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9  
10 **UNITED STATES DISTRICT COURT**  
11 **EASTERN DISTRICT OF CALIFORNIA**  
12 **(SACRAMENTO DIVISION)**

13 **NEXT WINE, LLC,**

14 Plaintiff,

15 v.

16 **BOGLE VINEYARDS, INC.**

17 Defendant.

Case No. 2:17-cv-01282-TLN-EFB

**ANSWER OF BOGLE VINEYARDS, INC.  
AND COUNTERCLAIM FOR:**

- (1) TRADEMARK INFRINGEMENT**
- (2) FALSE DESIGNATION OF ORIGIN**
- (3) UNFAIR COMPETITION**
- (4) RESTITUTION FOR UNJUST ENRICHMENT**
- (5) CANCELLATION OF REGISTERED TRADEMARKS**

**JURY TRIAL DEMANDED**

21 Defendant, Bogle Vineyards, Inc., (“Bogle”) by and through its counsel, hereby answers the  
22 Complaint as follows:

23 **ANSWER**

24 1. The allegations of Paragraph 1 of the Complaint are admitted.

1           2.    The allegations of Paragraph 2 of the Complaint are admitted.

2           3.    The allegations of Paragraph 3 of the Complaint are admitted.

3           4.    The allegations of Paragraph 4 of the Complaint are admitted.

4           5.    The allegations of Paragraph 5 of the Complaint are admitted.

5           6.    Bogle has no knowledge of the facts alleged in Paragraph 6 of the Complaint and they are  
6 therefore denied.

7           7.    Bogle admits the allegations in the first and third sentences of Paragraph 7 of the  
8 Complaint. The allegations in the second sentence are denied.

9           8.    Bogle admits the allegations in the first and third sentences of Paragraph 8 of the Complaint.  
10 The allegations in the second sentence are denied.

11          9.    The allegations of Paragraph 9 of the Complaint are admitted.

12          10. Bogle admits the allegations in the first and third sentences of Paragraph 10 of the  
13 Complaint. The allegations in the second sentence are denied.

14          11. The allegations of Paragraph 11 of the Complaint are admitted.

15          12. Bogle admits that it began using the trademark ESSENTIAL for wine on or about the date  
16 set forth in the Complaint; otherwise the allegations of Paragraph 12 of the Complaint are denied.

17          13. Bogle admits the allegations in the first sentence of Paragraph 13 of the Complaint but  
18 denies the allegations in the second sentence.

19          14. Bogle admits the allegations in Paragraph 14 of the Complaint as made for the MY  
20 ESSENTIAL RED registered trademark; otherwise, the allegations in Paragraph 14 are denied.

21          15. Bogle admits that it responded to the Office Action on May 12, 2014; otherwise, the  
22 allegations in Paragraph 15 of the Complaint are denied.

23          16. The allegations of Paragraph 16 of the Complaint are admitted.

24          17. The allegations of Paragraph 17 of the Complaint are admitted.

1 18. Bogle is not required to admit or deny the substance of the settlement discussions because  
2 under Federal Rule of Evidence 408 their disclosure in the Complaint is improper since they are not  
3 facts admissible in this lawsuit.

4 19. Bogle admits that its counsel contacted Plaintiff but otherwise denies the allegations in  
5 Paragraph 19 of the Complaint. Bogle is not required to admit or deny the substance of the settlement  
6 discussions because under Federal Rule of Evidence 408 their disclosure in the Complaint is improper  
7 since they are not facts admissible in this lawsuit.

8 20. Bogle admits the allegations in Paragraph 20 of the Complaint that the parties engaged in  
9 settlement discussions; otherwise, they are denied. Bogle is not required to admit or deny the substance  
10 of the settlement discussions because under Federal Rule of Evidence 408 their disclosure in the  
11 Complaint is improper since they are not facts admissible in this lawsuit.

12 21. Bogle admits the allegations in Paragraph 21 of the Complaint that it emailed Plaintiff on  
13 or about October 21, 2016 and was prepared to file a Petition for Cancellation; otherwise, they are  
14 denied. Bogle is not required to admit or deny the substance of the settlement discussions because  
15 under Federal Rule of Evidence 408 their disclosure in the Complaint is improper since they are not  
16 facts admissible in this lawsuit.

