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U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Tequila Cuervo La Rojena S.A. de C.V.
v.
Cointreau Corporation

Opposition Nos. 103,629 and 103,635
to application Serial Nos. 74/423,669 and 74/423,670
filed on August 12, 1993

Lawrence E. Abelman, Norman S. Beier and Julie B. Seyler for
Tequila Cuervo La Rojena S.A. de C.V.

Brian D. Anderson and Jonathan Hudis of Oblon, Spivak,
McClelland, Maier & Neustadt for Cointreau Corporation.

Before Simms, Cissel and Quinn, Administrative Trademark
Judges.

Opinion by Quinn, Administrative Trademark Judge:

Applications have been filed by Cointreau Corporation
to register THE ORIGINAL MARGARITA and the mark shown below

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both for "liqueurs; [and] prepared alcoholic cocktails for consumption on the premises."¹ Each of the applications includes a claim of acquired distinctiveness "of applicant's mark" under Section 2(f) of the Trademark Act and a disclaimer of the term "Margarita."

Registration has been opposed in each instance by Tequila Cuervo La Rojena S.A. de C.V. As grounds for opposition opposer asserts that the designations sought to be registered, as used in connection with liqueurs, are deceptive under Section 2(a), and are deceptively misdescriptive under Section 2(e)(1). With respect to use of the designations in connection with prepared alcoholic cocktails for consumption on the premises, opposer asserts that the designations are merely descriptive under Section 2(e)(1) or, in the alternative, if the designations are not used in connection with margaritas, then they are deceptive under Section 2(a) and deceptively misdescriptive under Section 2(e)(1). Opposer also alleges that "[u]se of the word ORIGINAL as part of the applied for mark for the goods covered herein is laudatory, and therefore does not function as a trademark."² Lastly, opposer asserts in the notices of

¹ Respectively, application Serial Nos. 74/423,669 and 74/423,670, filed August 12, 1993, claiming dates of first use of July 1, 1993. The applications include a claim of ownership of Registration No. 1,823,871. Application Serial No. 74/423,670 also includes the following statement: "The banderol in the mark is lined for the color gold. All other lining in the drawing is a feature of the mark and does not designate color."

opposition that applicant does not control the nature and quality of the prepared alcoholic cocktails for consumption on the premises, that applicant is conducting a "naked" licensing program under the designations and that, therefore, the designations do not function as source indicators.

Applicant, in its answers, essentially has denied the allegations in the notices of opposition. Applicant also has set forth "affirmative defenses."

The Record

The voluminous record in these consolidated proceedings consists of the pleadings; the files of the involved applications; and testimony, with related exhibits, taken by each party. The parties have filed notices of reliance on discovery depositions, official records, excerpts from printed publications, and responses to certain discovery requests. Further, the parties filed a stipulation regarding the introduction of certain documents. The

² This pleading strikes us as somewhat odd given the fact that the entire mark must be considered in determining whether it functions as a source indicator. Perhaps one could argue that opposer's pleading, when liberally construed, coupled with the fact that the generic term "margarita" has been disclaimed, result in a pleading tantamount to a claim that the entire designation THE ORIGINAL MARGARITA does not function as a trademark. This specific issue, however, is not delineated as a separate issue in opposer's brief. Thus, to the extent that one could construe the pleading to include this claim (which opposer itself has not even done), we have given it no consideration.

parties have filed briefs,³ and both were represented by counsel at an oral hearing held before the Board.

Evidentiary Objections

There are a plethora of evidentiary matters which have been raised by applicant. Applicant has moved to strike portions of opposer's notices of reliance and portions of opposer's main brief at final hearing. In addition, applicant has raised objections to certain testimony and exhibits. The evidentiary points range from relevance and hearsay, to lack of authentication, violations of the best evidence rule, and that certain evidence was not produced during discovery. In all, applicant raises close to fifty evidentiary matters in its brief.⁴

The evidentiary objections comprise but two pages of applicant's forty-five page brief. The objections simply are listed one after the other; the specific ground of the

³ Applicant filed a motion to strike opposer's reply brief on the grounds that it is untimely and it exceeds the page limitation set forth in Trademark Rule 2.128(b). Opposer responded, and also filed a motion to file a substitute brief which complied with the page limitation.

As essentially conceded by opposer, the reply brief was filed, due to a miscalculation, two days late. Further, the brief exceeded twenty-five pages. Given these facts, the Board sees no reason to accept either the original reply brief or the substitute one. Accordingly, no consideration has been given to either of the reply briefs filed by opposer.

⁴ The discovery and evidentiary problems are highlighted by the interlocutory rulings in these cases, particularly the Board's orders denying applicant's motions to compel and motion for reconsideration involving, by the Board's count, at least seventy-eight disputed discovery requests.

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objection is recited, but no argument or additional comment on the merits of each objection is made. Applicant essentially has treated its objections in a cursory fashion and we will, in turn, deal with the bulk of the objections in a relatively summary manner.

Having said the above, we nevertheless note that applicant has detailed some of the objections to certain portions of opposer's notices of reliance by way of a prior-filed motion to strike. The Board, in accordance with its usual practice, deferred ruling on the motion until final hearing.

The hang tag labels are improper subject matter for introduction by way of a notice of reliance. Accordingly, these specimens in the June 25, 1998 notice of reliance are stricken.

