

**HELLO
MY NAME IS**

IPA

THE BARRISTERS

WHAT'S IN A NAME?

BRIAN R. IVERSON and **MATTHEW D. ZAPADKA** cover the ins and outs of trademarks and brand protection for craft breweries.

FORTY YEARS AGO, consumers would walk into their favorite store or watering hole and choose among Budweiser, Miller, or Coors. Today, more than 6,000 breweries exist in the United States alone, with thousands more importing from overseas. This rapid expansion in the industry has increased both the importance and the challenge in brand selection and protection.

In addition to an overall brand name, craft breweries also select names for each individual beer, some of which rotate seasonally. Many brewers incorporate common terms such as “hops,” “IPA,” or “malt” into a beer name. Given the

limited ways to use or alter such terms, brand names and labels frequently share some similarities. In this article, we explore some key trademark concepts and practical tips for craft brewers navigating these heavy seas fraught with flying dogs, wicked weeds, evil twins, arrogant bastards, and mad elves.

TRADEMARK RIGHTS ACCRUE THROUGH USE

All a brewery must do to acquire trademark rights is use a distinctive name in commerce as a designation of origin for its products. The more distinctive the

name, the stronger the trademark protection. Significant additional protections and benefits accrue through registration with the U.S. Patent and Trademark Office (USPTO), and most breweries should consider registering both brand names and individual beer names. Registration provides nationwide notice and evidence of priority, unlocks statutory damages against counterfeiters, and makes it less difficult to obtain other remedies such as lost profits, treble damages (financial compensation awarded to a prevailing plaintiff that are three times the actual compensation), and attorneys' fees. Still, even if a mark is registered, the key requirement remains use in commerce. In fact, a trademark owner might lose its rights if it stops using a mark without an intent to resume. For example, if a brewery had a one-time seasonal release 10 years ago, it very well may not have ongoing rights in the name for that release.

THE “LIKELIHOOD OF CONFUSION” TEST

Whether the USPTO is comparing two trademarks for registration purposes or a federal district court is comparing two trademarks for infringement purposes, the key to the analysis is the “likelihood of confusion” test. This is a complex and fact-intensive analysis, with slightly different iterations of the test applied in various jurisdictions. The point is to determine whether a consumer is likely to be

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confused as to the source or origin of the goods. In other words, does one brewer's name confuse consumers into believing that they are buying a beer manufactured by a different brewer? If so, then the two marks probably are confusingly similar. Among other factors relevant to this analysis, courts will consider strength of the mark, the similarity of the marks, the similarity of the products, the accused infringer's intent, and instances of actual confusion.

When assessing similarity, the appearance, sound, and meaning of the two marks will be compared. In doing so, courts and the USPTO look to the overall impression created by the marks and the context in which they are found. In one case, a federal district court found "Billy Budd Classic American Ale" was confusingly similar to Anheuser-Busch's trademark for "Bud" (see *Anheuser-Busch Inc. v. Caught-on-Bleu, Inc.*, 288 F. Supp. 2d 105 [D.N.H. 2003]). However, "Star Bock Beer" was found not to infringe the "Starbuck's" mark so long as "beer" was always included with the name (see *Bell v. Starbuck U.S. Brands Corp.*, 389 F. Supp. 2d 766 [S.D. Tex. 2005]).

As such, prominently labeling a product may be sufficient to distinguish products as dissimilar. In another example, Aviator Brewing Co.'s usage of a shark on the label was considered to look "nothing alike" Lost Coast Brewery's Great White Beer shark label (see *Aviator Brewing Co., Inc. v. Table Bluff Brewing, Inc.*, 123 F. Supp. 3d 772 [E.D.N.C. 2015]). To be "similar" in the context of this test does not require that the marks be exactly the same. They need only be sufficiently similar to lead to consumer confusion.

PARODIES—ACCEPTABLE BUT RISKY

Parodies are common in the craft-beer industry because beer styles often refer to pop culture or other brands (e.g., "Breaking Bud" beer or "Frappuccino" beer). Parodies do not infringe an existing trademark as long as they do not diminish the identification of the trademarked product's source. For example, one appellate court held that "Chewy Vuitton" dog products were a successful parody of the French fashion house, Louis Vuitton (see *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 [4th Cir. 2007]).

