

Beverage & Hospitality Law CLE: September 29, 2022

---

# Spirits Law: Brand Building in the Alcoholic Beverage Industry

Professor Jessica M. Kiser



# Agenda

- 1. Trademark Fundamentals**
- 2. Common Problems on the Path to Trademark Registration**
- 3. Trademark Disputes (and How Not to be a Bully)**

# What is needed to build a strong brand?

- **Strong Trademark (name and logo)**
- **Strong Design**
  - **Bottle Design**
  - **Labels**
  - **Trade Dress, Design Patent, Copyright-Protected Art**
- **A Communication Plan**
  - **Advertising**
  - **Consumer Engagement**
  - **Litigation/Dispute Strategy**

# What is a Trademark?

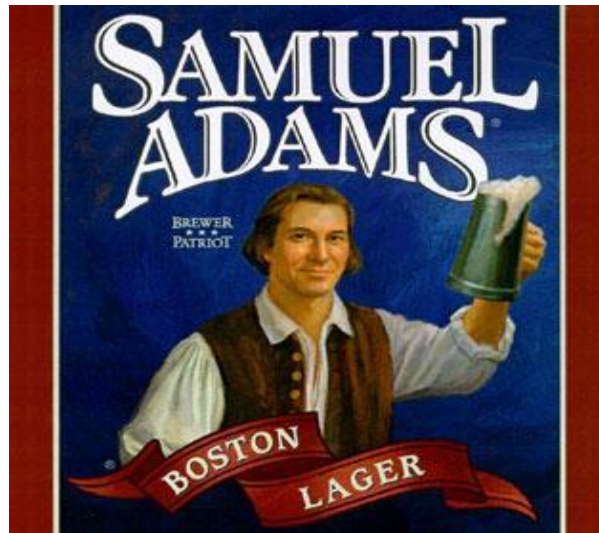
**A trademark is a word, name, symbol or device that can be used in commerce to distinguish the goods or services of its owner/user from those of others.**

- **Words**
- **Designs/Logos**
- **Combinations of Words & Designs**
- **Trade Dress – bottle shapes, colors, etc**

# Trademark Examples



*Chateau Ste Michelle*



# Trademark Process

- 1. Generate a list of ideas**
  - **Don't fall in love just yet!**
- 2. Have logos designed**
  - Make sure to receive copyright ownership!
- 3. Perform a Trademark Clearance Search**
  - Federal registrations on USPTO.gov
  - State registrations
  - Business and tradename databases
  - Common law rights
  - Look into domain name availability where relevant
- 4. Assess likelihood of federal registration and third party risks**
- 5. File Federal Trademark Application**
  - Office Actions with refusals and change requests are likely
  - Once registered, continue to monitor third party use and pay ongoing registration fees
- 6. Consider whether you want International Registrations**

# Search Results for “Washington” & “wine”

Start List At:  OR Jump to record:  57 Records(s) found (This page: 1 ~ 57)

Refine Search (washington)[MN] and (wine)[GS]

