WHITE OAK PREMIUM VODKA." (O'Hare Decl. ¶ 3). On May 10, 2013, Defendant filed an application with the PTO to register the trademark WHITE OAK PREMIUM VODKA for "Liquor" in International Class 033. (Request for Judicial Notice ("RJN") at Ex. 3 (Docket No. 17)). However, in an office action dated August 23, 2013, the examining attorney explained that, "[r]egistration of the applied-for mark is refused because of a likelihood of confusion with the mark in U.S. Registration No. 3049660," which is Plaintiff's WHITE OAK mark. (RJN at Ex. 4). The PTO examining attorney further explained that "[t]he marks contain the same dominant wording and are highly similar in sound and overall commercial impression. The goods are highly related.

The similarities among the marks and the goods are so great as to create a likelihood of confusion among consumers." (*Id.*). Defendant argued against the refusal, but the PTO affirmed its conclusion in an office action dated February 13, 2014. (*Id.* at Ex. 5).

On May 22, 2014, Defendant contacted Plaintiff about executing a "coexistence agreement," as Defendant "has no intention of using the term 'WHITE OAK' for wine and considers the markets for vodka/liquor to be entirely distinct from wines." (O'Hare Decl. at Ex. G (Docket No. 16-7)). In a letter dated June 23, 2014, however, Plaintiff refused to enter into a coexistence agreement, and demanded that Defendant cease and desist from using the WHITE OAK mark. (*Id.* at Ex. H (Docket No. 16-8)). While Defendant is not currently distributing any products in connection with the WHITE OAK PREMIUM VODKA name, it nevertheless continues to own and maintain a website at www.whiteoakvodka.com, and pages on Facebook, Twitter, and Instagram, for the purpose of marketing and promoting its WHITE OAK PREMIUM VODKA. (*Id.* ¶ 4). Defendant has also held promotional events at Art Basel Miami Beach, and at restaurants in Los Angeles and Santa Monica, in California. (*Id.* ¶ 6; Exs. E, F (Docket Nos. 16-5, 16-6)).

In light of Defendant's continued use of the WHITE OAK mark in marketing its vodka, Plaintiff sent another cease and desist letter on November 21, 2014. (*Id.* at Ex. I (Docket No. 16-9)). Defendant responded to the letter on December 16, 2014, indicating that it "do[es] not accept that there is a likelihood of consumer confusion or dilution," and will thus continue using the "WHITE OAK" mark for its premium vodka product. (*Id.* at Ex. J (Docket No. 16-10)).

Plaintiff filed a Complaint for Damages and Injunctive Relief against Defendant on December 24, 2014, alleging six claims: (1) federal trademark infringement, (2) federal unfair competition, (3) unfair competition under California Business and Professions Code section 17200, (4) common law injury to business reputation, (5) common law unfair competition, and common law trademark infringement. (Docket No. 1). Defendant filed its Answer on January 26, 2015. (Docket No. 9). Plaintiff then filed the present Motion for Preliminary Injunction on February 6, 2015, seeking an order enjoining Defendant from infringing on Plaintiff's WHITE OAK trademark and from engaging in acts of unfair competition. (Docket No. 12).

II. JUDICIAL NOTICE

Plaintiff requests judicial notice of eight documents from the PTO and Alcohol and Tobacco Tax and Trade Bureau (TTB), including: (1) Certificate of Registration on the Principal Register for the trademark "WHITE OAK" for "Wine" in International Class 033, U.S. Reg. No. 3,049,660; (2) Notice of Acceptance under Section 8 and Notice of Acknowledgement under Section 15, acknowledging and accepting White Oak's combined declaration of use and incontestability for the WHITE OAK trademark registration No. 3,049,660; (3) Trademark/Service Mark Application Serial Number 85928331 filed by Defendant White Oak Spirits, LLC for the trademark WHITE OAK VODKA; (4) Office Action issued by the PTO to Defendant on August 28, 2013; (5) Office Action issued by the PTO to Defendant on February 13, 2014; (6) Combined Declaration of Use for the trademark CHARBAY declaring use of the CHARBAY trademark on wine, vodka, and many other alcoholic beverage products; (7) Certification of Label/Bottle Approval issued by the TTB to Domaine Charbay Distillers for label using the trademark CHARBAY on vodka; and (8) Certification of Label/Bottle Approval issued by the TTB to Domaine Charbay for label using the trademark CHARBAY on wine. (Docket No. 17).

