



Cuervo Misses the Mark in Sixth Circuit Appeal Involving Seals on Liquor Bottles

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By U.S. regulation, a bottle labeled as “bourbon” must contain contents that were made in the United States according to certain procedures. And by order of the Sixth Circuit, a bottle topped with a red, dripping-wax seal, must be made by Maker’s Mark. [See *Maker’s Mark v. Diageo N. Am.*, No. 10-5508 \(6th Cir. May 9, 2012\)](#).

Maker’s Mark Distillery, Inc., makes bourbon whisky and sells it in bottles topped with a distinctive, red, dripping wax.¹ Maker’s Mark has packaged its product this way since 1958, when the wife of the man credited with the recipe first used the family deep fryer to apply a wax seal to the top of a bottle. In 1985, Maker’s Mark obtained U.S. Trademark Registration No. 1,370,465 for a “wax-like coating covering the cap of the bottle and trickling down the neck of the bottle in a freeform irregular pattern.”



¹ As noted in the Sixth Circuit’s opinion, “whiskey” is the preferred spelling in the United States, while “whisky” is the typical spelling in Scotland and Canada. Maker’s Mark nonetheless identifies its product as “bourbon whisky”—without the “e.”



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Jose Cuervo started producing its “Reserva de la Familia” premium tequila in 1995 and initially topped its bottles with a straight-edged wax seal. By 2001, however, bottles sold in the United States were adorned with a red, dripping-wax seal. Maker’s Mark brought suit in 2003, seeking to enjoin Cuervo’s use of this registered mark and also seeking an award of damages. Cuervo counterclaimed for cancellation of the trademark.

After a six-day bench trial in—where else?—Kentucky, a district court found that Maker’s Mark’s wax seal is a valid trademark and that Cuervo had infringed it. The court enjoined Cuervo permanently “from using red dripping wax on the cap of a bottle in the sale, offering for sale, distribution or advertising of Cuervo tequila products at any locality within the United States.” The court denied Maker’s Mark’s claim for dilution and request for damages, as well as Cuervo’s counterclaim for cancellation. The judgment was affirmed by the Sixth Circuit on May 9, 2012.

Judge Martin, writing for the Sixth Circuit, provides an interesting analysis of the doctrine of aesthetic functionality and the familiar likelihood-of-confusion factors as applied to the wax seals of the two distillers, but not before waxing academic on the history of bourbon itself. Judge Martin discusses how bourbon is made (using corn as the primary grain, a sour-mash method of production, and new, charred oak barrels for aging); where the name originated (Bourbon County, Kentucky); and other interesting bits of bourbon trivia. (Who knew that President Truman liked to start his day with a walk, a rubdown, a light breakfast, and a shot of bourbon?)

One issue addressed on appeal is the concept of “aesthetic functionality,” recognized in *dicta* in *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001). The Sixth Circuit had previously proposed that “where an aesthetic feature (like color), serves a significant function . . . courts should examine whether the exclusive use of that feature by one supplier would interfere with legitimate competition.” *Maker’s Mark*, slip op. at 8 (quoting *Antioch Co. v. W. Tramming Corp.*, 347 F.3d 150, 155 (6th Cir. 2003)). But it had never expressly adopted the doctrine and did not do so in this case. Instead, the court applied two alternative tests for functionality and agreed with the district court’s finding that Cuervo’s argument failed under either test. Under the “comparable alternatives” test, a design is functional if it deprives competitors of a “variety of comparable alternatives [they] may use to compete in the market”; under the “effective competition” test, a design is functional if it is likely to “hinder the ability of another manufacturer to compete effectively in the market for the product.” *Maker’s Mark*, slip op. at 9 (quoting *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 642 (6th Cir. 2002)). The court found that neither test was met here because it would not be difficult or costly for competitors to design around the mark, and “red wax is not the only pleasing color of wax . . . nor does it put competitors at a significant non-reputation related disadvantage to be prevented from using red dripping wax.”

Having held that the dripping-wax trademark is not subject to cancellation on grounds of functionality, the court applied the Sixth Circuit’s *Frisch* factors and held that the balance of those factors compels a finding of infringement. The court relied heavily on the district court’s finding that the Maker’s Mark’s trademark is “extremely strong,” and it reached its conclusion despite finding that the “likely degree of purchaser care” factor “clearly” favors Cuervo.

The Sixth Circuit also affirmed the district court’s award of \$66,749.21 of Maker’s Mark’s \$72,670.44 in requested costs. Cuervo argued that, because Maker’s Mark did not succeed on its

claim for damages or its request for a permanent injunction on its dilution claim, Maker's Mark was not a "prevailing party" as that term is used in Federal Rule of Civil Procedure 54(d). The Sixth Circuit rejected that argument, stating, "Maker's Mark did not need to win every claim to be considered the prevailing party."

Thus, the case serves as a useful reminder that a party need not claim total victory in order to be a "prevailing party" entitled to costs under Rule 54, as well as an interesting read for anyone interested in the aesthetic-functionality doctrine—or curious about such things as the brand of General Grant's favorite whiskey.

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