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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re Majestic Distilling Company, Inc.

Serial No. 74/622,781

William G. Pecau of Pennie & Edmonds LLP for Majestic Distilling Company, Inc.

Rodney Dickinson, Trademark Examining Attorney, Law Office 112 (Janice O'Lear, Managing Attorney).

Before Simms, Hanak and Bottorff, Administrative Trademark Judges.

Opinion by Simms, Administrative Trademark Judge:

Majestic Distilling Company, Inc. (applicant), a Maryland corporation, has appealed from the final refusal of the Trademark Examining Attorney to register the mark RED BULL for tequila.¹ The Examining Attorney has refused registration under Section 2(d) of the Trademark Act, 15 U.S.C. §1052(d), on the basis of the following registrations:

¹ Application Serial No. 74/622,781, filed January 18, 1995, claiming use in commerce since November 1, 1984.

Reg. No. 1,541,794, issued May 30, 1989 (Sections 8 & 15 filed), of the mark RED BULL (stylized) for malt liquor

Reg. No. 1,935,272, issued November 14, 1995 (Sections 8 & 15 filed), of the mark RED BULL for malt liquor

Reg. No. 2,046,277, issued March 18, 1997, of the mark RED BULL REPRESENTIN' THE REAL for brewed malt liquor

Reg. No. 2,046,278, issued March 18, 1997, of the mark RED BULL REPRESENTIN' for brewed malt liquor

All of these registered marks are owned by The Stroh Brewery Company. The Examining Attorney argues that, in view of the identity or substantial similarity of the registered marks and applicant's mark, and the close relationship of applicant's tequila to registrant's malt liquor, confusion is likely. Applicant and the Examining Attorney have submitted briefs but no oral hearing was requested.²

We affirm.

With respect to the marks, it is the Examining Attorney's position that each of the registered marks is either identical or very similar to applicant's mark RED BULL, and that the marks create the same or similar commercial impressions. With respect to the goods, the Examining Attorney argues that the evidence of record

² In view of the circumstances set forth in applicant's motion for leave to accept its reply brief, applicant's reply brief is accepted as timely.

establishes that tequila and malt liquor or beer may be produced by the same entities, are marketed in the same channels of trade, are purchased by the same consumers and are consumed together in mixed drinks. The Examining Attorney maintains that mixtures of tequila and malt liquor or beer are popular. Accordingly, the Examining Attorney argues that beer and tequila are closely associated by the purchasing public and that consumers seeing the same mark on these alcoholic beverages are likely to believe that they emanate from the same source.

While the Examining Attorney has submitted numerous third-party registrations of marks for various alcoholic beverages, all but two of those registrations appear to be based upon Section 44 of the Act, and are not therefore use-based registrations evidencing use of those registered marks in this country. See *In re Albert Trostel & Sons Co.*, 29 USPQ2d 1783, 1786 (TTAB 1993). Concerning the two use-based registrations, one covers the stylized mark "MB" for beer and for liqueurs, brandies, spirits and wines (Reg. No. 1,815,068, issued January 4, 1994), and the other covers the mark CHOEGINSENG for beer, ale and porter, as well as for wines, liqueurs and spirits made from rice (Reg. No. 1,853,949, issued September 13, 1994).

With respect to the evidence relating to the use of beer and tequila together, the following excerpts from the NEXIS stories submitted by the Examining Attorney are noteworthy:

"It's no secret that many beer drinkers enjoy the taste of lime with beer and tequila is often consumed with beer," says Anheuser-Busch New Products Director Colleen Beckemeyer. "With Tequiza we have a unique product that combines those three great tastes all in one package."

A lager laced with blue agave nectar, natural lime and imported tequila flavorings, Tequiza was reportedly a smash when test marketed in select cities in Texas, New Mexico, Florida, New York and California in 1997.

The brew was pitched to the rest of us via nonstop TV and radio spots, and full-...

Gannett News Service, April 13, 1999

* * * * *

Still, chalk it up perhaps to the trademark stubbornness of A-B's controlling Busch family, but at a time new products are out of favor at its U.S. rivals, the St. Louis brewer has been on a new-brew crusade. And though the jury is out on how sustainable the brand will prove, A-B execs are touting their tequila-and-lime-flavored Tequiza as a sign that a newly liberated new-products team can click with consumers. Yes, Big Bud can do new products after all.