17 22. Bogle has no knowledge of the facts alleged in the first two sentences of Paragraph 22 of  
18 the Complaint and they are therefore denied. With respect to the third sentence, Bogle admits only that  
19 settlement discussions continued. Bogle is not required to admit or deny the substance of the settlement  
20 discussions because under Federal Rule of Evidence 408 their disclosure in the Complaint is improper  
21 since they are not facts admissible in this lawsuit.

22 23. Bogle admits the allegations in Paragraph 23 of the Complaint that it had found a label,  
23 that counsel sent an e-mail, and that a Petition for Cancellation was filed. Bogle is not required to

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1 admit or deny the substance of the settlement discussions because under Federal Rule of Evidence 408  
2 their disclosure in the Complaint is improper since they are not facts admissible in this lawsuit.

3 24. Bogle has no knowledge of the facts alleged in Paragraph 24 of the alleged Complaint and  
4 they are therefore denied.

5 25. Bogle admits that it filed a Petition for Cancellation but denies the remaining allegations  
6 of Paragraph 25 of the Complaint.

7 26. Bogle admits the allegations of Paragraph 26 of the Complaint.

8 27. Bogle admits the allegations of Paragraph 27 of the Complaint.

9 28. Bogle denies the allegations of Paragraph 28 of the Complaint.

10 29. Bogle admits that it e-mailed Plaintiff as alleged in Paragraph 29 of the Complaint. Bogle  
11 is not required to admit or deny the substance of the settlement discussions because under Federal Rule  
12 of Evidence 408 their disclosure in the Complaint is improper since they are not facts admissible in  
13 this lawsuit.

14 30. With respect to Paragraph 30 of the Complaint. Bogle is not required to admit or deny  
15 the substance of the settlement discussions because under Federal Rule of Evidence 408 their disclosure  
16 in the Complaint is improper since they are not facts admissible in this lawsuit.

17 31. Bogle has no knowledge of the facts alleged in Paragraph 31 of the Complaint.

18 32. Bogle admits that Mr. Miller contacted Ms. Bogle as alleged in Paragraph 32 of the  
19 Complaint; otherwise, the allegations in Paragraph 32 are denied. Bogle is not required to admit or  
20 deny the substance of the settlement discussions because under Federal Rule of Evidence 408 their  
21 disclosure in the Complaint is improper since they are not facts admissible in this lawsuit.

22 33. Bogle admits Paragraph 33 of the Complaint.

23 34. Bogle admits that it demanded that Plaintiff cease using the marks; otherwise, the  
24 allegations of Paragraph 34 of the Complaint are denied.

1 1. The responses to Paragraphs 1-34 of the Complaint are incorporated by reference herein.

2 2. Bogle admits the allegations of Paragraph 2 of Count 1 of the Complaint.

3 3. In response to Paragraph 3 of Count 1 of the Complaint, Bogle admits that it believes  
4 there is a likelihood of confusion between the marks as pleaded in the Petition for Cancellation;  
5 otherwise, the allegations are denied. Bogle is not required to admit or deny the substance of the  
6 settlement discussions because under Federal Rule of Evidence 408 their disclosure in the Complaint  
7 is improper since they are not facts admissible in this lawsuit.

8 4. Bogle admits the allegations in Paragraph 4 of Count 1 of the Complaint.

9 5. Bogle admits that Plaintiff does not believe there is a likelihood of confusion as alleged  
10 in Paragraph 5 of Count 1 of the Complaint; otherwise, the allegations are denied.

11 6. Bogle denies the allegations in Paragraph 6 of Count 1 of the Complaint.

12 7. Bogle admits that Plaintiff does not believe it is infringing on Bogle's rights as alleged in  
13 Paragraph 7 of Count 1 of the Complaint; otherwise, the allegations are denied.

14 8. Bogle denies the allegations in Paragraph 8 of Count 1 of the Complaint.

15 9. Bogle admits that there is a controversy as alleged in Paragraph 9 of Count 1 of the  
16 Complaint; otherwise the allegations are denied.

17 10. Bogle denies the allegations in Paragraph 10 of Count 1 of the Complaint.

18 11. Bogle admits that this is what is being sought by Plaintiff as alleged in Paragraph 11 of  
19 Count 1 of the Complaint; otherwise, the allegations are denied.

20 **WHEREFORE**, Bogle prays that Plaintiff take nothing on its claim.

21 **AFFIRMATIVE DEFENSES**

22 Bogle reserves the right to plead such affirmative defenses as may be disclosed during  
23 discovery subject to the requirements of Rule 15.

