

After Spirited Debate, 'Adios' to Tequila Mark Opposition

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Inside Counsel

PROFESSIONALS

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Sip it straight, knock it back with a beer chaser, or enjoy a margarita from a salt-rimmed glass, you can be confident that any tequila you purchase in the U.S. originated in Mexico, thanks to a recent precedential decision from the USPTO's Trademark Trial and Appeal Board.

In *Luxco, Inc. v. Consejo Regulador del Tequila, A.C.*, Opposition No. 91190827 (January 27, 2017), the TTAB dismissed an opposition to registration of Tequila as a geographic certification mark for "distilled spirits, namely, spirits distilled from the blue tequilana weber variety of agave plant." The opposer, St. Louis-based spirits company Luxco, failed to prove its claims of genericness, lack of legitimate control, and fraud.

A geographic certification mark is a word, name, symbol, device, or some combination of these elements that certifies that goods or services originate in a particular geographic region. Like other types of certification marks, a geographic certification mark is not used by its owner in the same way a trademark or service mark is. Rather, the owner of a geographic certification mark controls use of the mark by other parties. These parties apply the mark to indicate to consumers that goods or services meet the standards set forth by the certifier. Thus, the goods or services to which a geographic certification mark is applied may emanate from various certified producers in the relevant region.

Not every certification mark that features a geographic designation serves as a geographic certification mark. The Lanham Act bars registration of primarily geographically descriptive marks, but specifically excludes from this prohibition those marks that serve as indications of regional origin. When an applied-for certification mark consists of, or includes a geographic designation that functions to certify regional origin, the examining attorney should not refuse registration or require a disclaimer on the basis that the designation is primarily geographically descriptive of the goods or services.

With this as background, we come to the case of Tequila. Trademark applicant Consejo Regulador del Tequila (CRT) is a private industry group authorized under Mexican law to evaluate and certify the production of tequila. Opposer Luxco imports tequila in bulk from two Mexican suppliers and sells its finished product to other distributors. The tequila purchased by Luxco is certified by CRT as authentic tequila in accordance with Mexican law.

At the outset, CRT argued that Luxco lacked standing because, under U.S. law, Luxco could not use the term Tequila unless the product had been certified by CRT, and so the registration of Tequila as a certification mark would not change the commercial environment. The Board disagreed, explaining that a registration for Tequila would give CRT a new layer of protection under the Lanham Act that did not currently exist. Therefore, the Board found that Luxco had standing to bring its claims.

Next, the parties tackled the question of whether Tequila was generic. A geographic certification mark is expressly exempted from the Lanham Act's geographical descriptiveness bar, and so a geographical name does not require secondary meaning to qualify for registration as a certification mark. Therefore, Luxco, not CRT, had the burden to prove by a preponderance of the evidence that Tequila was generic.

In order to determine this genericness, the Board's primary consideration is public perception. A certification mark that certifies regional origin as well as the qualities and characteristics associated with that origin should not be held to have become a generic term as applied to particular goods unless it has lost its significance as an indicator of origin for those goods.

The Board took judicial notice of the genus of goods to be those identified in the subject application, and the relevant consumers to be the purchasers of those goods. The question, then, became whether these consumers perceived the term Tequila as an indicator of geographic origin or as merely the name of a certain type of alcoholic beverage, regardless of its geographic origin and the methods and conditions for producing it.

The Board noted that the Tobacco Tax and Trade Bureau (TTB) of the U.S. Department of Treasury classifies tequila as a distinctive product of Mexico and prohibits the labeling of bottles as tequila if the product is not manufactured in Mexico in compliance with Mexican laws. Therefore, those in the trade are presumptively aware of that classification, but that does not establish how purchasers perceive the term.

To learn what the perceptions of tequila are, the Board reviewed dictionary definitions, encyclopedia and website references, several expert reports, advertising, bottle labels, recipes, new articles, retail signage, and consumer

survey results. After this exhaustive analysis, the Board noted that a term that identifies a category of spirit would not be generic if it also serves to identify the spirit's geographic origin, i.e., a type of spirit from Mexico.

The Board held that much of the evidence—particularly the information in the standard reference works, advertising, brand names engendering an association with Mexico, labels that include the statement “Product of Mexico” or “Hecho en Mexico,” and CRT's consumer survey finding that 55.4 percent of respondents believed that Tequila indicates that the product is made in Mexico—strongly countered Luxco's assertion that Tequila is a generic term.

The Board found that the evidence tended to show that Tequila has significance as a designation of geographic origin. Because Luxco failed to meet its burden to prove genericness by a preponderance of the evidence, the Board dismissed this count of the opposition.

Next, Luxco argued that CRT could not exercise control over the term Tequila because the Treasury department's Tobacco Tax and Trade Bureau has authority over its use. The Board pointed out, however, that the TTB has no authority to make determinations as to trademark registrability. The Board explained that it was not concerned with TTB labeling requirements, and concluded that such requirements are irrelevant to the issue of trademark registrability.

The Board also rejected Luxco's argument that the Mexican government, and not CRT, owns the term Tequila. The Mexican Institute of Intellectual Property authorized CRT to register Tequila as a certification mark in the United States because CRT is the organization that verifies compliance with the official Mexican standard for tequila.

The Board therefore concluded that CRT had the right and authority to control the use of the term Tequila as a certification mark in Mexico and in the United States, that CRT was exercising legitimate control, and that CRT was the owner of the mark for purposes of registration in the United States.

Knocked back on every round, Luxco made a last-ditch effort to win. It argued that CRT misled the trademark examining attorney into believing that Tequila had “special status” as an “appellation of origin” under U.S. trademark law. But the Board found that the examining attorney was not misled, and that CRT included the authorities upon which it relied in asserting that tequila is recognized as a distinctive product of Mexico. Moreover, the Board found that the evidence suggested that CRT had a reasonable belief in the correctness of its position rather than an intent to deceive the USPTO. And so the Board dismissed Luxco's opposition.

After Spirited Debate, 'Adios' to Tequila Mark Opposition (cont.)

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¡Arriba, abajo, al centro y adentro! Up, down, towards the center, and down the hatch. We can drink to that!