

Cognac Scores a Win for Certification Marks

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Cognac, which originates from a specific region of France and is named after the commune of Cognac, is far more popular outside its native country. Indeed, according to the industry group Bureau National Interprofessionnel du Cognac or BNIC, an astonishing 98% of cognac is exported. Cognac has a strong following in the African-American community, and is especially beloved by American rappers and hip-hop artists, many of whom serve as brand ambassadors or owners. As we previously covered, that

connection includes a record label named “Cologne & Cognac Entertainment” and their U.S. trademark application for musical performances and services under this mark:



BNIC opposed the application on the grounds that COGNAC is a geographical indication and that Cognac producers own a common law certification mark for COGNAC. The Trademark Trial and Appeal Board, however, sided with applicants, holding that there was no likelihood of confusion because – at least according to the Board – the COGNAC certification mark was simply not famous enough. After BNIC appealed and the Federal Circuit held oral argument, we predicted that the Board’s decision appeared to be on shaky ground. That premonition turned out to be correct – on August 6, the Federal Circuit issued a decision vacating the Board’s dismissal of BNIC’s opposition and remanding to the Board for reconsideration.

The Court began by explaining that unlike trademarks, “which indicate a single source of a product or service, certification marks are used by a person other than its owner with authorization from its owner.” Certification marks generally certify regional or other origin, material, quality, accuracy, and other characteristics. Notably, certification marks of regional origin are exempted from the Lanham Act’s general rule precluding “primarily geographically descriptive” marks. The Court then noted that although not registered with the PTO, it is undisputed that COGNAC is a common law certification mark. BNIC is an organization responsible for controlling and protecting the certification mark COGNAC for

brandy manufactured in the Cognac region of France.

The key issue on appeal was whether the use of the COGNAC mark for hip-hop music and production services was likely to cause confusion. The Board had held that confusion was not likely, in part because it concluded that the COGNAC mark was not strong or famous. It also dismissed BNIC's dilution claim because, among other reasons, the Board did not think that BNIC had proven the fame element of dilution.

The Federal Circuit first considered the issue of the COGNAC mark's fame, the dominant factor in the *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (CCPA 1973) likelihood of confusion analysis. It held that the Board had erred in requiring that COGNAC be famous for its certification status. In the court's view, a certification mark can be famous for many reasons, including geographic origin, and it does not need to be famous for its certification function. Thus, the Board's failure to consider whether or not COGNAC was famous as an indicator of geographic origin was an error. The court also took issue with the Board's holding that substantial sales and advertising of COGNAC certified products could not establish the mark's fame because those products also bear brand names, such as HENNESSEY. Just because a certification mark is used with a brand name mark does not mean that the certification mark itself is not famous. As the court noted, certification marks are often present with a brand name mark because they can only be used on third-party products. The Board therefore should have determined whether a portion of the sales and advertising evidence could be attributed to the COGNAC mark (rather than just the brand name mark) such that the evidence was indicative of fame for the certification mark.

The Federal Circuit also disagreed with the Board's conclusion that the marks at issue are dissimilar. As the court explained, just because COGNAC informs consumers of the product's geographic origin does not mean it cannot also "project an image of sophistication and elegance." Indeed, the Cologne & Cognac Entertainment record label's mark projects such an image precisely because of its use of the COGNAC mark. The Board also erred in its analysis of the similarity of both the goods and services and the trade channels. Instead of comparing BNIC's services to those of the record label, the Board should have compared the goods, services, and trade channels of certified users of the COGNAC mark (e.g., HENNESSEY) to those of the record label.

Finally, the court turned to BNIC's dilution claim, which the Board had dismissed. Here, again, the court disagreed with the Board's analysis. First, BNIC's failure to explicitly plead that their certification mark was famous prior to Cologne & Cognac Entertainment's constructive date of first use did not require dismissal of the dilution claim because the Notice of Opposition provided sufficient notice to meet the pleading standards (and the record label had failed to file a motion to dismiss). Second, as discussed above, the Board's conclusions regarding the mark's fame were erroneous and did not support a finding that COGNAC is not famous for purposes of dilution.

It will be interesting to see how the Board responds to this slap-down from the Federal Circuit, and whether reconsideration changes its conclusion. But the Federal Circuit's decision can only be helpful to owners of certification marks, particularly those indicative

of geographic origin. We suspect there was much rejoicing among Cognac producers when this decision came out – and probably more than a few celebratory bottles of the fine French brandy consumed. *Santé!*