With respect to the June 29, 1998 notice of reliance under Trademark Rule 2.122(d)(2), Registration No. 1,933,388 is stricken. Insofar as opposer's notice of reliance under Trademark Rule 2.122(e) is concerned, opposer is correct in contending that most of the proffered material apparently was not produced during discovery. Thus, except to the extent that portions of the publications *Maria's Real Margarita Book* and *The Bartender's Bible* were made available during discovery, the remainder of the notice of reliance is

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stricken. See, e. g.: *NASA v. Bully Hill Vineyards Inc.*, 3 USPQ2d 1671, 1672 at n. 3 (TTAB 1987).

Applicant also has moved to strike opposer's notice of reliance under Trademark Rule 2.120(j)(e) relating to the Mutterperl and Zapulla discovery depositions and exhibits. The objected-to testimony and exhibits are stricken from the record.

The materials attached to opposer's June 30, 1998 notice of reliance were not produced during discovery and, thus, are stricken.

The notice of reliance, filed July 1, 1998, is late and, therefore, is stricken. The Board, however, may take judicial notice of dictionary listings.

For the sake of brevity, suffice it to say that we have considered applicant's other objections raised in its brief in determining the admissibility and/or probative value of the evidence in question. In reaching our decision, we have relied upon the evidence which we deem admissible and properly introduced, and have accorded it appropriate weight. In any event, even if the objected-to evidence were excluded in its entirety, we would reach the same result on the merits of these cases.

The motion to strike portions of opposer's brief raises more significant concerns, that is, whether certain unpleaded claims were tried by the parties. Opposer raises

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these claims for the first time in its brief. Applicant has moved to strike Sections V and VI of the brief, which address the issues of unlawful use and non-trademark use of applicant's marks. Applicant argues, on the one hand, that these issues were not pleaded, that the trial did not fairly apprise applicant of these newly raised claims, and that the claims are raised for the first time in opposer's main brief at final hearing. Opposer contends, on the other hand, that applicant itself introduced evidence bearing on its alleged lawful use, and that the issues were tried by the implied consent of the parties.

The motion to strike is well taken. Applicant was not sufficiently put on notice that the issues of unlawful use and non-trademark use, argued in Sections V and VI of the brief, were being raised until after the trial had concluded in this case and opposer's brief had been filed. Our review of the record convinces us that these issues were not tried, either by express or implied consent of the parties, as contemplated by Fed. R. Civ. P. 15(b). *Colony Foods, Inc. v. Sagemark, Ltd.*, 735 F.2d 1336, 222 USPQ 185 (Fed. Cir. 1984). Although some of the trial evidence may indeed bear on other pleaded issues in the case, we cannot say that the introduction of this evidence resulted in an implied trial of the specific issues of unlawful use and non-trademark use newly pursued by opposer after trial in its brief at final

hearing. To allow the claims into the case at this late juncture would result in undue prejudice to applicant. *ABC Moving Co., Inc. v. Brown*, 218 USPQ 336, 339 (TTAB 1983). Accordingly, we decline to consider these non-pleaded issues.

The Parties

Opposer produces and sells tequila, and opposer owns several registrations for marks which consist of or include CUERVO, under which its tequila is sold.

The record shows that Cointreau Corporation (i.e., applicant), Cointreau S.A. and Remy Amerique, Inc. are related companies under common ownership. Applicant produces an orange-flavored liqueur (using a combination of sweet and bitter orange peels) in France and sells the liqueur worldwide under the mark COINTREAU. Around 1993, applicant began a marketing campaign for its liqueur under the designations sought to be registered herein. This promotional effort involved press and video releases, a media tour, recipe guides, bottle displays, bottle neck tags, and the like. Since that time, annual sales have doubled. During the same time period, applicant spent considerable sums on advertising. Although the sales and advertising figures have been designated as confidential, it is clear that applicant has actively promoted its liqueur

product under the involved marks, and that it has enjoyed a high degree of success with its liqueur product.

Standing

Almost as a throwaway claim, or so it appears to the Board, applicant has attacked opposer's standing to be heard in these proceedings.

In order to have standing, an opposer must show that it has a "real interest" in the outcome of a proceeding, and that its "belief of damage" has a reasonable basis in fact. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999).

The record herein clearly demonstrates that opposer has standing. Opposer is a producer of tequila, and tequila is a basic ingredient in the making of margaritas. Opposer's tequila on occasion has been identified as the brand used in the first creation of the margarita. (see, e.g., ex. M, nos. CC00049, 51 and 52) Opposer also has marketed ready-made margaritas and a margarita mix. Given the evidence, opposer has demonstrated that it has a real interest in the outcome of these proceedings, and that its belief of damage has a reasonable basis in fact. This is so obvious that the Board sees no reason to belabor the point.

Applicant also raises the argument that opposer has come to the Board with unclean hands, thereby precluding the relief sought by opposer. We find this argument to be as

unsupported as the one related to standing above, and it clearly fails as well.

The Origins of the Margarita Cocktail

The genesis of the first margarita, a cocktail which has become one of the most popular cocktails in this country, has been the subject of legends and debate. Although the bulk of the evidence in this case supports the proposition that one Ms. Margarita Sames created the cocktail, no fewer than half a dozen other individuals have laid claim to the same distinction of being the drink's inventor.

