

Royal Crown Co. v. Coca Cola Co.

892 F.3d 1358 (Fed. Cir. 2018)

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BACKGROUND

Plaintiff Royal Crown Company Inc. (“Royal Crown”) appeals the decision of the Trademark Trial and Appeal Board (“Board”) to approve The Coca Cola Company’s (“TCCC”) trademark application for the use of ZERO as part of combination marks without requiring disclaimer of the term ZERO.

Royal Crown sought trademark protection for two beverage marks with the term ZERO, after disclaiming the term ZERO. Other companies selling beverages, including TCCC, have also used the term ZERO. TCCC filed an application with the United States Patent and Trademark Office (“PTO”), but was asked to disclaim the term ZERO on the grounds that the term only described the calorie content feature of the beverages. TCCC responded by claiming distinctiveness of each mark under the Lanham Act¹ and the PTO withdrew the requirement for disclaiming ZERO, and approved TCCC’s marks for publication.

PROCEDURAL HISTORY

Royal Crown opposed PTO’s approval of TCCC’s marks on the grounds that the term ZERO did not indicate the source of TCCC’s goods because: (1) it only described the calorie content feature of the goods and (2) it was “generic when applied to certain beverage products.”²

The Board found that Royal Crown failed to show the term ZERO was generic for the “genus of goods” identified by TCCC,³ meaning that Royal Crown did not offer enough evidence that an ordinary consumer of soft, energy, and sports drinks viewed the term ZERO as referring to soft, energy, and sports drinks with few or zero calories. Based on TCCC’s consumer survey evidence of 52% of participants associating the mark ZERO with TCCC beverages, the Board concluded TCCC met the burden of showing that ZERO is distinctive of TCCC’s goods in commerce.⁴ Hence, the Board dismissed Royal Crown’s oppositions, and Royal Crown appealed.

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1. 15 U.S.C. §1052(f) (2006).
2. Royal Crown Co. v. Coca Cola Co., 892 F.3d 1358,1363 (Fed. Cir. 2018).
3. *Id*
4. *Id* at 1364.

ISSUE

The issue on appeal is whether the Board applied the correct legal standard in reviewing TCCC's marks for genericness and acquired distinctiveness.

DECISION

The court remanded the claim back to the Board after determining the Board applied the wrong test to the issue of genericness and acquired distinctiveness, and the court also instructed the Board to use the "entire evidentiary record" in re-examining both issues in accordance to the court's opinion.⁵

REASONING

While the court acknowledged that a generic mark, a mark that carries a common descriptive name, was not "capable of indicating source" and was the "antithesis of trademarks,"⁶ a mark that is not a common name of the goods can still be registered under the Lanham Act.⁷ Under the two-step test for determining genericness of a term, the court found that while the Board correctly identified the genus of goods as soft, sports, and energy drinks with few or zero calories, the Board failed to consider whether the ordinary consumer of these beverages understands the term ZERO to refer to "a key aspect of the genus."⁸

The court found that the Board erred in its application of the appropriate test for genericness,⁹ and therefore on remand, the Board had to consider the term ZERO's genericness by examining the term's reference to an aspect or type of beverage. The court also instructed the Board to consider that TCCC sought to use ZERO in combination with marks that already offer zero calories versions of the beverage, making the term fatally descriptive.

The court further found that the Board failed to determine the burden TCCC carried in proving acquired distinctiveness. TCCC did not contest that the term ZERO was not inherently distinctive, or that the burden of showing the mark had acquired distinctiveness (or secondary meaning) was high. Despite this, the Board did not accurately determine the degree of proof required from TCCC. The court concluded that the Board, therefore, could not properly assess the degree of descriptiveness in the term ZERO, and that it could not properly examine the evidence for distinctiveness presented by TCCC.¹⁰ Additionally, the court noted that the Board's reasoning that TCCC's proof of distinctiveness and secondary meaning defeats Royal

5. *Id*

6. *Id* at 1366

7. 15 U.S.C. §1052(f) (2006).

8. *Royal Crown*, 892 F.3d at 1367.

9. *Id* at 1366.

10. *Id* at 1369.

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Crown's claim of genericness was erroneous. Sales and advertising did not show that "a term is not used by the public to refer to the genus of goods in question, or to a sub-group thereof."¹¹

11. *Id* at 1370.