

INTELLECTUAL PROPERTY AND THE WINE SECTOR: THE UNITED STATES

ROPES
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TRADEMARKS: THE UNITED STATES

What Qualifies As A Mark?

15 U.S.C. § 1127:

“The term ‘trademark’ includes **any word, name, symbol, or device**, or any combination thereof –

- 1) **used by a person, or**
- 2) **which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,**

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”

TRADEMARKS: THE UNITED STATES

A Wine Label May Display Numerous Trademarks:

- Primary brand name
- Secondary brand name
- Producer name
- Distributor and/or importer name

TRADEMARKS: THE UNITED STATES

What Rights Are Conferred?

- Common-law relative exclusivity rights accrue upon *use*: registration not required
- BUT: registration confers substantial additional rights and benefits, including:
 - Notice to would-be infringers
 - *Prima facie* evidence of ownership and validity
 - “Incontestability” after 5 years
 - Automatic federal jurisdiction
 - Nationwide injunctive rights
 - Special rights and remedies vis-à-vis importation
 - Special rights and remedies vis-à-vis cybersquatting

TRADEMARKS: THE UNITED STATES

Intention-To-Use Option:

15 U.S.C. § 1127:

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TRADEMARKS: THE UNITED STATES

Ownership of Trademark Rights in Wine Brands:

- Traditional model: Producer devises Brand, makes and markets wine, contracts with Wholesaler/Distributor for distribution (and possibly additional marketing):
 - Producer owns TM
 - Wholesaler/Distributor is a licensee (either express or implied)
- BUT: many variations exist

TRADEMARKS: THE UNITED STATES

Ownership of Trademark Rights in Wine Brands:

- Brand as principal asset: Brand Owner devises Brand, contracts with Producer(s) and Distributor(s); Brand Owner may undertake some or all marketing:
 - Brand Owner owns TM
 - Producers and Wholesalers/Distributors are licensees (either express or implied)

TRADEMARKS: THE UNITED STATES

Ownership of Trademark Rights in Wine Brands:

- “Private label” Brand: Purchaser (e.g., retail store, hotel chain, restaurant, or even individual consumer) devises Brand, contracts with Producer and Wholesaler/Distributor:
 - Institutional Purchaser owns TM
 - Producer and Wholesaler/Distributor are licensees (express or implied)

TRADEMARKS: THE UNITED STATES

Ownership of Trademark Rights in Wine Brands:

- Distributor-created brand:
Wholesaler/Distributor devises and markets
Brand, contracts with Producer(s):
 - Distributor owns TM
 - Producers are licensees (either express or implied)

TRADEMARKS: THE UNITED STATES

Ownership of Trademark Rights in Wine Brands:

- Joint venture: Producer and Wholesaler/Distributor enter into joint venture (informal or formal), jointly devise and develop Brand, with marketing by either or both:
 - Joint ownership of TM (or either party may own with license to other party)

TRADEMARKS: THE UNITED STATES

Ownership of Trademark Rights in Wine Brands:

- KEY POINT: rights vis-à-vis brand are allocated by contract (express or implied), including:
 - acknowledgement of rights
 - warranties
 - standing to sue for infringement
 - right to collect damages or settlement proceeds
 - right to continued use of brand upon termination of relationship

TRADEMARKS: THE UNITED STATES

Ownership of Trademark Rights in Wine Brands:

- Special considerations:
 - Personal or family names
 - Estate/ranch/vineyard names
 - Geographical indications

GEOGRAPHICAL INDICATIONS: THE UNITED STATES

A Wine Label May Display Numerous GIs:

- Primary brand name
- Secondary brand name
- Producer name
- Distributor and/or importer name
- Appellation of origin
- Vineyard or ranch name

GEOGRAPHICAL INDICATIONS: THE UNITED STATES

Legal Protection:

- No *sui generis* form of IP protection*
- Protection available under trademark laws:
 - Trademarks (if has secondary meaning):
 - Primary brand name
 - Secondary brand name
 - Producer name
 - Distributor and/or importer name
 - Certification or collective marks (secondary meaning not required):
 - Appellation of origin
 - Vineyard or ranch name

* But see usage restrictions under 27 CFR Parts 4, 9, 12

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Copyrightable Subject Matter:

17 U.S.C. § 102:

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

(1) literary works;

* * *

(5) pictorial [and] graphic . . . works;

* * *

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

COPYRIGHTS: THE UNITED STATES

Copyrightable Subject Matter -- Examples:

“Literary works”:

- Narrative texts on labels
- Advertisements
- Brochures
- Tasting cards and notes

COPYRIGHTS: THE UNITED STATES

Copyrightable Subject Matter -- Examples:

“Pictorial and graphic works”:

- Photographs
- Artwork
- Creative designs
- Entire labels
- Signage

COPYRIGHTS: THE UNITED STATES

Copyrightable Subject Matter: What is *Not* Copyrightable?

- Mere ideas
- Names and phrases
- Functional design elements
- Matter lacking even a “minimal degree of creativity” (Feist Pubs. v. Rural Tel. Svc., 499 U.S. 340 (1991)):
- Varietal composition of wine
- Description of specific location of vineyard
- “Produced and bottled by _____” or “Imported by _____”

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Securing And Enforcing Rights:

United States works:

- Registration is *not* necessary to secure copyright
- Registration *is* necessary for standing to sue

Foreign works:

- Registration is *not* necessary to secure copyright
- Registration is *not* necessary for standing to sue

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Ownership:

General rule: ownership vests in individual who created work

- Single creator → single owner
- Multiple creators → joint owners

Exceptions:

- Creator is an employee → ownership automatically vests in employer (known as a “work made for hire”)
- Creator is an independent contractor and assigns copyright to other party to contract (before or after creation)

PATENTS: THE UNITED STATES

Types of Patents:

- “Utility” patents for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” (35 U.S.C. § 101)
- Potential examples:
 - Innovative closures
 - Innovative labels
 - Production techniques
 - Novel blends?