Applicant would have us conclude that Ms. Margarita Sames is the drink's originator and namesake. Ms. Sames was a Texan socialite who, with her husband, owned a home in Acapulco, Mexico where they entertained the rich and famous, among them the actor John Wayne and the Hilton family (of hotel fame). The story goes that during the Christmas holidays in 1948, Ms. Sames was looking for a cocktail to serve her guests. Ms. Sames combined three parts tequila (in later years cut back to two parts), one part COINTREAU brand liqueur and one part freshly squeezed lime juice. The drink was a big hit with her guests, some of whom owned restaurants and hotels in the United States, and soon thereafter Ms. Sames' husband gave glassware to her etched with her name "Margarita." The "margarita" was born and

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before long the drink was being served in bars in the United States. About 1992, according to John Mutterperl, associate brand manager for the COINTREAU brand, Ms. Sames became a paid consultant for applicant, and applicant continues to have an agreement with her. In 1993, Ms. Sames was at the center of applicant's publicity campaign surrounding the forty-fifth anniversary of the margarita's creation. She was the subject of television and radio interviews and features, and of articles in printed publications. In describing her recipe, Ms. Sames made sure, time after time, to emphasize the importance of using COINTREAU brand liqueur, but gave no particular brand of tequila to use. Advertisements included the following: "And as Margarita says, 'If you're not making Margaritas with COINTREAU, call them 'Marge.' Call them 'Rita.' Call them anything, but please don't use my name.'"⁵

The record includes a certificate dated February 24, 1997 issued by Camara Nacional de la Industria de Restaurantes y Alimentos Condimentados (CANIRAC). A translation indicates that this is "the chamber of commerce of restaurants in Mexico that assures global standards of quality for the country's food and beverage industry." The certificate proclaims that "the Original Margarita, a

⁵ Given all of the above, we find it very curious that Ms. Sames was not deposed as a witness in this case.

margarita made with Cointreau, tequila and lime juice, to be the official drink of Cinco de Mayo, the international celebration that marks the battle of Puebla and symbolizes the courage and heroism of Mexicans."

Through the years, many different recipes for the margarita cocktail have appeared in publications. Among the versions, many call for the use of orange liqueur (also generically referred to as "triple sec") other than the COINTREAU brand. Most of the recipes are variations on the common theme of tequila, an orange-flavored liqueur and a sour component. Some versions, however, are actually quite different from the first recipe, incorporating various fruits, and some of the drinks are served frozen. However, the vast majority of these recipes call for tequila as an ingredient. The margarita cocktail became so popular in this country that even some non-tequila based beverages, such as malt liquors, beer and wine are sold as "margarita flavored."⁶

⁶ In this connection, Heublein Inc., a U.S. importer of opposer's tequila, petitioned the U.S. Bureau of Alcohol, Tobacco and Firearms (BATF) to amend its regulations to prohibit any spirits label from referencing the term "margarita" unless the product so labeled contains tequila. The BATF issued a final response to the petition in November 1997 wherein BATF declined to initiate rulemaking as requested by Heublein. The BATF's final response also stated that "[c]onsumers and retailers commented that consumers are not misled by the use of distilled spirits cocktail names as part of the brand name or class and type designation of flavored malt beverages, and that consumers are not misled into believing these products contain distilled spirits" and that "[a]dditional consumer studies submitted challenged the Heublein

Application Serial No. 74/423,669

In this application, applicant seeks to register the designation THE ORIGINAL MARGARITA for "liqueurs" and "prepared alcoholic cocktails for consumption on the premises."

We first turn to consider registrability of the designation when used in connection with cocktails. As indicated earlier, opposer has alleged that the designation is merely descriptive.⁷ In addition, opposer asserts that applicant does not control the nature and quality of the cocktails, that applicant is conducting a naked licensing program, and that, therefore, the designation does not function as a source indicator for cocktails.

We turn our attention to the claim of descriptiveness. The generic term "margarita," disclaimed by applicant, is defined as "a cocktail consisting of tequila, lime or lemon

position that consumers are misled by flavored malt beverages labels which use cocktail names as part of the brand name or class and type designation." Suffice it to say that the Board is not bound by the BATF's ruling inasmuch as the Board, in deciding this case, is governed by the Trademark Act and pertinent trademark case law. In any event, the BATF's findings relating to the issue raised by Heublein's petition are not necessarily relevant to the issues before us.

⁷ Although the pleading specifically is that applicant's designation is "merely descriptive," it is clear from the trial and the parties' briefs that the issue is one of genericness. Further, the issue of genericness is encompassed by the claim of mere descriptiveness; as often stated, genericness is the ultimate in descriptiveness.

juice, and an orange-flavored liqueur." *Merriam-Webster's Collegiate Dictionary*. The term "original" means "the source or cause from which something arises; a model, pattern, or archetype that is copied; of or relating to a rise or beginning: existing from the start." *Webster's Third New International Dictionary*.

The fact that applicant has sought registration under Section 2(f) constitutes an admission of the descriptiveness of the designation. In *re Leatherman Tool Group, Inc.*, 32 USPQ2d 1443 (TTAB 1994). The issue of descriptiveness has therefore been conceded by applicant. Indeed, the dictionary definitions and other evidence clearly establish that the designation THE ORIGINAL MARGARITA is, at the very least, merely descriptive of cocktails. It is a laudatory designation used to tout the superiority of applicant's product.

