

JOSEPH PHELPS VINEYARDS, LLC v. FAIRMONT HOLDINGS, LLC.

Appeal No. 2016-1089 (Fed. Cir. May 24, 2017) (per curiam) Appealed from TTAB.

Background:

Joseph Phelps Vineyards has been selling its INSIGNIA wine since 1978 and owned a federal registration for the mark INSIGNIA. In 2012, Fairmont received a federal registration for the mark ALEC BRADLEY STAR INSIGNIA for cigars. Phelps Vineyard petitioned for cancellation of Fairmont's mark before the TTAB arguing that the fame of its mark increased the likelihood of confusion of the marks. However, the TTAB rejected that argument – finding among other things that “Petitioner’s mark is not famous,” accorded the likelihood of confusion factor no weight and concluded that Respondent's mark was not likely to cause confusion with Petitioner's mark. Petitioner appealed.

Issue/Holding:

Did the TTAB err in applying an "all or nothing" measure of fame that is more akin to a dilution analysis than a likelihood of confusion analysis? Yes, reversed and remanded.

Discussion:

Under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d), the TTAB may refuse or cancel federal registration of a mark that is likely to cause confusion as to source, sponsorship or affiliation in light of a senior user’s mark. In analyzing likely confusion, the TTAB examines several factors including the similarity of the parties’ marks, the similarity of the parties’ goods and trade channels, the sophistication of the relevant consumers, the scope of third-party use of similar marks and any instances of actual confusion. An additional factor examines the fame of the senior user’s mark. The Petitioner submitted evidence in the form of third party reviews, accolades and other articles, as well as proof of millions of dollars of sales annually, to show that its INSIGNIA mark for wine is renowned among consumers of fine wine. The TTAB found that while it appeared that Petitioner’s INSIGNIA branded wine had met with success in the marketplace, it was not persuaded that Petitioner’s mark is a famous mark.

In reviewing all of the evidence of fame submitted by the Petitioner, the Federal Circuit was perplexed at the Board’s finding that INSIGNIA wine has no ‘fame,’ and that it gave no discernable weight to this factor. They commented that ‘fame’ is determined from the viewpoint of consumers of like products and that in the likelihood of confusion analysis it is not a binary yes/no consideration but rather “varies along a spectrum” from not famous at all to extremely famous. They concluded that the factor of ‘fame’ warrants reasonable weight, as part of the totality of the circumstances and that the TTAB had erred in using an incorrect standard that afforded no weight to the Petitioner’s evidence of fame.

The case was remanded to the Board to address the Petition for Cancellation using the correct standard.