Judicial notice is appropriate under Federal Rule of Evidence 201 for facts "not subject to reasonable dispute," because they are either "generally known within the territorial jurisdiction of the trial court" or "capable of accurate and ready determination by resort to sources whose accuracy cannot reasonably be questioned." Fed. R. Evid. 201(b). Records and reports from government agencies are the proper subject of judicial notice. *See, e.g.*, *Barron v. Reich*, 13 F.3d 1370, 1377 (9th Cir. 1994) (judicial notice may be taken of "[r]ecords and reports of administrative bodies"). Courts have in fact previously taken judicial notice of records from the PTO. *See, e.g.*, *Viskase Corp. v. Am. Nat'l Can Co.*, 261 F.3d 1316, 1328 n.2 (Fed. Cir. 2001) (taking judicial notice of PTO reexamination proceedings and outcomes). The eight documents provided to the Court are officially published on the PTO or TTB websites, and are therefore ascertainable, verifiable, and their accuracy cannot be reasonably questioned. Accordingly, the Court **GRANTS** Plaintiff's unopposed Request for Judicial Notice.

III. PRELIMINARY INJUNCTION

"A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest." *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008) (rejecting "possibility" standard and holding that plaintiffs must "demonstrate that irreparable injury is *likely* in the absence of an injunction."). "A preliminary injunction is an 'extraordinary and drastic remedy' . . . ; it is never awarded as of right." *Munaf v. Geren*, 553 U.S. 674, 689-90 (2007).

A. Likelihood of Success on the Merits

The Motion is based on claims of trademark infringement and unfair competition under the Lanham Act and the California Business & Professions Code section 17200.

To succeed on its claim of trademark infringement, Plaintiff must show: (1) that it has a protected ownership interest in the WHITE OAK mark, and (2) that the Defendant's use of the WHITE OAK mark is likely to cause consumer confusion. There is no dispute that Plaintiff meets the first element and has a protected ownership interest in the WHITE OAK mark. *Pom Wonderful LLC v. Hubbard, Jr.*, 775 F.3d 1118, 1124 (9th Cir. 2014) ("Registration of a mark is prima facie evidence of the validity of the mark, the registrant's ownership of the mark, and the registrant's exclusive right to use the mark in connection with the goods specified in the registration. When proof of registration is uncontested, the ownership interest element of a trademark infringement claim is met."). Therefore, "[t]he core element of trademark infringement is whether customers are likely to be confused about the source or sponsorship of the products." *Reno Air Racing Ass'n, Inc. v. McCord*, 452

F3d 1126, 1135–1136 (9th Cir. 2006) (holding district court decision on similarity of two marks was not clearly erroneous despite lack of identical resemblance).

A finding of likelihood of confusion will also support Plaintiff's claims of unfair competition under the Lanham Act, common law unfair competition, and unfair competition pursuant to California Business & Professions Code section 17200. *See Walter v. Jeremyel, Inc.*, 210 F.3d 1108, 1111 (9th Cir. 2000) ("[T]he test for false designation under the Lanham Act, as well as the common law and statutory unfair competition claims, is whether there was a 'likelihood of confusion.'"); *Cleary v. News Corp.*, 30 F.3d 1255, 1262–63 (9th Cir. 1994) ("This Circuit has consistently held that state common law claims of unfair competition and actions pursuant to California Business & Professions Code [section] 17200 are 'substantially congruent' to claims made under the Lanham Act.").

To evaluate whether Plaintiff is likely to succeed on the merits, the Court must determine whether Plaintiff can show that there is a likelihood of confusion among consumers over its "WHITE OAK" mark for wine and Defendant's "WHITE OAK" mark for vodka. *Pom Wonderful*, 775 F.3d at 1125 (finding district court erred in not granting preliminary injunction to pomegranate juice company against competitor with "many obvious visual similarities" in its mark). In evaluating the likelihood of confusion, the Court employs the eight-factor test articulated by the Ninth Circuit in *AMG Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979). These factors are:

1. the similarity of the marks
2. the proximity of the goods covered by the marks,
3. the strength of the claimed mark,
4. similarity of marketing or advertising channels,
5. the degree of care likely to be exercised by the purchaser,
6. actual confusion over the marks,
7. the intent of defendants, and
8. likelihood of expansion of the product lines.

The Court is to consider the *Sleekcraft* factors holistically and not treat them as a mere checklist. *Pom Wonderful*, 775 F.3d at 1125 ("[D]espite the important role that the *Sleekcraft* factors play in determining whether a likelihood of confusion exists, it is the totality of facts in a given case that is dispositive").