"It's the most successful non-line-extension for us as a company," said director of new products Colleen Beckemeyer. That distinction was held by Red Wolf, a craft-style entry that absorbed tens of millions in TV and other support from its 1994 launch, but is no longer a meaningful shelf presence. By contrast, Tequiza was launched on the cheap by A-B standards and already has eclipsed No. 1 craft beer Samuel Adams in volume, putting it well on the way to 1 million barrels.

...The idea came from chairman/CEO August Busch III, who had noticed a surge of global interest in Mexican beers and in tequila, Beckemeyer said. By then, French brewer Fischer was offering a tequila beer called Desperados, although not yet in the States...

Busch III took his idea to his son, vp-marketing August Busch IV, who had brewmasters experiment with recipes that mixed beer with tequila and squeezed limes. In six months, by June 1997, Tequiza was ready for test. That's warp speed for A-B..

Brandweek, February 14, 2000

* * * * *

Anheuser-Busch will introduce a new version of its tequila-flavored beer next month. Tequiza Extra will have more tequila taste than the original Tequiza. The Extra will also have more alcohol--5.6 percent compared with 5 percent, and a few more calories--...

A statement from the brewery said, Tequiza Extra offers a more pronounced tequila taste for those consumers who desire a little extra in their beer. The original Tequiza had its nationwide rollout a year ago. The name is a combination of tequila and the Spanish word for beer--cerveza. Tequiza was believed to be the first such product from a major brewer.

Anheuser-Busch said sales have topped its expectations. It won't release figures, but Steinman estimated first-year production at 570,000 barrels. That would be comparable to sales of A-B's Red Wolf in its first year..

St. Louis Post-Dispatch, February 8, 2000

* * * * *

Anheuser-Busch Inc. is crowing about the success it's had with Tequiza, its new Mexican-style beer with lime and tequila. The beer is among the four best-selling high-end beers in supermarkets, according to Information Resources Inc. Tequiza, which has been available nationally for just nine months, has already surpassed in sales such better-established beers as Samuel Adams, IRI said.

Also, the beer was ranked in Convenience Store News, a trade publication, as the best new product for 1999 in the "beverage, beer/alcohol" category. Tequiza's ad campaign, with the theme "Give it a shot," won the "best beer advertising" award from another trade mag, Market Watch.

St. Louis Post-Dispatch, October 30, 1999

* * * * *

No. 1 brewer Anheuser-Busch launched Tequiza, a beer with a hint of tequila, nationally in February and is testing Devon's Original Shandy, a mix of beer and lemonade. Seagram, the country's No.2 alcoholic beverage company, has introduced upmarket versions of its VO and Chivas Regal; as well as lime-and grapefruit-flavored gin; a white chocolate- and a cappuccino-flavored Godiva liqueur, and coconut, spiced and premium rums.

Not only do line extensions give a company more offerings to attract experimenting consumers, but they increase ever-important shelf presence--necessary to attract impulse shoppers at liquor stores.

Advertising Age, October 11, 1999

* * * * *

Americans may have been washing down their tacos and salsa with Dos Equis beer and tequila shots for generations, but the Latino boom can be traced to a specific date..

Sunday Times (London), July 18, 1999

* * * * *

The Examining Attorney has also referred the Board to a number of published decisions involving the issue of likelihood of confusion with respect to various alcoholic beverages. The Examining Attorney notes that the

unpublished decisions relied upon by applicant are not citable as precedent. Finally, the Examining Attorney asks us to resolve any doubt in favor of the prior registrant.

Applicant, on the other hand, argues that we should consider the views of persons who sell RED BULL alcoholic beverages, who believe that this mark can be used on different kinds of alcoholic products including distilled alcoholic beverages and malt liquors without likelihood of confusion. In this regard, applicant refers to the file history of one of the cited registrations owned by the Stroh Brewing Company. Therein, applicant points to a consent agreement entered into by Stroh with George Willsher & Co., Ltd., a Scottish whisky distiller. In that agreement, Willsher consented to Stroh's use and registration of the mark RED BULL for malt liquor while Stroh consented to Willsher's use and continued registration of the mark for Scotch whisky. Applicant argues that this agreement reflects the opinion of persons "in the know" that confusion is not likely to arise in the marketplace. Applicant argues that this agreement lends support to its contention that the cited mark is not a strong one and that applicant's mark for tequila can co-exist in the marketplace without confusion with the same mark for malt liquor.