Current Search: 58: (washington)[MN] and (wine)[GS] docs: 57 occ: 153

	Serial Number	Reg. Number	Word Mark	Check Status	Live/Dead
1	88314553		HEART SYRAH WASHINGTON STATE	TSDR	LIVE
2	88314543		SKULL SYRAH WASHINGTON STATE	TSDR	LIVE
3	88149445		GEORGE WASHINGTON	TSDR	LIVE
4	88175443		KELLY WASHINGTON	TSDR	LIVE
5	88064463		CANNED WASHINGTON	TSDR	LIVE
6	88060399		WASHINGTON STATE UNIVERSITY	TSDR	LIVE
7	87812818		BX KLEIN VINEYARD SUBSTANCE WASHINGTON STATE	TSDR	LIVE
8	87492503		THE RARE WINE CO. HISTORIC SERIES GEORGE WASHINGTON SPECIAL RESERVE	TSDR	LIVE
9	87462890	5369086	W WASHINGTON WINEGROWERS	TSDR	LIVE
10	87318062	5326997	WASHINGTON WINE INSTITUTE	TSDR	LIVE
11	87097354		WASHINGTON STREET	TSDR	DEAD
12	87014639	5106832	DRINK WASHINGTON STATE	TSDR	LIVE
13	86825191		WE ARE WASHINGTON	TSDR	LIVE
14	86472566	5220649	EVE CHARDONNAY WASHINGTON STATE	TSDR	LIVE
15	86633580		DRINK THE DISTRICT CHERRY BLOSSOM BEER AND WINE FESTIVAL WASHINGTON DC 2015	TSDR	DEAD
16	86637617		2014 DRINK THE DISTRICT UNCORKED! WINE FESTIVAL WASHINGTON DC USA	TSDR	DEAD
17	86561159		WASHINGTON WINE CLUB	TSDR	DEAD
18	86635096		NEW YEAR'S EVE COCKTAIL COUNTDOWN WASHINGTON DC DRINK THE DISTRICT	TSDR	DEAD
19	86634500		ST PATRICK'S DAY DTD USA CLOVER FEST 2015 WASHINGTON DC	TSDR	DEAD
20	86699808		WASHINGTON STATE HARD CIDER	TSDR	DEAD
21	86699792		WASHINGTON STATE HARDCORE CIDER CO	TSDR	DEAD
22	86381249		ROCK MILL VINEYARD AT LITTLE WASHINGTON	TSDR	DEAD
23	86330626	4788672	THE ESSENCE OF WASHINGTON	TSDR	LIVE
24	85035774	3881908	WASHINGTON GRAND CRU	TSDR	DEAD
25	85451942	4197276	TASTE WASHINGTON	TSDR	LIVE
26	85630890		PRESIDENT'S LEGACY GEORGE WASHINGTON 1776	TSDR	DEAD
27	85263536	4309600	TRADE UP TO WASHINGTON	TSDR	LIVE
28	85244082		LITTLE WASHINGTON WINERY	TSDR	DEAD
29	78526251	3353314	JONES OF WASHINGTON	TSDR	LIVE

# A Trademark Must be “Distinctive”

## Trademark Classification:

### – Inherently distinctive

- Automatically protectable

### – Descriptive

- Protected only if “secondary meaning”

### – Generic

- Never protectable



# Inherently Distinctive

- **Overview**
  - **Strongest category**
  - **Automatically protectable**
- **Sub-Categories**
  - **FANCIFUL (Exxon, Verizon)**
  - **ARBITRARY (Apple, Sun Records)**
  - **SUGGESTIVE (Greyhound, Coppertone)**

# Descriptive

- Describes the good or service
- The term conveys an **immediate idea** of the ingredients, qualities or characteristics of the product or service
- Examples: BURGER KING, PIZZA HUT
- Requires Secondary Meaning
- Geographical Terms and Surnames

# Grounds for Refusal of Registration

## **Absolute Bars:**

- **Generic**
- **Deceptive**
- **May Falsely Suggest a Connection**
- **Flag or Coat of Arms**
- **A Living Person's Name/  
Signature w/o Consent**
- **Likely to Confuse**
- **Geographically  
Deceptively Misdescriptive**
- **Functional**

## **Permitted with Proof of Secondary Meaning:**

- **Merely Descriptive**
- **Deceptively  
Misdescriptive**
- **Geographically  
Descriptive**
- **Surnames**

# Problem: Generic Terms



A business should never be granted a trademark monopoly on the category of goods to which the product belongs. Therefore, you will not be able to claim protection for terms such as:

- \* WINE
- \* CHARDONNAY
- \* WINERY
- \* BEER

These will need to be excluded or “disclaimed” from a trademark application.

- In 2018, for example, the TTAB rejected a brewer/distiller’s application for MECHANICALLY FLOOR-MALTED.

# Problem: Descriptive Terms

A descriptive word or phrase will not be registered as a trademark unless you can show that it has developed a secondary meaning for consumers.

- Includes varietal and ingredient wording
- Includes geographical terms
- Includes surnames



# HOUSE WINE



# Problem: Geography



# Problem: Surnames



E. & J. Gallo Winery



BENZIGER  
FAMILY WINERY

# Establishing Secondary Meaning

**“If a proposed trademark or service mark is not inherently distinctive, it may be registered on the Principal Register only upon proof of acquired distinctiveness, or "secondary meaning," that is, proof that it has become distinctive as applied to the applicant’s goods or services in commerce.”**

## **TMEP §1212**

**OPTION 1** – Register the trademark on the Supplemental Register and then apply to transfer to the Principal register after five years of “substantially exclusive and continuous use.”

**OPTION 2** – Submit evidence showing the duration, extent, and nature of the use in commerce and evidence of consumer recognition of the mark as distinctive.