1. Similarity of the Marks

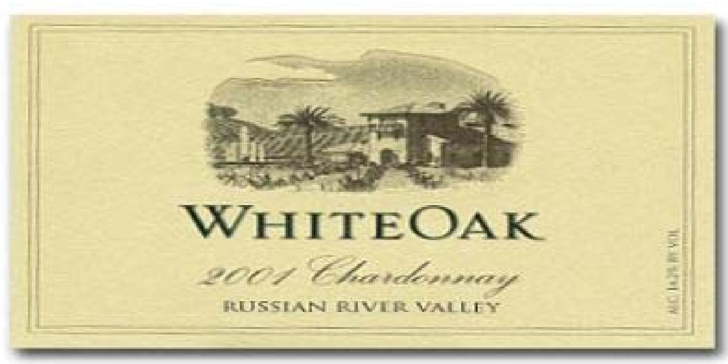
First, the Court considers the similarity of the marks. As the Ninth Circuit explained in *Pom Wonderful*, "[t]his factor is always important in determining whether a likelihood of confusion exists because when 'marks are entirely dissimilar, there is no likelihood of confusion.'" 775 F.3d at 1127 (quoting *Brookfield Commc'n v. West Coast Entm't*, 174 F.3d 1036, 1054 (9th Cir. 1999)). Accordingly, as the similarities between two marks increase, so too does the likelihood of confusion. *See GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1206 (9th Cir. 2000).

In evaluating similarity the following axioms guide the Court: (1) similarity is best evaluated by appearance, sound, and meaning; (2) marks should be considered in their entirety and as they appear in the marketplace; and (3) similarities weigh more heavily than differences. *Pom Wonderful*, 775 F.3d at 1127–28 (citing *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1144 (9th Cir. 2002)). In considering the marks' similarities, the Court does not dissect the marks, but considers the overall impression they give to consumers. *GoTo.com*, 202 F.3d at 1206 (holding that marks were "strikingly similar" when considered with colors as used in commerce despite USPTO's determination that they were not confusingly similar based on black and white submission); *Playmakers, LLC v. ESPN, Inc.*, 297 F. Supp. 2d 1277, (W.D. Wash. 2003), aff'd, 376 F.3d 894 (9th Cir. 2004) ("[W]hat is critical is the overall appearance of the mark as used in the marketplace, not a deconstructionist view of the different components of the marks").

The Court concludes that the two marks are strikingly similar. Plaintiff has a registered trademark for the phrase "WHITE OAK," which consists of standard characters without claim to any particular font, style, size, or color. (RJN at Ex. 1 (Docket No. 17-1)). Defendant now seeks the identical "WHITE OAK" trademark.

Defendant argues that it is not an identical mark because its label specifies that the product is "WHITE OAK *PREMIUM VODKA*" whereas Plaintiff uses the mark only in conjunction with wine. However, when a portion of a mark is a generic identifier of the product, the commercial significance of that portion is discounted. *See In re Chatam Int'l Inc.*, 380 F.3d 1340, 1342–43 (Fed. Cir. 2004) ("Because ALE [is a generic term and] has nominal commercial significance, the Board properly accorded the term less weight in assessing the similarity of the marks . . . . As a generic term, ALE simply delineates a class of goods."). Therefore the commercially significant, non-generic portion of the mark is "WHITE OAK" for both products. The marks are spelled the same way and are identical in both sound and in meaning.

Defendant also argues that the packaging of the products differs with regard to their logos, fonts, and colors, and thus argues that the trademarks are dissimilar as they would appear in the marketplace. The two labels appear as follows:



The Court concludes that the two marks possess some visual similarities. Both parties use identical spelling for "WHITE OAK," which is printed on the label in all capital letters. Additionally, both labels present the name "WHITE OAK" in a larger font than the generic language specifying the type of alcoholic beverage. Moreover, both labels provide a visual graphic above the text, and both graphics contain trees.

On the other hand, the two labels also contain some important differences. The two labels use different fonts for the phrase "WHITE OAK," and use different fonts to describe the type of alcoholic beverage. Moreover, the two labels use completely different graphics: Plaintiff uses an image of a vineyard that includes a building and several palm trees, whereas Defendant uses an image of a large tree with its mirror image below the tree.

However, "[b]alancing the marks' many visual similarities, perfect aural similarity, and perfect semantic similarity more heavily than the marks' visual dissimilarities—as we must—the similarity factor weighs heavily in [Plaintiff's] favor." *Pom Wonderful*, 775 F.3d at 1130. This is particularly true when we consider how the marks are likely to appear in the marketplace. *See, e.g.*, *Kern v. Mindsource, Inc.*, 225 F.3d 663 (9th Cir. 2000) (similarity must be considered in light of the way the marks are encountered in the marketplace). Both parties indicate that their products will be available for purchase at bars or restaurants, where the consumer would not have the opportunity to examine the labels, but rather would be selecting an alcoholic beverage off of a menu. There can be little question that "White Oak Premium Vodka" and "White Oak Chardonnay" (for example), are strikingly similar as they would appear on a menu. The fact that the products will also be sold at consumer outlets and online, where customers will have a chance to examine the labels, does not outweigh this concern, particularly where there are sufficient similarities for the Court to conclude that consumers may be confused even where the bottles are available for inspection.

