

MEMORANDUM

To: General Counsel
From: Student
Date: October 13, 2008
Re: Branding Issues

ISSUES

1. Whether the terms PE, Buzz Beer, Iguana Light, Third Rail, Moonshot, Kick Beer, Liquid Charge, and Sparks are legally protectable trademarks for a caffeinated beer?
2. What bearing does trademark law have on Python's packaging strategy and the addition of a distinct cherry or blackberry aftertaste to its formula for its caffeinated beer?

STATEMENT OF THE FACTS

Python Beverage Company is launching a new beverage crafted from a classic lager-style beer but with guarana extract and ginseng for an added caffeine kick. A subtle blackberry or cherry aftertaste is also being contemplated to give the beer a highly distinctive flavor. Traditional beer bottles and slim cans normally associated with energy drinks have been proposed as product packaging. Intellectual property protection relies solely on trademark law.

DISCUSSION

1. Whether the terms PE, Buzz Beer, Iguana Light, Third Rail, Moonshot, Kick Beer, Liquid Charge, and Sparks are legally protectable trademarks for a caffeinated beer?

Prospective trademarks fall into four rather indistinct categories based upon the degree of protection accorded by law, these categories from strongest to weakest are: generic, descriptive, suggestive, and arbitrary or fanciful. *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786. Generic marks refer to the common name of a product, like aspirin, and receive no

protection under trademark law. *Id.* Descriptive terms immediately convey a characteristic of a product, like color or function, and are protected only if given secondary meaning by consumers, such as through substantial advertising or strong consumer association. *Id.* Suggestive terms evoke a particular feature of a product but require imagination to make the connection, fanciful marks are new terms invented to function as a trademark, and arbitrary marks are common terms applied to a product that do not convey a characteristic of the product. *Zatarain's; Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609. Suggestive, fanciful, and arbitrary marks are automatically protected without requiring any secondary meaning. *Id.*

The terms Liquid Charge, Buzz Beer, Kick Beer, and Sparks are suggestive with some overlap into the descriptive category. Although caffeinated beer belongs to a new product class, it is helpful to look at the energy drink market for guidance. AMP and Power Blast are registered trademarks with the term “energy drink” in their goods and services description. Registration of a mark is prima facie evidence of its validity. *Lanham Act § 7(b), 15 U.S.C.A. § 1057(b)*. The effect on consumers of the terms AMP and Power Blast is essentially the same as Buzz Beer, Kick Beer, Liquid Charge, and Sparks. Each term suggests the product provides some type of rush or energy kick by indirectly alluding to this effect, yet requires an exercise of the imagination to make that connection such that these terms are suggestive and not descriptive.

Third Rail, Iguana Light, and Moonshot are arbitrary. The term PE is fanciful in that it is not descriptive in its own right, similar to “V-8” for vegetable juice. *McCarthy § 11:32*. However, PE could also be found descriptive as an acronym of the phrase “Python Energy,” a term that cannot be registered without disclaiming the term “Energy.” *Id.* Although unlikely, this would push PE into the descriptive category where it would require secondary meaning to be protected. *Id.* Iguana could be suggestive or even descriptive of the similar sounding and looking

product ingredient guarana. However, Iguana is most likely arbitrary or suggestive, because consumers will most likely associate Iguana with the animal rather than the ingredient. *Blisscraft of Hollywood v. United Plastics Co.* 294 F.2d 694. The terms Moonshot and Third Rail, due to their traditional meaning, are tenuously suggestive at best.

Python must take precautions to stop its mark from becoming the generic term used by consumers for caffeinated beers, such as the term “cellophane.” *McCarthy* § 12:25. Examples of such precautions include communicating trademark status through the ® or ™ symbols and using the term with its genus in advertising and company marketing materials (e.g., Sparks™, a caffeinated beer). *Avoiding Trademark Genericide*, Maryland Bar Journal, 37 JUN MDBJ 28.

2. What bearing does trademark law have on Python’s packaging strategy and the addition of a distinct cherry or blackberry aftertaste to its formula for its caffeinated beer?

Flavors are mostly functional, thus unable to act as a trademark, and cannot be inherently distinctive, requiring a “substantial showing of acquired distinctiveness” to be registered. *In Re N.V. Organon*, 79 U.S.P.Q.2d 1639; *TMEP* § 1202.13. In addition, adding an aftertaste to an alcoholic beverage is rather common (e.g., flavored vodkas, Sam Adams’ Cranberry Lambic beer) and will not serve as a source identifier. The flavor and formula of a beverage product is better protected through the use of trade secrets.

The standards for trade dress are the same as for word marks, described above, and involve a product’s “total image and overall appearance.” *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042. The trade dress for this product will be the combination of the can or bottle, logos, marks, etc. This type of trade dress falls under the product packaging category which is typically inherently distinctive and does not require secondary meaning to be protected. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205. Python may freely use the slim can normally associated with energy drinks but they will not be able to exclude other

caffeinated beers from using it because it is functional and common. *Id.* Many other products on the market utilize this type of can, such as Starbucks Doubleshot and Michelob Ultra's slim line cans, so it will not be a source identifier like the famous Coca-Cola and Perrier bottles.

Use of Python's blue and silver colors in the product's design for the bottle or a can may infringe Red Bull's trade dress which features prominent use of these colors. Although Red Bull does not make alcoholic beverages, products do not have to be direct competitors in order to find trademark infringement, it is likelihood of confusion that controls. *Continental Motors Corp. v. Continental Aviation Corp.*, 375 F.2d 857. Infringement may be found due to likelihood of Red Bull expanding into the caffeinated beer market or because consumers might naturally assume Red Bull might make such a product. *Elvis Presley Enterprises, Inc. v. Capece*, 141 F.3d 188. These are likely because Red Bull's products and Python's caffeinated beer are aimed at similar demographics. Other competitors are also researching caffeinated beers, which indicates market demand such that a surge in new caffeinated beer products might be on the horizon.

In conclusion, arbitrary and fanciful marks give Python the strongest legal protection but need more advertising to get strong consumer name recognition, while suggestive marks generally require less advertising and offer slightly less protection. Marketing strategy and cost will also influence Python's selection of their new mark in light of the guidance provided above. The proposed marks appear worthy of legal protection except for PE, which has the most amount of uncertainty and should be used only in conjunction with other strong marks, if at all. Python should create the trade dress using unique colors and symbols not descriptive of the product and not customarily used by others on such products (e.g., do not use a blue and silver can with a yellow lightning bolt). Furthermore, Python should incorporate at least some of its house marks into the new trade dress to carry over Python's consumer good will to the new product line.