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1 **COUNTERCLAIMS**

2 For its Counterclaims against Next Wine, LLC. (“Next”), Bogle Vineyards, Inc. (“Bogle”)  
3 alleges as follows on information and belief:

4 **NATURE OF THE ACTION**

5 1. This is an action for trademark infringement, false designation of origin, unfair  
6 competition, restitution for unjust enrichment, and cancellation of registered trademarks.

7 **JURISDICTION**

8 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338 (a), and  
9 15 U.S.C. § 1121, and supplemental jurisdiction pursuant to 28 U.S.C. §§1338 (b) and 1367 (b). Acts  
10 giving rise to the claims asserted herein have been expressly aimed at, have occurred in, and will  
11 continue to occur in California and this District.

12 **VENUE**

13 3. Venue properly lies within this District pursuant to 28 U.S.C. § 1391. Venue properly  
14 lies in the Sacramento Division because Plaintiff resides in Yolo County.

15 **THE PARTIES**

16 4. Bogle a California corporation with its principal place of business at 49762 Hamilton  
17 Road, Clarksburg, California 95612. It is in the business of growing wine grapes and making and  
18 selling California table wine.

19 5. Next is a Colorado limited liability company with its principal place of business in  
20 Tucson, Arizona. It is in the business of selling California table wine. On information and belief, it  
21 has sold this wine in this District.

22 **NATURE OF THE CASE**

23 6. Bogle owns an ESSENTIAL RED trademark for wine. This case raises claims of  
24 trademark infringement, false association and unfair competition based on Next’s use of trademarks

1 for wine whose dominant term is ESSENTIAL. It is also seeks cancellation of Next's Federal  
2 registrations for these marks.

### 3 **BACKGROUND**

4 7. Bogle is a family-owned business that has been growing grapes in the Clarksburg,  
5 California area since 1968. Within ten (10) years it had established its own winery. Its wines have  
6 received national acclaim for many years.

7 10. In 2012, Bogle developed and began to sell throughout the United States a premium  
8 brand of table wine under the trademark ESSENTIAL RED. This was a California red blend wine.  
9 Bogle began selling this wine in April 2012. The main label features the Bogle trademark and logo,  
10 but the way consumers differentiate between various Bogle wines is by the secondary trademark on the  
11 label, in this case ESSENTIAL RED. Consumers who are looking for a red blend will purchase  
12 ESSENTIAL RED based on the trademark on the label.

13 11. Bogle has used the ESSENTIAL RED trademark continuously since 2012. It has sold  
14 over 14 million bottles of ESSENTIAL RED wine. Current annual sales are approximately 4.8 million  
15 bottles. The red blend category is growing at a dramatic pace.

16 12. ESSENTIAL RED is distributed in all fifty (50) states. The brand is sold in wine shops,  
17 at the winery, restaurants, over the internet, in other licensed retail outlets, and at chain retailers such  
18 as Total Wines, Costco, Safeway, Kroger and Whole Foods.

19 13. ESSENTIAL RED has received many awards. Wine critics have given it scores in the  
20 90's (on a 100-point scale.)

21 14. Bogle promotes ESSENTIAL RED extensively through point of sale materials, pricing  
22 discounts and social media. Through extensive promotional and sales efforts, the ESSENTIAL RED  
23 brand has developed an extensive amount of goodwill and has become an extremely valuable asset of  
24 Bogle's. The retail price of ESSENTIAL RED wine ranges from \$11-13 per bottle.

1           15.     As a result of the widespread promotion and use of the ESSENTIAL RED trademark, it  
2 has become highly distinctive of Bogle’s wine and well-known among consumers, especially in  
3 California. It is a strong trademark that is entitled to the broadest scope of protection.

4           16.     On August 1, 2013, Bogle filed an application to register the ESSENTIAL RED  
5 trademark with the United States Patent and Trademark Office. This application was in Class 33 for  
6 “alcoholic beverages except beers.” The application was refused registration based on prior  
7 registrations of MY ESSENTIAL and MY ESSENTIAL ROSÉ owned by Next.

8           17.     Next is was co-founded by Mr. Richard Betts. Mr. Betts is a Master Sommelier and  
9 author. He has a law degree. He develops and markets wine and spirits brands. He is not a winemaker  
10 or distiller. The other co-founder is Mr. Brad Miller. Mr. Miller is a lawyer in Tucson, Arizona. Mr.  
11 Miller is not a winemaker.