Accordingly, the Court concludes that this factor—similarity of the marks—weighs in favor of Plaintiff.

2. Relatedness of Goods

The second factor under *Sleekcraft* is the similarity of the goods provided by the parties. This factor reflects the common-sense intuition that the danger of consumer confusion is heightened where goods are related or complimentary. *See E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1291 (9th Cir. 1992) (citing *Sleekcraft*, 599 F.2d at 350). "Related goods . . . are those which would be reasonably thought by the buying public to come from the same source if sold under the same mark." *Rearden LLC v. Rearden Commerce, Inc.*, 683 F.3d 1190, 1212 (9th Cir. 2012) (internal quotation omitted). To satisfy this factor, parties do not need to be direct competitors, so long as the goods are similar in use and function. *See Entrepreneur Media*, 279 F.3d at 1147 (explaining that goods are related when both companies offer products relating to the same general industry).

The Court concludes that the two goods are clearly related, such that a consumer would be very likely to conclude that the two products come from the same source. Both products are alcoholic beverages marketed to adult consumers. As Plaintiff points out in its Motion and Reply, it is not unheard of for an alcoholic beverage manufacturer to produce both wine and vodka products. For example, Plaintiff points to Domaine Charbay Winery and Distillery in Napa Valley, which makes both wine and spirits, including vodka, and sells them under the "DOMAINE CHARBAY" trademark. (O'Hare Decl. ¶ 7; RJN at Exs. 6–8).

Defendant argues that the vodka and wine industries are distinct, and argues that concluding otherwise would in effect create a *per se* rule that all alcoholic beverages are related. The Court agrees that the products are distinct. A customer at a bar who ordered a vodka-based cocktail does not expect to be handed a glass of white wine. However, the question to be evaluated by the Court is not whether the two products can be distinguished, but whether the two products contain sufficient similarities for a consumer to assume they both came from the same source. For example, in *Polar Corp. v. PepsiCo, Inc.*, 789 F. Supp. 2d 219, 233 (D. Mass. 2011), the defendant argued that its "slush" drink was not related to the plaintiff's sodas beverage because: (1) its product was dispensed only from stand-alone machines and not bottles; (2) slush drinks are brightly-colored frozen beverages intended for immediate consumption, which are distinguishable in overall look and feel from other beverages; and (3) slush drinks are typically consumed as a snack whereas carbonated soda beverages are often consumed with meals. The *Polar Corp.* court ultimately disagreed, concluding that the question is not whether a consumer would confuse a "slush" drink with a soda, but whether a consumer would reasonably conclude that a soda manufacturer and distributor would also produce "slush" drinks. *Id.* at 232. That court determined that confusion was likely.

By finding that the products are related, the Court is not creating a *per se* rule that all alcoholic beverages are related. Rather, the Court is indicating that on the totality of the facts provided here—namely, that the names of the two products are *identical*—the goods are sufficiently related for a likelihood of confusion to arise. *See Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 152–55 (9th Cir. 1963) (beer and Scotch whiskey are sufficiently similar to create a likelihood of confusion regarding the source of origin when sold under the identical "Black & White" trade name), *cert. denied*, 374 U.S. 830 (1963). As explained by the Ninth Circuit in *Fleischmann* when evaluating whether there was a likelihood of confusion between "Black & White" Scotch whiskey and "Black & White" lager beer:

> It is our view, and we so hold, that the average purchaser . . . would be likely to believe, as he noted the Black & White beer in Ralphs' stores, that the maker of the beer had some connection with the concern which had produced the well known Black & White Scotch whisky. It is not material whether he would think that the makers of the Scotch whisky were actually brewing and bottling this beer, or whether it was being produced under their supervision or pursuant to some other arrangement with them. He would probably not concern himself about any such detail.

Id. at 155. The Ninth Circuit further explained, "[w]hen a newcomer takes the name Black & White and makes a use of it on a product which in the mind of the buyer is related to or associated with the product of the original trademark owner, we think it may be said that confusion as to the source of origin is likely to result." *Id.* at 159.

This factor therefore weighs in favor of finding a likelihood of confusion.

