

How Much Fame Is Enough?

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In its recent decision in Joseph Phelps Vineyards, LLC v. Fairmont Holdings, LLC, the Court of Appeals for the Federal Circuit clarified the proper interpretation of the fame of the mark factor in determining whether there is a likelihood of confusion under the long-established multifactor test set forth in Application of E. I. DuPont DeNemours & Co., 476 F.2d 1357, 1361 (CCPA

1973). The Court vacated the Trademark Trial and Appeal Board's decision declining to find the senior user's mark to be "famous" for purposes of deciding the issue of likelihood of confusion, and remanded the case for the Board to apply the correct standard for fame.

The appeal arose out of a cancellation proceeding in which Joseph Phelps Vineyards, which owned a registration of INSIGNIA for wines, petitioned to cancel Fairmont Holdings' registration of ALEC BRADLEY STAR INSIGNIA for cigars, tobacco, cigar boxes, cigar cutters and cigar tubes. The ground for the cancellation was priority and likelihood of confusion. There was no issue as to priority; Phelps' registration predated both Fairmont's filing date and its claimed first use date.

The Board began its analysis by considering the fame of Phelps' mark. The evidence showed that Phelps had used INSIGNIA for wine since 1978. Since 2000, it sold between 10,000 and 15,000 cases of wines annually, which generated revenues of \$13 million to \$20 million per year. Phelps sold its wine to wine distributors, directly to house accounts that are mainly restaurants and bars, through its wine club, and through a company store at its winery. Information about its wines was available on Phelps' website, through which its wines could also be purchased. INSIGNIA wine won the WINE SPECTATOR Wine of the Year award in 2005, and references to JPV INSIGNIA

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wine have appeared in “dozens, if not hundreds” of news articles over the years. The Board noted that two articles Phelps relied on were not about Phelps’ wine. Instead, the articles mentioned Phelps and its use of trademarks, including INSIGNIA, in discussing California wine makers using trademarks for blends of grapes. Based on this evidence, the Board concluded “while it appears that [Phelps’] INSIGNIA branded wine has met with success in the marketplace, we are not persuaded on this record that [Phelps’] mark is a famous mark.”

In a *per curiam* decision reversing the Board, the Court held that the Board erred in analyzing the fame of the INSIGNIA mark as an all-or-nothing factor and discounting it entirely in reaching its conclusion that the parties’ marks were not likely to cause confusion. Because of this error, the Board did not properly apply the totality of the circumstances standard, which required it to consider all the relevant factors on a scale appropriate to their merits.

The Board’s all-or-nothing measure of fame was similar to the analysis appropriate for a dilution claim. While fame for dilution purposes is an either/or proposition, in the context of likelihood of confusion, fame varies along a spectrum from very strong to very weak, which must be determined based on the market for the specific product or service.

The Court noted the evidence of record showing that INSIGNIA wine was renowned, both in the wine market and among consumers of fine wine, specifically mentioning the awards INSIGNIA wine had received and the many articles of record mentioning INSIGNIA wine. Based on this evidence, the Court was “perplexed” that the Board found that INSIGNIA wine has no “fame” and gave no weight to this factor. The Court held that the Board applied the incorrect standard because fame must be determined from the viewpoint of consumers of similar products. The record showed that consumers and the wine market recognized the INSIGNIA trademark. The Court therefore held it was error to refuse to accord any “fame” to Phelps’ mark, and in this case the “fame” factor warranted reasonable weight, among the totality of the circumstances.

In a concurring opinion, Judge Newman agreed with the majority’s conclusion and reasoning regarding fame, but also believed the Board erred in its analysis of the relatedness of the parties’ products and the similarity of the marks as actually used. She therefore would have directed the Board to reconsider all the relevant factors on the question of likelihood of confusion.

Courts typically focus on the strength of the senior mark, rather than its fame, in determining whether a likelihood of confusion exists. Although strength and fame are similar, they are not identical. “Strength” is a combination of a mark’s conceptual distinctiveness on a spectrum ranging from descriptive to arbitrary or fanciful, combined with the extent of the relevant public’s recognition of the mark in the marketplace. The wording of this factor in the *DuPont* decision as the “fame of the prior mark (sales, advertising, length of use),” frames the standard in terms of “fame” as a matter of commercial renown instead of conceptual “strength.” Although the Court’s *Phelps* decision does not change the *DuPont* test, it confirms that “fame” under *DuPont* refers to a mark’s strength as typically discussed in infringement cases and should be evaluated

on a spectrum rather than the all or nothing “fame” required for a dilution claim.