- Sales numbers
- Advertising expenditures
- Consumer surveys (expensive)



# What can I do with TM

protections?

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a **registered mark** in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive...

...shall be liable in a civil action by the registrant for the remedies hereinafter provided.

**Lanham Act § 32**

# What can I do with TM

- (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce **any word, term, name, symbol, or device**, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
  - (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person...shall be liable in a civil action...

**Lanham Act § 43**

# What can I do with TM protection?

**Typical Likelihood of Confusion Test (*Polaroid*)** – A finding of likelihood of confusion requires a balancing of these factors:

- 1. The strength of the plaintiff's mark**
- 2. The degree of similarity of the marks**
- 3. The proximity of the products**
- 4. The likelihood that the plaintiff will bridge the gap**
- 5. Actual confusion**
- 6. Defendant's good or bad faith**
- 7. The quality of the defendant's product**
- 8. The sophistication of the buyers**

# Likelihood of Confusion: *In re MadTree Brewing*

USPTO rejected MadTree's BLACK FOREST logo design (App. No. 86,608,588) due to Black Forest Brewery's prior registration



- Goods found to be “legally identical”
- Geographical distance between the breweries was not relevant
- Relevant consumer is all beer drinkers and not sophisticated craft beer consumer
- Word portions of the marks found to be too similar given that marks must be viewed “in light of the fallibility of memory”

# What is a Related Industry?

**Likelihood of Confusion is the test for trademark infringement and is also a basis for the refusal of a federal trademark registration.**

- **Under this standard, identical marks have been allowed to exist in disparate industries**
  - **DELTA airline vs. DELTA faucets**
- **Wine, Distilled Spirits, and Beer used to be considered separate and unrelated industries for LOC purposes**
  - **No per se rule that they are now related, but Courts and the USPTO are now consistently finding a LOC between products in these different classes**
  - **Reasons?**
    - **Modern branding and cross licensing**
    - **Less consumer sophistication**
    - **COSTCO and TOTAL WINE**
    - **Internet marketing**

# *In re Iron Hill Brewery*

**Application for CRUSHER mark for beer (App. No. 86,684,857) was rejected due to winery's prior registration for THE CRUSHER**



- Marks are nearly identical (outweighing any difference in meaning)
- There is no per se rule that alcoholic beverages are related
- However, the opinion cited numerous examples showing that beer and wine can emanate from the same source.

# In re Alaskan Brewing

**HUSKY mark for beer (App. No. 87,142,867) rejected due to prior registration for vodka that included Cyrillic translation meaning “husky”**

- **Identical Marks – Doctrine of Foreign Equivalents**
- **Goods are related and offered in overlapping trade channels -- “traditional line of demarcation between brewers and distillers no longer exists”**



# *E & J Gallo Winery vs. Grenade Bev.*



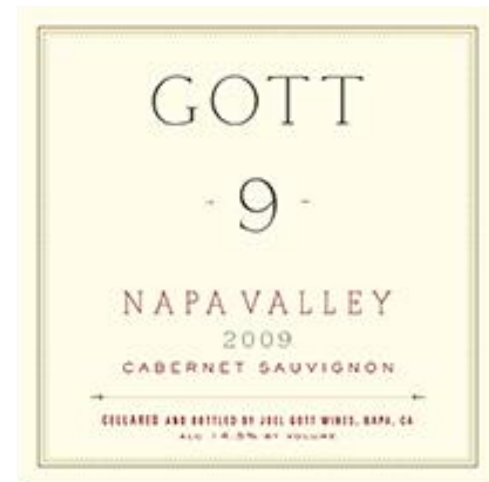
Court found EL GALLO (“rooster”) for energy drinks to be trademark infringement due to likelihood of confusion with prior rights in GALLO for wine



# **Joel Gott Wines vs. Rehoboth Von Gott**

**Owner of winery with registrations for GOTT and JOEL GOTT  
opposed application for GOTT LIGHT for enhanced waters  
(App. No. 77,943,657)**

- **How was JG able to argue that water and wine are related goods?**



# Tao Licensing vs. Bender Consulting

Owner of registrations for TAO for restaurants and nightclubs sought to cancel registration of TAO for vodka (Reg. No. 4,169,245)

Evidence of relatedness: TAO-themed drink names, prominence of bottle service, industry practices regarding private labeling



# *In re El Galan*

**Application for TERNURA (“tenderness”) for cigars (App. No. 86,961,428) was refused due to prior registration by distillery of the same mark**



- “Evidence of relatedness may include news articles...showing that the relevant goods are used together or used by the same purchasers...”
  - Simultaneous Consumption Problem
  - Industries have evolved to overlap more



# Problem: Coexistence

Never say never...