3. Strength of Plaintiff's Mark

The strength of a mark is evaluated along a spectrum of distinctiveness. *Surgicenters of America, Inc. v. Medical Dental Surgeries, Co.*, 601 F.2d 1011, 1014-15 (9th Cir. 1979) (*citing Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976) (Friendly, J)). The more distinctive a mark, the more protection it will be afforded. Courts have generally described four categories on the spectrum, in increasing level of protection: (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful. *Id.*

Arbitrary or fanciful marks are marks which have "no intrinsic connection to the product with which the mark is used." *Brookfield Commc'n v. West Coast Entm't*, 174 F.3d 1036, 1058 n. 19 (9th Cir. 1999). An arbitrary or fanciful mark is "inherently distinctive" and "will be afforded the widest ambit of protection from infringing uses." *Sleekcraft*, 599 F.2d at 349. On the other hand, a descriptive mark defines qualities or characteristics of a product in a straightforward way, and "will be protected only when secondary meaning is shown." *Id.* "In between lies suggestive marks which subtly connote something about the products." *Id.* Suggestive marks "convey impressions of goods that require the consumer to use imagination or any type of multistage reasoning to understand the mark's significance." *Pom Wonderful*, 775 F.3d at 1126.

Plaintiff argues that its "WHITE OAK" mark deserves strong protection because "[i]t does not describe the alcoholic beverage products sold either by White Oak or the Defendant." (Mot. at 11). Defendant responds that Plaintiff's mark is merely descriptive because "oak is commonly used in the making of wine, including the American White Oak." (Opp. at 14).

The Court concludes that "WHITE OAK" is a suggestive mark because the term "requires customers to use some additional imagination and perception to decipher the nature of [Plaintiff's] goods." *Pom Wonderful*, 775 F.3d at 1126. While oak certainly has some connection to the wine-making process and to the flavor of certain wines, it is not a descriptor in and of itself, and a customer would not immediately know upon hearing the name that a product with that name was a wine.

"This finding, however, does not by itself render the [WHITE OAK] mark strong because suggestive marks, although stronger than descriptive or generic marks, are still 'presumptively week.'" *Id.* (quoting *Brookfield*, 174 F.3d at 1058). A suggestive mark, however, can be transformed into a strong mark where it has "achieved sufficient marketplace recognition." *Id.* (quoting *Brookfield*, 174 F.3d at 1058 (explaining that "placement within the conceptual distinctiveness spectrum is not the only determinant of a mark's strength" and that actual marketplace recognition can "transform a suggestive mark into a strong mark").

Plaintiff provides some evidence of commercial strength in the form of the declaration from Donald G. Groth, managing member of White Oak Vineyards & Winery LLC. Groth asserts that White Oak wine "enjoys considerable goodwill in the alcoholic beverage industry, among consumers, and among the general public," and "has been the recipient of literally thousands of awards for its wines." (Groth Decl. ¶¶ 4–5). The Court notes that Plaintiff has been using the "WHITE OAK" mark since 1982, has "sold millions of bottles of wine" under the mark, and "has invested millions of dollars in developing and promoting the WHITE OAK brand." (*Id.* ¶¶ 2, 4).

On the other hand, Defendant points out that there are several other manufacturers of alcoholic beverages that use similar names, including "Old Oak," "Silver Oak Six," "Thirsty Oak," "Charred Oak," "Oak Zero," "Oak Island White," "Black Oak," "Lavender Oak Vineyard," "Wedding Oak," "Red Oak Vineyard," "Black Oak Vineyard of KY," "Blue Oak," "Golden Oak," "Lone Oak," and "Single Oak." (Decl. of Jon Schiffrin at Ex. F). In fact, there are several manufacturers of alcoholic beverages whose name involves the phrase "White Oak," including "Debowa White Oak Vodka," and "White Oak Vineyards." (*Id.*). Plaintiff responds that these other entities cannot be used to demonstrate that its mark is weak because either the names are distinct in some way, or it "has . . . aggressive[ly] . . . defend[ed] its mark from [these] infringing uses." (Reply at 8). For example, upon learning of the White Oak Vineyard in 2006, it contacted the winery and convinced that entity to market and sell its wines under the "Southern Oak" brand. (*Id.*).

The Court ultimately concludes that Plaintiff has a mark of medium strength. Plaintiff has "labored for over thirty years and spent millions of dollars building the commercial strength of its WHITE OAK mark," and distributes its products internationally. While the brand does not have the widespread recognition enjoyed by such products as "Pom Wonderful" or "Black & White whiskey," the Court nevertheless concludes that the evidence presented indicates that there is some strength in the mark. Therefore, this factor weighs somewhat in favor of Plaintiff.

