

Is Your Wine's Label Properly Cleared?

By David Hoffman



Copyrights cover a work, such as a picture, a painting, a literary work or a video, and trademarks cover a word, slogan, phrase, logo, image, or sound when used in connection with a good or service, such as wine or clothing. Although copyright and trademark can appear to overlap, they are separate and distinct types of protection. Ownership of a copyright on an image does not mean you own that image as a trademark, and ownership of a trademark that uses an image does not mean you own a copyright on the image.

CASE STUDY

Nova Wines, Inc. v. Adler Fels Winery, LLC

In *Nova Wines, Inc. v. Adler Fels Winery, LLC*, 467 F. Supp. 2d 965 (N.D. Ca 2007), the court explained a key distinction between copyright and trademark: trademark rights can trump copyright, and copyright can trump trademark depending on the situation. In this case, Nova Wines, a St. Helena,

Trade Bureau (“TTB”) due to the nude photos. Subsequently, the label was revised to include a “modesty overlay” over Ms. Monroe’s breasts and buttocks and the label was then approved by the TTB.

However, this fractured relations between TKS and Nova Wines. TKS terminated the license of the TKS nude photos to Nova Wines. Fortunately for Nova Wines, Ms. Monroe had multiple nude photo shoots, one of which was with Playboy Enterprises. Nova Wines obtained a license from Playboy and used these nude images (with appropriate modesty overlays) on the label, and the Red Velvet Collection was back in business.

Meanwhile, TKS tried to license its nude photos of Ms. Monroe again, this time to Sonoma Wine Company (“SWC”). However, SWC decided not to go forward after being advised by Nova Wines’ counsel that it would be considered infringing on Nova Wines’ trademark. Undaunted, TKS eventually found Adler Fels Winery and “licensed” its nude photos for use on Adler Fels’ wine labels. Nova Wines brought suit for trademark infringement against Adler Fels.

Adler Fels argued that because the nude photos that were on the label came from TKS’ nude photos, and because TKS had a signed release from Ms. Monroe allowing use of the photos, her name, and copies thereof, Adler Fels was an authorized licensee of the copyright to use the photos on wine. Nova Wines argued that because it had been the

only seller of wines with Marilyn Monroe on the label for years, it owned trademark and trade dress rights in her name and likeness in connection with wine, regardless of who owned the copyright.

The court granted Nova Wines the preliminary injunction ordering Adler Fels to refrain from using the pictures of Ms.



California winery licensed images of Marilyn Monroe from her estate for twenty (20) years for use on wine. Tom Kelley Studios (“TKS”) held copyright in a series of different photos of Ms. Monroe in the nude. A licensing agency, Pacific Licensing, licensed these nude photos to Nova Wines for Nova’s “Red Velvet Collection.” The initially proposed wine label, however, was disapproved by the Tobacco Tax and

Monroe on the label stating that Adler Fels had superior trademark rights in the use of Ms. Monroe on wine, and that TKS' copyright ownership of the nude photos was irrelevant.

This was a very expensive lesson for Adler Fels which estimated that revenue from the initial years' release of 15,000 cases would have totaled four million dollars. Instead, the out of pocket expense spent on product development and bottling equaled \$140,000.00, not to mention several tens of thousands of dollars spent in attorneys' fees. Re-labeling wine is often not an option, because the process of cleanly removing a label can ruin the wine and/or be very costly.

PRACTICE TIP:

Adler Fels could have avoided these issues by obtaining a trademark or trade dress clearance search and opinion from an intellectual property attorney. All wine bottles must have a label and a name. Be sure to clear the name and clear the label art of any intellectual property issues before labeling, marketing, or submitting the label to COLA or the TTB. Also remember, simply having government approval of a label is not the same as having the right to go forward with the proposed label design and name. Trademark and/or copyright issues can arise. Taking steps in advance will help reduce the risk of substantial sums in legal fees, in addition to being ordered to re-label and/or pay damages in the end.

Turning New Ideas, Names, Products & Computer Programs Into Powerful Intellectual Property

David Hoffman has been an attorney practicing exclusively in intellectual property law (patents, trademarks, copyrights and unfair competition) since 1985. Mr. Hoffman represents multinational companies as well as numerous start up to medium size businesses. He both litigates and procures rights for his clients, and with his philosophy of procuring the broadest rights possible, performing good clearance procedures, and negotiating, has successfully avoided and minimized litigation for clients he counsels.



Mr. Hoffman has taught for a patent bar review class, has authored articles and given lectures on intellectual property, and has been named to Who's Who Millennium Edition and Who's Who Among Rising Young Americans in American Society & Business.



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