12           18.     Next does not own any vineyards. It does not own a winery. It does not have a tasting  
13 room. It is not licensed by any state or the Federal government to produce wine. It is not licensed by  
14 any state to act as a wholesaler for wine. It is not licensed by any state to sell wine at retail.

15           19.     Next contracts with licensed producers to bottle wine under its brands. It contracts with  
16 licensed wholesalers to sell its wine to licensed retailers.

17           20.     Next is a “virtual winery.” It contracts with third parties to make and distribute the wine  
18 bearing its trademarks. It pays contractors to bottle and distribute the wine bearing its trademarks. It  
19 takes a percentage of the proceeds of the sales to wholesalers (or of the direct to retailer sales) as its  
20 compensation.

21           21.     In 2012, Next developed a brand name for a wine, MY ESSENTIAL. The MY  
22 ESSENTIAL mark was to be used on a California red blend. The wine was to be produced and bottled  
23 by C2 Cellars in California. On information and belief, the wine is sold at retail outlets and certain  
24 chain retailers such as Whole Foods. MY ESSENTIAL wine is priced at approximately \$20 per bottle.



1 Next has since used the MY ESSENTIAL mark on pinot noir, rosé, and cabernet sauvignon wines.  
2 Next intends to use the mark on a white blend and a sauvignon blanc wine.

3 22. In 2012, Next retained a law firm in Napa, California to file a trademark application for  
4 MY ESSENTIAL. On information and belief, that firm did a trademark search prior to filing the  
5 application; the search disclosed Bogle's ESSENTIAL RED trademark. The trademark application for  
6 MY ESSENTIAL was filed on June 12, 2012. Therein, Mr. Betts stated under oath on behalf of Next  
7 that:

8 The undersigned, being hereby warned that willful false statements and the like so  
9 made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section  
10 1001, and that such willful false statements, and the like, may jeopardize the  
11 validity of the application or any resulting registration, declares that he/she is  
12 properly authorized to execute this application on behalf of the applicant; he/she  
13 believes the applicant to be the owner of the trademark/service mark sought to be  
14 registered, or, if the application is being filed under 15 U.S.C. Section 1051(b),  
15 he/she believes applicant to be entitled to use such mark in commerce; to the best  
16 of his/her knowledge and belief no other person, firm, corporation, or association  
17 has the right to use the mark in commerce, either in the identical form thereof or in  
18 such near resemblance thereto as to be likely, when used on or in connection with  
19 the goods/services of such other person, to cause confusion, or to cause mistake, or  
20 to deceive; and that all statements made of his/her own knowledge are true; and that  
21 all statements made on information and belief are believed to be true

22 The Statement of Use filed for that application claims a first use date of January 10, 2013.

23 This registration was given number 4,499,104.

24 //

1           23.     Next has also obtained Federal trademark registrations for MY ESSENTIAL RED (No.  
2 4,325,914), MY ESSENTIAL ROSÉ (No. 4,552,519), and MY ESSENTIAL CABERNET (No.  
3 4,718,110). Next has pending Federal trademark applications for MY ESSENTIALWHITE (No.  
4 87/140,357), MY ESSENTIAL PINOT NOIR (No. 87/272,060), and MY ESSENTIAL SAUVIGNON  
5 BLANC (No. 87/432,248). Mr. Betts or Mr. Miller made the aforementioned statement under oath in  
6 the application for each of these marks.

7           24.     Bogle has petitioned the Trademark Trial and Appeal Board (TTAB) to cancel the three  
8 Next registrations. This case was assigned number 92065358. The time for Next to answer the Petition  
9 was extended twice at the request of Next so that the parties could continue settlement discussions.  
10 Next never filed an answer to the Petition. Instead, before the expiration of the extension period, Next  
11 filed the instant lawsuit and a motion to suspend the TTAB proceedings pending the outcome of the  
12 instant litigation. That motion was granted.

13           25.     In adopting and continuing to use the MY ESSENTIAL trademark and engaging in these  
14 activities, Next deliberately and intentionally targeted Bogle's business, its brand and its goodwill. On  
15 information and belief, Next had actual notice of Bogle's trademark before it began using the MY  
16 ESSSENTIAL mark. Instead of respecting Bogle's rights by adopting another name, Next proceeded  
17 with its project knowing that there was a potential for consumer confusion. The whole point of its  
18 conduct is to confuse consumers who are acting on impulse to think that they are purchasing a version  
19 of Bogle's ESSENTIAL RED wine when, in fact, they are not, and to compete unfairly with Bogle by  
20 causing great harm, injury, and damage to Bogle and its valuable brand in the process. The harm and  
21 damage will only increase over time as Next expands its business.