4. Use of Similar Marketing Channels

The fourth *Sleekcraft* factor requires that the Court examine the marketing channels that the parties use to sell and advertise their goods and services. "In assessing marketing channel convergence, courts consider whether the parties' customer bases overlap and how the parties advertise and market their products." *Pom Wonderful*, 775 F.3d at 1130. "Marketing channels can converge even when different submarkets are involved so long as the general class of purchasers exposed to the products overlap." *Id.* (internal quotation omitted).

Plaintiff argues that "[t]he trade channels of these two alcoholic beverage products certainly overlap," because both products are both sold in restaurants and/or bars and therefore the same general class of purchasers are exposed to both products. (Mot. at 16). Defendant responds that sale in "restaurants and bars" is too broad a category to establish overlap, especially where Plaintiff is based in California and Defendant is based in New York. (Opp. at 13). Additionally, Defendant asserts that the two products are aimed at different environments which do not overlap: "Plaintiff's website is filled with images of wine tasters soaking up the Alexander Valley sun, while Defendant's Facebook page features nighttime pictures of partygoers at Defendant sponsored events." (*Id.*).

Defendant's arguments are without merit. While Defendant "tries to paint a picture of a bucolic winery that only sells its wine at its tasting room in Northern California on beautiful sunny days," the evidence provided to the Court in fact demonstrates that Plaintiff's products are distributed to restaurants and bars throughout the country and around the world. (Reply at 6). Defendant admits that it has also promoted its vodka at clubs and restaurants in California. (Schiffrin Decl. at Ex. H). The Court thus concludes that the parties' customer bases likely overlap. *See Pom Wonderful*, 775 F.3d at 1130 (concluding that the distribution channels converge where the evidence showed that both products were distributed to supermarkets throughout the country, even where the evidence did not show both products were simultaneously available in the same supermarkets, because "a channel of trade is not limited to identical stores or agents").

This factor therefore weighs in favor of finding a likelihood of confusion.

5. Purchasers' Exercise of Care

The next factor to be considered is the degree of care that a consumer is likely to exercise in purchasing the parties' products. The court views the parties' products from the standpoint of "typical buyer exercising ordinary caution." *Sleekcraft*, 599 F.2d at 353 (citing *HMH Publishing Co. v. Lambert*, 482 F.2d 595, 599 n.6 (9th Cir. 1973)). It is generally assumed that sophisticated consumers and buyers of expensive goods will exercise greater care in their purchases, thereby reducing the likelihood of confusion or mistake as to the origin of the goods. *Entrepreneur Media*, 279 F.3d at 1152.

As explained above, the Court concludes that both alcoholic beverages at issue here are sold by the bottle or the individual serving at bars and restaurants. Consumers purchasing drinks in bars and restaurants are unlikely to have the opportunity to closely examine the labeling to determine if in fact Defendant's vodka product originates from the same source as Plaintiff's wine. Moreover, other courts have explained that "[w]ine is considered a good with which the average consumer does not exercise care when purchasing." *Stark v. Diageo Chateau & Estate Wines Co.*, 907 F. Supp. 2d 1042, 1065 (N.D. Cal. 2012) (citing *Taylor Wine Co., Inc. v. Bully Hill Vineyards, Inc.*, 569 F.2d 731, 734 (2d Cir. 1978) ("[T]he average American who drinks wine on occasion can hardly pass for a connoisseur of wines. He remains an easy mark for an infringer."); *see also E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1293 (9th Cir. 1992) (explaining that "consumers tend to exercise less care when purchasing lower cost items like wine").

Therefore, the Court determines that this factor weighs in favor of finding a likelihood of confusion.

6. Evidence of Actual Confusion

The sixth factor under *Sleekcraft* is whether there is actual confusion between the marks. Plaintiff presents no evidence of actual confusion between the two alcoholic beverages. (Mot. at 12–13). However, at the preliminary injunction stage, a showing of actual confusion is of less importance and the Ninth Circuit has cautioned against resting a finding of likelihood of success on that basis alone. *Wells Fargo & Co. v. ABD Ins. & Fin. Servs., Inc.*, 758 F.3d 1069, 1073 (9th Cir. 2014) (explaining that at the early stage of litigation where preliminary injunctions are generally sought, parties "rarely have amassed significant evidence of actual confusion") (citing to *Network Automation, Inc. v. Advanced Sys. Concepts*, 638 F.3d 1137, 1151 (9th Cir. 2011)). The Court follows the Ninth Circuit and does not place significant emphasis on this factor. The absence of such evidence therefore neither favors nor disfavors a finding of a likelihood of confusion.