A different appellate court found Jim Henson's "Spa'am" muppet was a clear parody of Hormel's famous "Spam" product (see *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497 [2d Cir. 1996]). However, the federal district court in St. Louis rejected the parody defense for a "Buttwiper" dog toy shaped like a beer bottle where Anheuser-Busch already marketed "Budweiser" pet products and survey data demonstrated consumer confusion (see *Anheuser-Busch, Inc. v. VIP Prod., LLC*, 666 F. Supp. 2d 974 [E.D. Mo. 2008]).

Famous and distinctive marks are more available for parody. When the mark is strong, well recognized, and clearly associated in the consumers' mind, the consumer is less likely to be confused because the parody is more apparent. Despite this, relying on a parody defense may be risky and difficult.

TIPS FOR BRAND SELECTION

To avoid some of the problems discussed above, craft brewers should do their homework before marketing a product and applying for registration. First, brewers should select "distinctive" names because generic words and phrases are

not protectable. For instance, the terms "honey brown," "ice," and "ale house" have been considered insufficient for trademark protection (see, respectively, *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137 [2d Cir. 1997], *Anheuser-Busch, Inc. v. John Labatt, Ltd.*, 89 F.3d 1339 [8th Cir. 1996], and *Ale House Mgmt., Inc. v. Raleigh Ale House, Inc.*, 205 F.3d 141 [4th Cir. 2000]). Similarly, applicants should be careful when using geographic names or surnames. Such terms frequently are deemed ineligible for trademark protection because they are considered "descriptive," but descriptive terms can be protected if they acquire "secondary meaning" (i.e., distinctiveness) to identify the source of goods, as was the case with St. Louis Brewery's "SCHLAFLY" mark (see *Schlafly v. Saint Louis Brewery, LLC*, 909 F.3d 420 [Fed. Cir. 2018]).

Second, brewers should search the marketplace to ensure that a new brand or product name does not create a "likelihood of confusion" with an existing brand or product. A Google search may reveal some potential pitfalls, such as in the disputes between Atlas Brewing Company LLC and Atlas Brew Works LLC or between Beer Republic Brewing Company and Bear Republic Brewing Company. However, other problematic similarities are more difficult to find.

For example, Abnormal Beer Co. is facing a trademark opposition proceeding at the USPTO in connection with its application to register the mark "Abnormal." Three Floyd's Brewing Company claims the "Abnormal" mark would be confused with 3 Floyd's "It's Not Normal" slogan. In another example, there was a dispute when Oregon Brewing Company began selling "Rogue"-branded clothing in department stores (see *Excelled Sheepskin & Leather Coat Corp. v. Oregon Brewing Co.*, 897 F.3d 413 [2d Cir. 2018]). Many trademark attorneys offer fulsome searches with an opinion on whether a mark is available for use and registration for a modest flat fee.

Of course, upfront diligence can help avoid costly disputes down the road. Landing on the losing end of a trademark battle can be devastating to a craft brewer, as it could result in an injunction against ongoing use of the mark and/or damages. Those damages can include the defendant's profits, the plaintiff's damages, and litigation costs. In some scenarios, a court

will also award three times the amount of damages (treble damages) and will order the losing party to pay the prevailing party's attorneys' fees.


TIPS FOR POLICING YOUR MARK

Trademark owners also have a duty to "police" their marks—meaning that a brewer must take affirmative steps to ensure that third parties are not using the mark without permission. If a brewer fails to police its mark, it risks losing the right to enforce the mark in the future. This means that effective policing efforts are critical to retaining market value and goodwill.

The most common way that trademark owners police their marks is through formal cease-and-desist letters and, if necessary, litigation. However, policing the mark does not need to be adversarial. In fact, overly aggressive moves such as rushing to file a lawsuit can backfire in the craft-brewing industry, where many brewers are friendly with their competitors and consumers are fiercely loyal.

In one clever instance of policing a mark without being overly adversarial, Anheuser-Busch sent an individual dressed as a town crier to request that Modist Brewing in Minneapolis stop selling "Dilly Dilly Mosaic Double IPA" that Anheuser-Busch believed infringed its "dilly dilly" advertising campaign. Such a strategy allows the mark owner to fulfill its duty to police the mark while generating goodwill in the industry and with consumers.

After spending months or years developing a perfect mix of grain, hops, and yeast, brewers are eager to get their products on tap and in stores. A cease-and-desist letter is one of the last things a brewer wants to see after releasing a new beer.

Careful brand selection will help avoid headaches down the road, and diligent brand protection will ensure that consumers always associate a particular mark with your brew. With the significant crowding in the craft-beer industry and the increased challenge in competing for shelf space, the stakes are high, and craft brewers should consider consulting with experienced trademark attorneys at all stages of the process. 

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