I HAVE A THING  
FOR FULL-BODIED REDS,  
AND SHE KNEW IT.

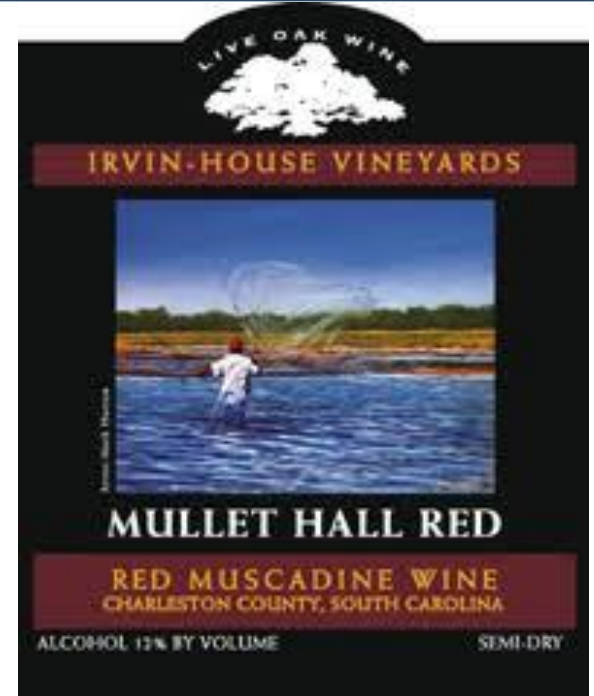
**CABERNET SAUVIGNON**  
VINTAGES BY HARLEQUIN™

Available in the U.S. only

**PARDON  
my  
BODY**

CABERNET  
SAUVIGNON  
CALIFORNIA 2012  
100% ALCOHOL 13.5%

VINTAGES BY HARLEQUIN



LIVE OAK WINE

IRVIN-HOUSE VINEYARDS

**MULLET HALL RED**

RED MUSCADINE WINE  
CHARLESTON COUNTY, SOUTH CAROLINA

ALCOHOL 12% BY VOLUME SEMI-DRY



SWEET TEA

Firefly

Charleston, SC

VODKA

# Disputes in the Spirits Industry

- **Many prominent brands are being called “bullies”**
- **Claim that Trademark Law’s “Duty to Police” requires aggressive actions against similar third party uses**
  - **Not entirely clear that this obligation is so burdensome**
  - **Very few brands have ever lost rights for failing to bring suits against third parties**
- **Less aggressive approaches are often celebrated by consumers**

# Disputes in the Spirits Industry

## Examples of Bad Publicity from Such Disputes

- Starbucks sent a C&D Letter to Exit 6 Pub & Brewery over the brewery's FRAPPICINO STOUT
  - Brewery mocked Starbucks by sending a check for \$6 and renaming the beer F WORD
- Budweiser has attempted to stop all uses of "BUD" in any marks in related industries
  - BUDINI Argentinian winemaker (affiliated with a nonprofit) changed name to BODINI after receiving letter
- Kendall-Jackson brand owners forced a Seattle micro-winery to stop selling a red blend named for the owners' son, Jaxon

# Disputes in the Spirits Industry

Dispute between Avery Brewing (Colorado) and Russian River Brewery (California) over SALVATION mark

- Neither wanted to enter litigation
- First user of the mark was unclear
- A collaboration was formed to combine the two beers



# Disputes in the Spirits Industry

## Dispute between BUD LIGHT and Modist Brewing over DILLY DILLY IPA

- Budweiser sent a town crier with a scroll (in keeping with its “Dilly Dilly” commercials running at the time
- Included two free Super Bowl tickets as a peace offering
- Modist agreed to change the name of its beer and used the tickets to build brand recognition and raise money for charity
- Was mentioned on numerous popular news programs and featured in AdWeek





# Any questions?



Jessica M. Kiser  
Associate Professor at Gonzaga University School  
of Law

Director, [Gonzaga University Wine Institute](#)

[kiser@gonzaga.edu](mailto:kiser@gonzaga.edu)