7. Defendant's Intent in Selecting the Mark

When an alleged infringer knowingly adopts a mark similar to another's, courts will generally presume an intent to deceive the public. *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1394 (9th Cir. 1993); *see also Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 158 (9th Cir. 1962) (explaining that defendant's adoption of the "Black & White" mark used by a well known whiskey company indicates that the brewing company expected confusion and resulting profit). Generally, however, the intent factor will be of minimal importance because intent can be hard to prove and "evidence of the defendant's intent to confuse customers . . . is not required for a finding of a likelihood of confusion." *Pom Wonderful,* 775 F.3d at 1131.

Plaintiff argues that this factor weighs in its favor because Defendant continued using the "WHITE OAK" mark in commerce after being informed by the PTO that the mark was registered to Plaintiff and any use would create confusion among consumers. The Court disagrees. Typically the analysis is whether the allegedly infringing party was aware of the other trademark at the time it sought to register its own mark. *See, e.g., Stark*, 907 F. Supp. 2d at 1063. There is no evidence before the Court to suggest that Defendant had knowledge of Plaintiff's mark at the time its mark and logo was conceived. Accordingly, this factor favors Defendant.

8. Expansion of Product Lines

The final *Sleekcraft* factor directs the court to consider the likelihood that one of the parties' product lines will expand to compete with the other. Again, evidence of product expansion is not required for a finding of likelihood of confusion. *Pom Wonderful*, 775 F.3d at 1131 (citing *Lahoti v. Vericheck, Inc.*, 636 F.3d 501, 509 (9th Cir. 2011) (characterizing the product expansion factor as "neutral" because neither party presented evidence regarding the likelihood of expansion)).

There is no indication on the evidence presented here that either party is intending to expand their product lines. In fact, Defendant has declared that it "has no desire to market or sell any alcoholic products other than vodka and distilled spirits." (Opp. at 18). Accordingly, this factor either weighs in favor of Defendant, or is neutral.

9. Overall Analysis of the *Sleekcraft* Factors

Our review of the *Sleekcraft* factors reveals that five factors weigh in favor of Plaintiff: similarity of the marks, relatedness of goods, strength of the mark, marketing channel convergence, and degree of consumer care. On the other hand, only two factors weigh *slightly* in favor of Defendant: intent and product expansion. One factor is completely neutral: actual confusion.

As explained in *Pom Wonderful*, however, "[s]heer numerosity of *Sleekcraft* factors . . . is not by itself dispositive of the ultimate likelihood-of-confusion determination." 775 F.3d at 1132 (citing *Goss*, 6 F.3d at 1395). The Court must instead consider the factors taken together, and in context. *See id.*; *Entrepreneur Media*, 279 F.3d at 1140 (while the *Sleekcraft* analysis guides the Court, "the totality of facts in a given case that is dispositive").

In considering the totality of the circumstances, the Court determines that Plaintiff is likely to succeed on the merits, as consumers are likely to be confused as to the source of Defendant's "White Oak Premium Vodka." Defendant's alcoholic beverage not only bears a mark that is visually, aurally, and semantically similar to Plaintiff's "WHITE OAK" mark—which has been used exclusively since 1982—but also is a related good sold to the same general class of consumers at a price point where consumer discernment is weak, and in an environment where the difference in origin will not be apparent. *Cf. Pom Wonderful*, 775 F.3d at 1132. Therefore, this factor weighs in favor of granting a preliminary injunction.

B. Irreparable Harm

A plaintiff seeking a preliminary injunction must establish that it is likely to suffer irreparable harm. *Winter*, 555 U.S. at 20. Indeed, suffering irreparable harm prior to a determination of the merits is "[p]erhaps the single most important prerequisite for the issuance of a preliminary injunction." 11A Charles A. Wright & Arthur R. Miller, *Federal Practice and Procedure* § 2948.1 (3d ed. 1998). Further, the harm identified may not be speculative and Plaintiff must show more than the possibility of some remote further injury. *Winter*, 555 U.S. at 21-22 (rejecting "possibility" standard and holding that plaintiffs must "demonstrate that irreparable injury is *likely* in the absence of an injunction.") (emphasis in original). The Ninth Circuit has provided guidance on the application of *Winter* to trademark cases in *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.*, 736 F.3d 1239, 1248-1252 (9th Cir. 2013) (holding that a plaintiff seeking a preliminary injunction in a trademark infringement case must establish a likelihood of irreparable harm that is grounded in evidence, not in conclusory or speculative allegations of harm), *cert denied*, 135 S. Ct. 57 (2014). A plaintiff seeking a preliminary injunction may no longer rely on a presumption of harm caused by trademark infringement and must provide evidence of irreparable harm. *Id*.