PATENTS: THE UNITED STATES

Types of Patents:

- Plant patents for “any distinct and new variety of plant, including cultivated sports, mutants, hybrids, and newly found seedlings, other than a tuber propagated plant or a plant found in an uncultivated state.” (35 U.S.C. § 161)
- Design patents for “any new, original and ornamental design for an article of manufacture.” (35 U.S.C. § 171)

PATENTS: THE UNITED STATES

Ownership Of Rights:

- General rule: ownership vests in inventor
- Ownership may be assigned in whole or in part (before or after invention)
- All inventors must be disclosed on application
- Parallel invention: United States recently adopted first-to-file system, effective March 2013

TRADE SECRETS: UNITED STATES

Protections Available:

- Determined by state law exclusively
- Potential examples:
 - Formulas/blends
 - Production techniques
 - Customer lists
 - Grape sourcing arrangements
- The key is secrecy!

APPENDIX: TYPICAL CONTRACT TERMS

1.1 PRODUCER grants to DISTRIBUTOR, Inc. the non-exclusive right to use the MARK during the term of this Agreement in connection with the resale by DISTRIBUTOR, Inc. of the PRODUCT in the DISTRIBUTOR Territory. DISTRIBUTOR shall also have the right to advertise and market the PRODUCT in the DISTRIBUTOR Territory under the terms and provisions set forth in the PRODUCT Business Plan or otherwise provided that DISTRIBUTOR obtains PRODUCER's approval for all such advertising by submitting to PRODUCER a sample of the proposed advertising at least 30 days prior to use. Advertising includes package design and point-of sale advertisements. DISTRIBUTOR shall comply with PRODUCER's instructions relating to form and placement of trademark legends and notices on any materials, subject to applicable laws, rules and regulations .

APPENDIX: TYPICAL CONTRACT TERMS

1.2 DISTRIBUTOR agrees that it will not, during the term of this Agreement or thereafter: (a) use the MARK or any confusingly similar mark on any goods or services other than the PRODUCT; (b) challenge the title or any rights of PRODUCER in the MARK or challenge the validity of these licenses; or (c) register or attempt to register the MARK or any confusingly similar mark. DISTRIBUTOR agrees that its use of the MARK shall inure to the benefit of PRODUCER. DISTRIBUTOR acknowledges PRODUCER's exclusive right, title and interest in the MARK and will not at any time do, or cause to be done, any act that contests or impairs PRODUCER's exclusive right, title and interest in and to the MARK. In connection with the use of the MARK, DISTRIBUTOR shall not in any manner represent that it has any ownership interest in the MARK, or in the registration thereof. DISTRIBUTOR acknowledges that use of the MARK shall not create in its favor any right, title or interest in or to the MARK and that all use it makes of the MARK shall be for the express benefit of PRODUCER.

APPENDIX: TYPICAL CONTRACT TERMS

1.3 DISTRIBUTOR will use commercially reasonable efforts to preserve samples of labels, advertising, and other materials bearing the MARK, for a term of five (5) years from the date such matter is first used in commerce.

1.4 PRODUCER makes no warranties regarding the MARK, including the validity of the MARK in any country, and hereby disclaims all warranties that might otherwise be implied by law, including warranties against violation or infringement of any trademark, literary or personal rights, or other proprietary rights. Notwithstanding the above, PRODUCER undertakes, at its own cost, to obtain all available legal protection for the MARK, including trademark registration, in every territory where business is to be developed.

APPENDIX: TYPICAL CONTRACT TERMS

1.5 DISTRIBUTOR shall notify PRODUCER in writing within seven (7) days of receiving notice of any claims or allegations by a third party related to DISTRIBUTOR's use of the MARK in the DISTRIBUTOR Territory. PRODUCER shall promptly take such action as may be necessary to protect and defend DISTRIBUTOR against any such claim and shall indemnify DISTRIBUTOR against any loss, costs or expenses incurred in connection therewith. DISTRIBUTOR shall have no power or authority to settle any such claim. PRODUCER shall have the right to defend, compromise or settle any such claim at its sole cost and expense, using attorneys of its own choosing, and DISTRIBUTOR agrees to cooperate fully with PRODUCER in connection with the defense or settlement of any such claim. If PRODUCER so instructs DISTRIBUTOR (whether or not DISTRIBUTOR has previously advised PRODUCER of the claim or threatened claim), DISTRIBUTOR shall

APPENDIX: TYPICAL CONTRACT TERMS

immediately discontinue use of the PRODUCER Mark as to which PRODUCER's instruction is given, and all liability arising out of DISTRIBUTOR's use of the PRODUCER Mark after such instruction shall be borne by DISTRIBUTOR; provided that, in such instance PRODUCER must repurchase all inventory of DISTRIBUTOR bearing such PRODUCER Mark at a price equal to DISTRIBUTOR's cost.

1.6 Upon the termination of this Agreement, DISTRIBUTOR shall immediately discontinue the use of the MARK; provided that DISTRIBUTOR shall have a continuing right and license to use the MARK to sell off all existing inventory of PRODUCT held by DISTRIBUTOR.