The real question here, however, and the one tried by the parties and addressed in their briefs, is genericness.

A term is generic if it names the class of the goods or services to which it is applied. See: *H. Marvin Ginn Corp. v. International Association of Fire Chiefs, Inc.*, 782 F.2d 987, 228 USPQ 528 (Fed. Cir. 1986), and *In re Northland Aluminum Products, Inc.*, 777 F.2d 1556, 227 USPQ 961 (Fed. Cir. 1985). The test for determining whether a term is generic is its primary significance to the relevant public,

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that is, whether the term is used or understood, by purchasers or potential purchasers of the goods or services at issue, primarily to refer to the class of such goods or services. See: *Magic Wand Inc. v. RDB Inc.*, 940 F.2d 638, 19 USPQ2d 1551 (Fed. Cir. 1991); *In re Merrill Lynch, Pierce, Fenner, and Smith Inc.*, 828 F.2d 1567, 4 USPQ2d 1141 (Fed. Cir. 1987); *H. Marvin Ginn Corp. v. International Association of Fire Chiefs, Inc.*, supra; and *In re Leatherman Tool Group, Inc.*, 32 USPQ2d 1443 (TTAB 1994). Evidence of the relevant public's understanding of a term may be obtained from any competent source, including direct testimony of consumers, consumer surveys, newspapers, magazines, dictionaries, catalogs, and other publications. See: *In re Merrill Lynch, Pierce, Fenner, and Smith Inc.*, supra, and *In re Northland Aluminum Products, Inc.*, supra.

The class of goods involved here is margarita cocktails; more specifically, the goods fall within the category of margarita cocktails which are mixed according to the original recipe. See: *In re Central Sprinkler Co.*, 49 USPQ2d 1194 (TTAB 1998).

The record lacks any direct evidence regarding the primary significance of THE ORIGINAL MARGARITA as that designation is perceived by consumers. Thus, we have no other recourse but to examine how the designation has been used by applicant and others, and then, based on this

evidence, draw our own conclusion as to how the designation would likely be perceived by the purchasing public.

Our review of the record convinces us that the primary significance of the designation THE ORIGINAL MARGARITA would be a margarita mixed according to the original (first-of-its-kind) recipe.

The evidence shows that the designation THE ORIGINAL MARGARITA means exactly what the combination of the commonly used and understood meanings of the component words means, namely the first margarita ever made, or the archetype margarita which is copied. Applicant's in-house document concerning its advertising campaign, although not bearing on the public's perception because the document was not exposed to consumers, nevertheless is telling insofar as it illustrates the design of applicant's publicity surrounding the designation. The document (applicant's ex. no. 42) highlighted the results of the campaign:

Cointreau used a multi-tiered public relations program to create mass awareness and visibility for **the original margarita** recipe.

The objective was twofold:

1)To "educate" millions of consumers through television and newspaper reports as to how to make an **original margarita**;
2)To achieve instant credibility for the story through third-party endorsement (the newspaper columnists and television reporters).

Through the television reports to date, an estimated 10-to-20 million Americans

have seen Margarita Sames show them,
step-by-step, how to make an **original
margarita**. [emphasis added]

Press kits included "the recipe for the original margarita," a "color photo of an original margarita" and a "color photo of the ingredients used to make an original margarita." In the words of Casey Verbert, a public relations person for applicant, "This whole [anniversary] campaign is designed to get back to the original recipe." (Orlando Sentinel, December 12, 1993).

The record is replete with articles, news reports, transcripts of interviews with Ms. Sames and other materials which refer to the drink as "original" or "original margarita," that is, as the first one ever made. Such examples include "Margarita Sames is all smiles as her original tequila concoction turns 45." (*Fort Worth Star-Telegram*, Dec. 29, 1993); "When Margarita Sames was developing the original mixed drink later named in her honor...." (*Los Angeles Daily News*, January 29, 1994); "Her [Ms. Sames'] friends loved that original margarita formula." (*Riverside Press-Enterprise*, January 13, 1994); "Toasting the original margarita." (*Thousand Oaks News-Chronicle*, December 29, 1993); "'And that's the original...the one I created 45 years ago," Mrs. Sames said with a smile. (*Kerman News*, January 26, 1994). In a television interview, Ms. Sames proclaimed: "Well, I am the original Margarita.

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I made the original margarita, and all the others are impostors....Now this is the original and the real margarita." In an advertisement, under the heading "The Legend of the Original Margarita," applicant poses the question, "Did you know the original was made with Cointreau?" There also are menus listing margaritas as "The Original." Other menu uses include "Your choice of Original, Strawberry or Raspberry." It also is interesting to note that in some instances, opposer's brand of tequila is listed as an ingredient in making an "original margarita."

The Board has in the past considered the lack of distinctiveness of the term "original." In *General Foods Corp. v. Ralston Purina Co.*, 220 USPQ 990, 992-93 (TTAB 1984), the Board stated:

While not conceding the point, applicant does not seriously contest that both words ORIGINAL and BLEND, taken separately, are descriptive of food products, including pet food. In fact, we agree with opposer that both are highly descriptive of such products. We need no dictionary to aid us in determining that BLEND is a commonly understood term referring to a combination, mixture or amalgam of ingredients...The same conclusion can be reached as to ORIGINAL which is generally used to indicate that a product or a particular variety or style of a product is the first-of-its-kind. ORIGINAL is also widely used on food products, including pet food, as this record demonstrates. There is no doubt that one reason for its widespread use

is that, in the English language, at least, ORIGINAL has the character of "puffery" rather than constituting a claim of exclusivity, novelty, or absolute priority. Bearing this in mind, we agree with opposer that if a manufacturer wishes to say to purchasers in a plain and simple way that the product variety or type is the first-of-its-kind, there are not very many words other than ORIGINAL from which to choose.