Plaintiff asserts that if a preliminary injunction is not granted it will suffer irreparable harm for which there is no adequate remedy at law because: "(1) Defendant's use of WHITE OAK connects the vodka product to [Plaintiff]; (2) Defendant's use causes consumers to be confused regarding whether or not [Plaintiff] is affiliated with or sponsors the vodka product; (3) [Plaintiff] has no control over the manufacturing or quality control of Defendant's WHITE OAK PREMIUM VODKA – therefore, any quality issues related to Defendant's alcoholic beverage product could be attributed to [Plaintiff], resulting in damaged goodwill and lost sales; and (4) the ongoing use of WHITE OAK by an infringer decreases the distinctiveness of the distinctive WHITE OAK brank." (Mot. at 18).

Although irreparable injury can no longer be presumed in trademark cases, *see Herb Reed*, 736 F.3d at 1250, the Court nevertheless finds that Plaintiff has submitted sufficient evidence to support a finding that irreparable injury is likely if an injunction is not granted. Courts have recognized that, in trademark cases, the injury caused by the infringement manifests as the loss of control over a business' reputation, a loss of trade, and a loss of goodwill. *See, e.g.*, *CytoSport, Inc. v. Vital Pharm., Inc.*, 617 F. Supp. 2d 1051, 1080 (E.D. Cal. 2009) ("Trademarks serve as the identity of their owners and in them resides the reputation and goodwill of their owners. Thus, if another person infringes the marks, that person borrows the owner's reputation, whose quality no longer lies within the owner's control. A trademark owner's loss of the ability to control its mark, thus, creates the potential for damage to its reputation.).

Here, Plaintiff has provided evidence, through the declaration of Donald G. Groth, that it has invested millions of dollars in developing and promoting the WHITE OAK brand, which "now enjoys considerable goodwill in the alcoholic beverage industry, among consumers, and among the general public." (Groth Decl. ¶ 4). While Plaintiff has not produced specific evidence that association with Defendant's vodka has been harmful to its reputation, it is enough at this stage that Plaintiff has introduced evidence of loss of control over its own business reputation and quality control. While Defendant indicates it is not currently distributing its vodka in the United States, it is hosting events and managing a presence on social media that could be attributed to Plaintiff and therefore result in damaged goodwill and decreased distinctiveness of its brand.

This factor therefore weighs in favor of granting a preliminary injunction.

C. Balance of Hardships and Public Interest

"In each case, a court must balance the competing claims of injury and must consider the effect on each party of the granting or withholding of the requested relief." *Amoco Prod. Co. v. Village of Gambell, Alaska*, 480 U.S. 531, 542 (1987); *see also Int'l Jensen v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 827 (9th Cir. 1993) ("In evaluating the balance of hardships a court must consider the impact granting or denying a motion for preliminary injunction will have on the respective enterprises."). An injunction may not issue unless the balance of the hardships tips in favor of the moving party. "[A] court must remain free to deny a preliminary injunction, whatever be the showing of likelihood of success, when equity in the light of all the factors so requires." *Apple, Inc. v. Samsung Elecs. Co., Ltd.*, 877 F. Supp. 2d 838, 916 (N.D. Cal. 2012).

Moreover, courts "must consider the public interest as a factor in balancing the hardships when the public interest may be affected." *Caribbean Marine Servs. Co. v. Baldrige*, 844 F.2d 668, 674 (9th Cir. 1988). "In the trademark context, courts often define the public interest at stake as the right of the public not to be deceived or confused." *CytoSport*, 617 F. Supp. 2d at 1081.

The Court determines that both the public interest and the balance of the hardships tip slightly in Plaintiff's favor. The Court recognizes that granting a preliminary injunction would force Defendant to spend $100,000 to re-label and re-brand its vodka, which it has already started marketing in the United States. On the other hand, Plaintiff attests that it has spent over 30 years and millions of dollars building its brand, and this lengthy investment would be lost if Defendant is allowed to market and sell a product using its mark without having any ability to control its quality or its public image. Moreover, as the Court has explained above, there is a likelihood of confusion between the products, which establishes that the injunction is in the public interest. While a close question, the Court thus concludes that the balance of the equities thus tips in favor of Plaintiff. The Court **ORDERS** Plaintiff to post a $100,000 bond as security for the issuance of the preliminary injunction, corresponding with the cost to Defendant of rebranding its vodka.

IV. CONCLUSION

Plaintiffs have successfully established that the *Winter* factors favor granting a preliminary injunction in these circumstances. Accordingly, the Motion is **GRANTED**. A separate Preliminary Injunction order will issue.

IT IS SO ORDERED.