Applicant also argues that it is the prior user of the mark (over the registrant) and that there have been no instances of actual confusion in the marketplace for 15 years.

Applicant further contends that the absence of use of the same mark by the same producer for both tequila and for beer supports the position that tequila and beer are such different products that consumers are not likely to believe that these goods come from the same source merely because they bear the same mark.

Applicant also points to the declaration of its executive vice president, who states that there have been no instances of confusion and that there is no likelihood of confusion between applicant's mark for tequila and the same mark for malt liquor because of differences in the products, channels of trade and the absence of any actual confusion.

With respect to the prior consent agreement between Stroh and Willsher, applicant has made of record the file history of Registration No. 1,541,794, the file of one of the cited marks. Stroh obtained its RED BULL registration over a prior registration of RED BULL for Scotch whisky, after the filing of the consent agreement in which those companies agreed that there was no likelihood of confusion

as a result of use of this same mark for those goods. In return, Stroh withdrew its petition to cancel that registration. However, the Willsher registration covering Scotch whisky was subsequently cancelled as the result of a petition filed by this applicant on the ground of abandonment. That registration, once cited by the Examining Attorney against applicant in this case, was eventually cancelled in 1997.

Applicant argues that there is also no likelihood of confusion because of Stroh's consent to the use and registration of this same mark with respect to other distilled spirits such as gin, vodka, brandy and wines. More particularly, in 1996 Stroh entered into another agreement with another company, Red Bull GmbH, a German corporation, in connection with that entity's attempt to register the mark RED BULL for those goods. Applicant refers to Exhibit C attached to its response of December 13, 1999, wherein one of those applications--S.N. 74/641,395, filed February 28, 1995--sought registration of that mark for those goods. The other applications listed in the agreement cover mineral and aerated waters and other non-alcoholic beverages such as soft drinks, fruit juices and fruit drinks. According to Office records, all of these applications are still pending, the one for alcoholic

beverages having been opposed. In any event, applicant argues that this agreement, as well as the Willsher agreement, are probative of the fact that there is no likelihood of confusion arising from the use of RED BULL for malt liquor and RED BULL for applicant's tequila. Applicant maintains that these agreements are at least probative of the weakness of the mark RED BULL.

With respect to the goods involved in this case, applicant maintains that there is no *per se* rule of relatedness when it comes to different alcoholic beverages. It is applicant's position that tequila and malt liquor travel in different channels of trade, with tequila being produced in Mexico and being sold in liquor stores, whereas malt liquor, sold in cans, bottles or kegs, is sold in supermarkets, grocery stores and in different sections of liquor stores. Further, it is applicant's position that the existence of a product known as Tequiza, a tequila-flavored beer, does not support the Examining Attorney's claim that tequila and beer are "commonly marketed together." Rather, it is applicant's position that Tequiza is a novelty product.

Determining whether there is a likelihood of confusion requires application of the factors set forth in *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 1361, 177 USPQ

563, 567 (CCPA 1973). In considering the evidence of record on these factors, we must keep in mind that "[t]he fundamental inquiry mandated by § 2(d) goes to the cumulative effect of differences in the essential characteristics of the goods and differences in the marks." *Federated Foods, Inc. v. Fort Howard Paper Co.*, 544 F.2d 1098, 192 USPQ 24, 29 (CCPA 1976).

Upon careful consideration of this record and the arguments of the attorneys, we agree with the Examining Attorney that confusion is likely.

Considering first the marks, at least one of the registered marks is identical to applicant's mark. Another mark shows the words RED BULL in stylized lettering. Accordingly, this first *du Pont* factor weighs heavily against applicant because the word marks are identical. *In re Martin's Famous Pastry Shoppe Inc.*, 748 F.2d 1565, 223 USPQ 1289, 1290 (Fed. Cir. 1984).

Because the marks are identical, their contemporaneous use can lead to the assumption that there is a common source "even when [the] goods or services are not competitive or intrinsically related." *In re Shell Oil Co.*, 992 F.2d 1204, 26 USPQ2d 1687, 1689 (Fed. Cir. 1993).