Indeed, if one were trying to recreate and then name the cocktail allegedly first made by Ms. Sames, there are very few words to call the drink other than "the original margarita" or "original margarita." This fact undoubtedly explains the various generic uses of "original margarita" highlighted above.

In the event that it is ultimately found that the designation is not generic for cocktails, we nevertheless find that it is not capable of registration. In considering the degree of descriptiveness herein, we take note of the case of *In re Boston Beer Co. L.P.*, 198 F.3d 1370, 53 USPQ2d 1056 (Fed. Cir. 1999), *aff'g*, 47 USPQ2d 1914 (TTAB 1998). The Federal Circuit agreed with the Board's finding that the designation THE BEST BEER IN AMERICA for beer is unregistrable because "it is so highly laudatory and descriptive of the qualities of the product that the slogan does not and could not function as a trademark to

distinguish [applicant's] goods and serve as an indication of origin." Id. at 1058.

The instant case is similar to *In re Boston Beer Co. L.P.*, supra. Here, it is apparent, given the inherent laudatory nature of the designation, coupled with the evidence of record, that the designation is highly descriptive and should not be subject to exclusive appropriation in the trade.

The designation THE ORIGINAL MARGARITA is a laudatory designation, highly descriptive of the claimed nature of the cocktail, that is, a margarita made of ingredients from the original recipe, with all others being mere imitators.

Whether the designation is viewed as generic or highly descriptive, THE ORIGINAL MARGARITA is the type of designation that others in the industry, especially an entity such as opposer, a tequila producer, should be free to use in connection with alcoholic beverages. In this connection, as noted earlier, opposer's tequila has been identified on occasion as the brand used in the first margarita. The evidence of record convinces us that the designation is used by applicant in promoting its products, but would not be perceived by purchasers as an indicator of the source of the cocktails.

In reaching our decision, we readily recognize, as the Federal Circuit noted in *In re Boston Beer Co., L.P.*, supra

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at 1058, that laudatory terms are not necessarily unregistrable. We find, however, that the designation THE ORIGINAL MARGARITA is so laudatory and descriptive that it is incapable of acquiring distinctiveness. The record convinces us the proposed mark as used by applicant is a descriptive advertising designation that does not and could not function as a mark to distinguish cocktails made with applicant's liqueur and serve as an indication of their origin. It essentially is a claim of superiority for the product, that is, being a margarita made from the original recipe, which others would like to copy.

The five third-party registrations introduced by opposer are of limited relevance. The evidence shows registrations of marks, all of which include the term "ORIGINAL," on the Supplemental Register with disclaimers of the term "ORIGINAL." See: *In re Water Gremlin Co.*, 635 F.2d 841, 208 USPQ 89, 91 n.6 (CCPA 1980) ["Section 6 is equally applicable to the Supplemental Register."]; and *In re Carolyn's Candies, Inc.*, 206 USPQ 356, 360 (TTAB 1980) ["Section 6 of the Trademark Act of 1946, which provides for the disclaimer of 'unregistrable matter', does not limit the disclaimer practice to marks upon the Principal Register."]. See also: *Trademark Manual of Examining Procedure*, §1213.02(b) ["If a mark is comprised in part of matter which, as applied to the goods and services,

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is generic or does not function as a mark, such matter must be disclaimed to permit registration...on the Supplemental Register.”] We are not privy to the records of the prior registrations. In any event, each case must be decided on its own set of facts, and the referenced marks are different from the one involved here and, moreover, cover goods different from cocktails.

In view of the above findings, the alternative claims of deceptive misdescriptiveness and deceptiveness (in the event the mark was used in connection with cocktails other than margaritas) are rendered moot.

We next turn to consider opposer’s allegations that applicant’s designation does not function as a mark for prepared alcoholic cocktails for consumption on the premises because of a naked license involving the designation. The gist of opposer’s claim is that applicant does not control the nature and quality of the alcoholic cocktails prepared on the premises.

We would note, at the outset of consideration of this claim, that what makes this case so extremely unusual is that applicant is seeking to register a designation for a finished product that it does not produce. That is to say, applicant is not selling a bottle of ready-made margaritas; thus, there essentially is no final product here. The “prepared alcoholic cocktails for consumption on the

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premises" do not exist until a bartender in a bar or restaurant makes them. The only product that applicant actually produces and sells is a liqueur which may be used as an ingredient of a margarita cocktail. Further, the record is clear that no formal license agreement is in place between applicant and its bar and restaurant accounts; rather, the bars and restaurants have an understanding that applicant will provide promotional materials and, in return, the account will prepare a cocktail called THE ORIGINAL MARGARITA using COINTREAU brand liqueur.