22 //

23 //

24 //

**CLAIM ONE**

**(Infringement of an Unregistered Trademark/False Designation of Origin, 15 U.S.C. § 1125)**

26. The allegations of Paragraphs 1-25 of this Counterclaim are hereby incorporated by reference.

27. Bogle began using its ESSENTIAL RED trademark before Next filed any of its applications to register any of its MY ESSENTIAL trademarks. Bogle began using its ESSENTIAL RED trademark before Next began using any of its MY ESSENTIAL trademarks. Bogle has priority.

28. Next began using the MY ESSENTIAL trademarks in connection with its wines without authorization from Bogle. The trademarks are highly similar. The dominant term in both marks is “Essential.” The trademarks are used on identical goods, wine. Wine sold at the price points of the parties’ wine is an impulse purchase to which consumers do not give a great deal of thought and care. In the normal course of trade the wine would be sold and promoted to the same consumers in the same channels of trade. The parties’ wines are sold by at least one common chain retailer, Whole Foods. Consumers who see Next’s trademark are likely to believe mistakenly that the wine originates with, is licensed by or is otherwise associated or affiliated with Bogle. This unauthorized use of Bogle’s trademark by Next creates a likelihood of confusion and constitutes an infringement of Bogle’s trademark under 15 U.S.C. §§ 1051 *et seq.*

29. The term ESSENTIAL RED points uniquely to Bogle, and no one else other than Next has used it for wine. Bogle began using this term for wine in the United States and California prior to Next’s use on and in connection with identical goods. The aforementioned acts also constitute a false designation of origin under 15 U.S.C. § 1125.

30. Bogle has been and will be injured by Next’s use and promotion of its trademarks. The use of a highly similar mark on identical goods will undermine if not destroy the goodwill in Bogle’s

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1 trademark and cause damage and injury to it. It will harm Bogle's business reputation and goodwill  
2 and decrease its business and profits.

3 31. Next's infringing conduct is willful, intentional and in bad faith. It was aware of Bogle's  
4 trademark prior to using its trademark and therefore had an opportunity to change their mark prior to  
5 the launch of its wine. Notwithstanding this knowledge and opportunity, Next made a conscious  
6 decision to proceed with their scheme to appropriate the goodwill in Bogle's trademark.

7 **WHEREFORE**, Bogle prays for relief as set forth below.

8 **CLAIM TWO**

9 **(Common Law Trademark Infringement)**

10 32. The allegations of Paragraphs 1-31 of this Counterclaim are hereby incorporated by  
11 reference.

12 33. Continuously since 2012, Bogle has used the ESSENTIAL RED trademark to identify  
13 its wine and to distinguish it from those offered by others, by, among other things, prominently  
14 displaying the trademark on its label, in point of purchase materials and on its web site. The term  
15 ESSENTIAL RED points uniquely to Bogle, and no one else has used it for wine. Bogle began using  
16 this term for wine in the United States and California prior to Next's use on and in connection with  
17 wine.

18 34. This use of Bogle's trademark has included use with distributors, retailers and  
19 consumers doing business across state lines in all fifty states.

20 35. Bogle's ESSENTIAL RED wine has been distributed and sold in the area where  
21 Next's wine is sold. As a result of the sales and advertising by Bogle under the ESSENTIAL RED  
22 mark, it has come to indicate wine that originates only with Bogle. Next's use of a highly similar  
23 mark on identical goods in the same channels of trade is likely to cause confusion with consumers.

24 //











**PROOF OF SERVICE**

I, the undersigned, declare and certify as follows:

I am over the age of eighteen (18) years and employed in the County of San Mateo, State of California. I am a member of the Bar of the above-entitled Court. My business address is 285 Troon Way, Half Moon Bay, California, 94019

On July 18, 2017, I served the following document (attached hereto):

**ANSWER AND COUNTERCLAIMS**

**(XX) VIA CM/ECF FILING SYSTEM.** The undersigned hereby certifies that he caused a copy of the foregoing document(s) to be filed with the clerk of the U.S. District Court, Eastern District of California, using the CM/ECF filing system, which caused a copy to be electronically mailed to the following CM/ECF Participant(s) on July 18, 2017:

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Executed on July 18, 2017, at Willits, California.

/s/ Paul W. Reidl