There is certainly no per se rule that all alcoholic beverages are related. *United Rum Merchants Ltd. V.*

Fregal, Inc., 216 USPQ 217 (TTAB 1982). Nor, however, is there any rule that there is no likelihood of confusion merely because the marks are applied to different alcoholic products. Cf. *In re JaKob Demmer KG*, 219 USPQ 1199, 1201 (TTAB 1983). It is not necessary that the respective goods be identical or even competitive in order to support a finding of likelihood of confusion. Rather, it is sufficient that the goods be related in some manner or that the circumstances surrounding their marketing be such that they would be likely to be encountered by the same persons in situations that would give rise, because of the marks used thereon, to a mistaken belief that they originate from or are in some way associated with the same producer or that there is an association or connection between the producers of the respective goods. See *In re Melville Corp.*, 18 USPQ2d 1386 (TTAB 1991).

We believe that tequila and beer have been shown to be sufficiently related alcoholic products that, if marketed under the identical mark, consumers are likely to believe that they emanate from, or are sponsored or endorsed by, the same entity. First, although somewhat limited, there is third-party registration evidence tending to demonstrate that distilled spirits and beer may come from the same source. See *In re Mucky Duck Mustard Co.*, 6 USPQ2d 1467,

1470 n.6 (TTAB 1988) (Although third-party registrations "are not evidence that the marks shown therein are in use on a commercial scale or that the public is familiar with them, [they] may have some probative value to the extent that they may serve to suggest that such goods or services are the type which may emanate from a single source"). We also note the evidence with respect to the Tequiza product marketed by Anheuser-Busch. This evidence, as well as other evidence that tequila and beer may be consumed together, tends to demonstrate that consumers may associate tequila with beer.

While each case must of course be decided on its own facts, we do take notice of other cases presenting the issue of likelihood of confusion involving various alcoholic beverages. In a case involving the marks BRADOR for malt liquor on the one hand and BRAS D'OR and design for Cognac brandy on the other, the Board stated:

We also believe that applicant's malt liquor is sufficiently related to opposer's Cognac brandy that, when sold under similar marks in the same channels of trade, such as bars, restaurants and liquor stores, confusion is likely. While we have no doubt that purchasers are not likely to consume a malt liquor thinking that it is Cognac brandy, in view of the similarities in the marks it is reasonable to assume that purchasers may believe that BRADOR malt liquor is another premium imported alcoholic beverage sold by the same company which sells the expensive BRAS D'OR Cognac brandy...

Of course, while there are actual differences in the specific channels of trade that the respective products travel in, nevertheless they are sold in some of the same places and, moreover, since there are no restrictions with respect to channels of trade in either applicant's application or opposer's registrations, we must assume that the respective products travel in all normal channels of trade for those alcoholic beverages. See *Martini & Rossi Corp. v. Jose Marques Agostinho, Filhos & Ca.*, 205 USPQ 722 (TTAB 1979) (wines v. wines, vermouth and other alcoholic beverages); *Monarch Wine Co. v. Hood River Distillers, Inc.*, 196 USPQ 855 (TTAB 1977) (Scotch whiskey, rum, brandy and vodka v. wines and champagne); and *In re AGE Bodegas Unidas, S.A.*, 192 USPQ 326 (TTAB 1976) (wines v. whiskey). A typical consumer of alcoholic beverages may drink more than one type of beverage and may shop for different alcoholic beverages in the same liquor store. Moreover, a person may serve more than one kind of alcoholic beverage before or during a meal or at a party.

Schieffelin & Co. v. Molson Companies Ltd., 9 USPQ2d 2069, 2073 (TTAB 1989). See also *In re Leslie Hennessy, Jr.*, 226 USPQ 274, 276 (TTAB 1985)(wine vs. Cognac brandy); and *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 136 USPQ 508, 514 (9th Cir. 1963), *cert. denied*, 374 U.S. 830, 137 USPQ 913 (1963)(BLACK & WHITE Scotch whisky held confusingly similar to BLACK & WHITE beer, the Court, quoting from another case, holding that beer and Scotch whisky, being both within the alcoholic beverage industry, are "so related as to fall within the mischief which equity should prevent."). What that Court said, 136 USPQ at 513-514, is noteworthy:

Of course there may not be one in a hundred buyers of this whisky who knows that it is made by Buchanan or wholesaled by Fleischmann. Probably all that such buyers know is that Black & White Scotch whisky has satisfied them in the past or that they have heard of it and the average purchaser would no doubt select for the use of his guests something with which he was familiar and thus purchase Black & White whisky. What are we to say about the same purchaser who starts for home on a hot evening and decides to take home beer for refreshment? He stops at Ralphs and notes beer bearing the label "Black & White" in that store's stock. We think it to be plain that the likelihood of confusion and mistake is present here and is established by the record. Assuming that the trial court's finding that it is "unlikely that there is, or will be any confusion as to source in the mind of a buyer" is a finding of fact and not a legal conclusion, we hold that it is clearly erroneous. It is our view, and we so hold, that the average purchaser, as the courts have described him, would be likely to believe, as he noted the Black & White beer in Ralphs' stores, that the maker of the beer had some connection with the concern which had produced the well known Black & White Scotch whisky. It is not material whether he would think that the makers of the Scotch whisky were actually brewing and bottling this beer, or whether it was being produced under their supervision or pursuant to some other arrangement with them. He would probably not concern himself about any such detail.

Similarly, beer and tequila are likely to be sold in some of the same channels of trade (liquor stores, bars, etc.) to the same class of purchasers. In this regard, because these products are not expensive items, beer and tequila may well be purchased on impulse without careful

consideration. This factor, too, weighs in favor of a finding of likelihood of confusion.

Also, the fact that there has been no actual confusion is not determinative. It is unnecessary to show actual confusion to establish likelihood of confusion. *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 218 USPQ 390, 396 (Fed. Cir. 1983); and *J & J Snack Foods Corp. v. McDonald's Corp.*, 932 F.2d 1460, 18 USPQ2d 1889, 1892 (Fed. Cir. 1991). Moreover, an ex parte proceeding provides no opportunity for the registrant to show instances of actual confusion.

In addition, the fact that the owner of the cited registrations may have entered into an agreement with another registrant (in 1988) in order to obtain a registration does not necessarily reflect any current belief by the cited registrant that there is no likelihood of confusion with respect to malt liquor and a different distilled liquor product. We cannot find fault with what the Examining Attorney has stated, brief, 7-8;

A consent agreement is an agreement in which a party, generally a prior registrant, consents to the use and registration of a specific mark by another party... Consent agreements reflect the views of the parties involved in such an agreement regarding the likelihood of confusion in the marketplace between the specific marks and goods of the parties to the consent agreement... However, by

reaching an agreement with third parties to avoid likelihood of confusion for specific marks on specific goods, the registrant has not consented to allow other confusingly similar marks to coexist with its marks. In short, the fact that the registrant has reached an agreement with a third party to avoid likelihood of confusion for similar marks is not an admission or evidence that the registrant's marks and the applicant's confusingly similar mark can coexist. This is particularly true here where the registrant's consents do not include tequila, the specific goods on which the applicant is using its confusingly similar mark.

We should also add that the consent agreement between Stroh and Willsher specifically prohibited Stroh from using or registering the marks BLACK BULL and THE MAGNIFICENT BULL for brewed malt liquor, beer or ale (two marks used and registered by Willsher for Scotch whisky). If the parties had indeed believed that the differences in the products and their channels of trade were sufficient to avoid likelihood of confusion, then it is not understood why Stroh was precluded from using and registering the same marks (BLACK BULL and THE MAGNIFICENT BULL) for malt liquor that Willsher was using for Scotch whisky. Finally, it should be emphasized that here we do *not* have a situation where registrant has consented to applicant's use and registration. Rather, applicant is merely arguing that, because registrant had previously agreed with *another* that confusion was not likely with respect to the mark for malt

liquor and a different distilled product, to settle a cancellation proceeding and to permit registration to registrant, we should find that confusion is not likely here where a different alcoholic product is involved. *Cf. In re Opus One, Inc.*, ___ USPQ2d ___ (TTAB Sept. 25, 2001).

In conclusion, we believe that consumers, aware of registrant's RED BULL (and RED BULL with other designs and wording) malt liquor who then encounter applicant's RED BULL tequila are likely to believe that these goods come from, or are sponsored or licensed by, the same entity. If we had any doubt about this matter, that doubt, in accordance with precedent, should be resolved in favor of the prior registrant. *In re Hyper Shoppes (Ohio), Inc.*, 837 F.2d 463, 6 USPQ2d 1025 (Fed. Cir. 1988).

Decision: The refusal of registration is affirmed.