As part of its marketing campaign involving the designation THE ORIGINAL MARGARITA, applicant supplies promotional materials to bars and restaurants that carry applicant's COINTREAU liqueur. The designation appears on menus, napkins, coasters, posters and murals painted on the walls of some of the establishments. In addition, applicant employs field marketers who visit its bar and restaurant accounts to promote the use of applicant's liqueur in the making of THE ORIGINAL MARGARITA cocktail. These marketers essentially instruct the accounts on how to use the promotional materials and how to make THE ORIGINAL MARGARITA cocktail, as well as conduct product tastings to show, in applicant's view, a margarita's superior taste when made with applicant's liqueur. Thomas Curry III, one of applicant's field marketers, and John Mutterperl, an

associate brand manager for applicant, testified about these so-called "stop-by" or "go-by" visits. Mr. Curry testified that the tastings show "that Cointreau really makes the highest quality margarita, and it definitely is much better than a margarita prepared with another type of liqueur."

(dep., p. 22) Mr. Mutterperl indicated that applicant's field marketers "are looking at how bartenders are preparing margarita cocktails, they are there to see if they are preparing The Original Margarita cocktails according to the recipe we prescribe."

Messrs. Curry and Mutterperl, as well as Charles Smith, Remy Amerique, Inc.'s executive vice president, director of sales, testified about applicant's actions regarding the use of COINTREAU liqueur in the on-premises preparation of margarita cocktails. The testimony is uniform: applicant cannot require its accounts to prepare a margarita cocktail using applicant's brand of liqueur. In point of fact, Mr. Zappula, senior counsel for Remy Amerique, Inc., testified that it would be illegal to do so. (dep., p. 34, p. 51) Mr. Mutterperl testified that "the best [applicant] can do is educational programs." (dep., p. 48-49) Mr. Smith confirmed that "[applicant] can't sit over [the accounts] legally and force them to make a cocktail a certain way." (dep., p. 47) According to Mr. Smith, the most applicant can do is to "suggest" and "instruct." (dep., pp. 52-53)

Mr. Mutterperl went on to testify that if applicant observed firsthand that a bartender made THE ORIGINAL MARGARITA using triple sec instead of COINTREAU brand liqueur, "[t]here is nothing we legally or physically could do to mandate anything. We could suggest The Original--and state our position The Original Margarita is made with Cointreau, tequila and a sour component." (dep., p. 102) More specifically, the witnesses described the actions applicant takes in the event that one of its bar or restaurant accounts, who has been supplied with applicant's promotional materials, nevertheless prepares "THE ORIGINAL MARGARITA" without COINTREAU brand liqueur. Messrs. Smith and Curry both testified that applicant then stops supplying the account with promotional materials for THE ORIGINAL MARGARITA campaign. (Smith dep., pp.46-47; Curry dep., 43-44) Mr. Mutterperl questioned whether applicant could retrieve materials already given to an account. (dep., p. 104) Mr. Curry went on to indicate that the "shelf life" of the materials is about three months, and essentially that the materials disappear through attrition in that time frame.

The situation outlined above convinces us that applicant does not (in point of fact, cannot) exercise any legitimate control over the nature and quality of margarita cocktails prepared for consumption in drinking

establishments. According to applicant's witnesses, any such control would be unlawful. And while we realize that margaritas may differ in taste, depending on the proportion, quality or variety of ingredients used, these minor variations do not play a significant role in our decision. Rather, the critical fact for us is that applicant has no authority to require that bartenders use COINTREAU brand liqueur in making margaritas, whether the cocktail is "THE ORIGINAL MARGARITA" or any variation of the cocktail. A trademark carries with it a message that the trademark owner is controlling the nature and quality of the goods sold under the mark. J. T. McCarthy, *McCarthy on Trademarks*, § 18:48 (4th ed. 1999) The absence of applicant's control over the nature and quality of the cocktails results in a naked licensing situation whereby the designation THE ORIGINAL MARGARITA does not function as a source indicator for the goods. *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 121 USPQ 430 (2d Cir. 1959). Applicant essentially contends that patrons can assume that the nature and quality of the cocktails sold under its asserted mark will be consistent and predictable (that is, that the cocktails are made with COINTREAU brand liqueur), but there simply is no way for applicant to ensure that this is the case. Moreover, whatever control there is consists merely of suggestions as a result of sporadic first-hand

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observations by field marketers of bartenders at work. The present situation falls short of even minimal requirements for a license. See, e.g.: Woodstock's Enterprises Inc. (CA) v. Woodstock's Enterprises Inc. (OR), 43 USPQ2d 1440, 1446-47 (TTAB 1997), *aff'd*, Appeal No. 97-1580 (Fed. Cir. March 5, 1998) (unpublished).

In view of the above, we find that the designation sought to be registered does not function as a mark due to a situation tantamount to a naked license. Applicant does not control the nature and quality of the cocktails in connection with which the designation sought to be registered is used.

We next turn to consider registrability of the designation as used in connection with liqueurs. The pleaded grounds for opposition are that the designation is deceptively misdescriptive under Section 2(e)(1), and is deceptive under Section 2(a).

Section 2 of the Trademark Act reads, in pertinent part, as follows:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) consists of or comprises...
deceptive...matter;

(e) consists of a mark which, (1) when used on or in connection with the goods of the applicant is...

deceptively misdescriptive of them,

(f)except as expressly excluded in paragraph (a),...of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce.

Thus, marks that are deceptive under Section 2(a) can never be registered, either on the Principal or Supplemental Register, while marks that are deceptively misdescriptive under Section 2(e)(1) are registrable on the Principal Register with proof of acquired distinctiveness.

The United States Court of Appeals for the Federal Circuit has set forth the applicable test in these types of cases. In considering the issue of deceptive misdescriptiveness, first, it must be determined whether the proposed mark misdescribes a characteristic, quality, function, composition or use of the goods. If so, we reach the second part of the test, namely, whether the misdescription is deceptive, that is, whether prospective purchasers are likely to believe that the misdescription actually describes the goods. In cases involving the issue of deceptiveness under Section 2(a), we then reach the third part of the three part test, namely, whether the misdescription is likely to affect the decision to purchase. In re Budge Manufacturing Co. Inc., 857 F.2d 773, 8 USPQ2d 1259 (Fed. Cir. 1988).

The definition of "margarita" is set forth earlier in this opinion. The term "liqueur" is defined as "an alcoholic beverage often used as an after-dinner drink and as a cocktail ingredient, flavored with various aromatic substances and usually sweetened, and made chiefly by steeping and distilling the flavoring substances in spirit." These commonly understood meanings, coupled with the evidence of record, clearly establish that applicant's liqueur may be used as an ingredient in a margarita cocktail. It is just as clear, and hardly need be said, that a liqueur is not a margarita cocktail and a margarita cocktail is not a liqueur. (see, e.g., Kinch dep., p. 19 and Smith dep., p. 58) Applicant's witnesses readily concede this point.⁸

Accordingly, we find that the first prong of the test is satisfied. That is to say, the designation THE ORIGINAL MARGARITA is misdescriptive of applicant's liqueur.

The second prong of the test is whether purchasers are likely to believe that the misrepresentation actually describes the goods. We likewise answer this inquiry in the affirmative.

⁸ We also note, however, Mr. Zappula's testimony to the effect that a cocktail would be properly called THE ORIGINAL MARGARITA even if the recipe called for only COINTREAU liqueur and lime juice. (dep., p. 47-48) When pressed, Mr. Zappula conceded that applicant's liqueur and lime juice, if served in a glass by a bartender, does not constitute "a complete Original Margarita cocktail." (dep., p. 49)

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Thomas Snell, now a consultant to opposer, but formerly a senior vice president of opposer, testified about opposer's ready-made margarita cocktails (which include tequila) sold in bottles and in different alcohol strengths. (dep., pp. 106-107) Opposer also has sold a margarita mix to which tequila is added.

Given the fact that ready-made alcoholic margarita cocktails may be purchased in a bottle, and given applicant's various uses of the THE ORIGINAL MARGARITA in connection with its liqueur, we find that consumers are likely to mistakenly believe that applicant's product sold under the designation is a prepared margarita cocktail.

Inasmuch as we have answered the two inquiries in the affirmative, we reach the final one which is pertinent in determining whether a mark is deceptive under Section 2(a). That inquiry is whether the misdescription is likely to affect the decision to purchase.

We find that the misdescription here is likely to affect the purchasing decision inasmuch as the misdescription goes to the very essence or nature of the product being purchased. Because alcoholic margarita cocktails are sold ready-made in bottles, the misrepresentation is likely to affect the decision to purchase. We find it likely that a prospective purchaser's decision to buy a ready-made margarita cocktail would be

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affected by the designation used by applicant. That is to say, a prospective purchaser, looking to buy a ready-made margarita cocktail, upon encountering a product labeled THE ORIGINAL MARGARITA, would buy the product thinking he had found what he was looking for. The designation would be the very element upon which a consumer would rely in purchasing applicant's product instead of another.

In making our finding, we realize, of course, that it is somewhat artificial. Consumers will encounter applicant's liqueur in a bottle or package with labels bearing other information (some undoubtedly mandated by BATF regulations). This information effectively informs consumers as to the actual nature of applicant's product, that is, as a liqueur which may be used as an ingredient in making margarita cocktails, rather than as the finished cocktail. Thus, in reality, consumers may not be deceived. The facts that labels indicate that applicant's product is a liqueur, or that THE ORIGINAL MARGARITA may be a cocktail recipe, however, are of no moment here. As the Federal Circuit stated in *In re Budge Manufacturing Co. Inc.*, supra at 1261, "[t]he statutory provision bars registration of a *mark* comprising deceptive matter. Congress has said that the advantages of registration may not be extended to a mark which deceives the public." Thus, according to the Federal Circuit, "the mark standing alone must pass muster, for that

is what the applicant seeks to register, not extraneous explanatory statements." Id. So as to be clear, we have analyzed this issue, as we must, essentially in the abstract, as if the designation THE ORIGINAL MARGARITA is the only term appearing on any label or packaging for applicant's liqueur.

Acquired Distinctiveness

As set out in the Trademark Act, a designation found to be deceptive under Section 2(a) is unregistrable, and no amount of acquired distinctiveness can save the designation. This is the case with respect to THE ORIGINAL MARGARITA designation as used in connection with liqueur. The same is true for generic terms, that is, no amount of acquired distinctiveness can save such terms. In the event that the designation ultimately is found to be only deceptively misdescriptive for liqueurs, or that the designation is somehow found to be registrable for prepared alcoholic cocktails, we turn our attention to the claim of acquired distinctiveness.

In finding that the designation THE ORIGINAL MARGARITA is incapable of exclusive appropriation as a source identifier for applicant's goods, we have considered, of course, all of the evidence touching on the public perception of this designation, including the evidence of acquired distinctiveness. In re Paint Products Co., 8

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USPQ2d 1863 (TTAB 1988). As to acquired distinctiveness, applicant has the burden of proof to establish a prima facie case. *Yamaha International Corp. v. Hoshino Gakki Co., Ltd.*, 840 F.2f 1572, 6 USPQ2d 1001, 1006 (Fed. Cir. 1988).

The record includes testimony and evidence attesting to applicant's use of the designations since approximately 1993. As indicated earlier, applicant has enjoyed increasing sales, and applicant has expended considerable efforts and money in promoting its product under the designations sought to be registered (sales and advertising expenditures are confidential). Applicant has introduced voluminous materials showing the promotion of the designations. The sales and advertising evidence, standing alone, demonstrates only the popularity of applicant's product marketed under the applied-for designation, but not that the relevant consumers of such product have come to view the designations as applicant's source-identifying trademarks.

Similarly, the publicity, both by way of applicant's efforts and of unsolicited articles, is merely indicative of a possible development of distinctiveness. This evidence, however, is not determinative of the success of this exposure. In *re Pennzoil Products Co.*, 20 USPQ2d 1753 (TTAB 1991).

Accordingly, even if the designation THE ORIGINAL MARGARITA were found to be capable of registration, given the highly descriptive nature of the designation for cocktails, and the deceptively misdescriptive nature of the designation for liqueur, we would need to see a great deal more evidence (especially in the nature of **direct** evidence of consumers' perceptions) than applicant has made of record in order to find that the designation has become distinctive of applicant's goods. That is to say, the greater the degree of descriptiveness, the greater the evidentiary burden on the user to establish acquired distinctiveness. *Yamaha Int'l. Corp. v. Hoshino Gakki Co.*, supra; and *In re Merrill Lynch, Pierce, Fenner & Smith, Inc.*, supra. See also: *Restatement (Third) of Unfair Competition* (1993), Section 13, comment e:

The sufficiency of the evidence offered to prove secondary meaning should be evaluated in light of the nature of the designation. Highly descriptive terms, for example, are less likely to be perceived as trademarks and more likely to be useful to competing sellers than are less descriptive terms. More substantial evidence of secondary meaning thus will ordinarily be required to establish their distinctiveness. Indeed, some designations may be incapable of acquiring distinctiveness.

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Applicant seeks to register THE ORIGINAL MARGARITA ONLY WITH COINTREAU and design for the same goods as those discussed above.

We first turn to the issue of registrability of the designation as used in connection with cocktails. As discussed above, applicant cannot control the nature and quality of the cocktails and, thus, the composite mark sought to be registered does not function as a source indicator. Also, as discussed above, the words THE ORIGINAL MARGARITA are so highly descriptive for cocktails as to be incapable of registration. Accordingly, assuming that applicant were to prevail on the naked licensing issue, the only way for applicant to obtain a Principal Register registration of the designation THE ORIGINAL MARGARITA ONLY WITH COINTREAU and design would be to disclaim the highly descriptive/generic portion of the mark. Thus, in this application, insofar as it seeks registration for cocktails, a disclaimer of the words "The Original Margarita" would be required.

Turning next to the question of registration of THE ORIGINAL MARGARITA ONLY WITH COINTREAU and design for liqueurs, we have found, as indicated above, that the designation THE ORIGINAL MARGARITA is deceptive under Section 2(a) when the designation is used in connection with

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liqueurs. The addition of the other matter in the mark (namely, the words "Only With COINTREAU" and the design features) does not result in a different commercial impression of the mark as a whole; that is, the addition does not detract from the deceptiveness of the mark when considered in its entirety. In this situation, a disclaimer is not permissible to enable registration of the composite mark when deceptiveness relates to only a portion of the mark. As indicated above, Section 2(a) of the Act prohibits registration of a mark "which...consists of or comprises...deceptive...matter..." Thus, inasmuch as we have found that the words THE ORIGINAL MARGARITA are deceptive, registration of the composite mark is not allowed for the reason that the mark sought to be registered consists of or comprises deceptive matter. Clearly, the words THE ORIGINAL MARGARITA constitute a prominent portion of applicant's mark. While a disclaimer generally is appropriate to indicate that no proprietary rights are claimed in the disclaimed words, a disclaimer is not appropriate here. A disclaimer does not affect the question of whether disclaimed matter deceives the public since one cannot avoid the Section 2(a) deceptiveness prohibition by disclaiming deceptive matter apart from the mark as a whole. *American Speech-Language-Hearing Association v. National Hearing Aid Society*, 224 USPQ 798, 808 (TTAB 1984). See

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also: In re Wada, supra, at 1541-42 (Fed. Cir. 1999) ["A disclaimer of deceptive terms does not permit registrability of a mark that is deceptive."]

If, however, the designation THE ORIGINAL MARGARITA, as used in connection with liqueur, ultimately were to be found to be only deceptively misdescriptive, then a disclaimer of the words "The Original Margarita" apart from the mark THE ORIGINAL MARGARITA ONLY WITH COINTREAU and design would be required.

Decision: The oppositions are sustained.

R. L. Simms

R. F. Cissel

T. J. Quinn
Administrative Trademark
Judges, Trademark Trial
and Appeal Board