

INTELLECTUAL PROPERTY

Expert Analysis

Federal Circuit Affirms Registration of SCHLAFLY Trademark for Beer

In 2011, craft brewing company Saint Louis Brewery (SLB) filed an application to register its trademark, SCHLAFLY, for use in connection with “beer, ale and lager; beer, ale and porter; beer, ale, lager, stout and porter; beers; black beer; brewed malt-based alcoholic beverage in the nature of a beer; coffee-flavored beer.” The SCHLAFLY trademark was based on the last name of one of SLB’s co-founders, Thomas Schlafly, and since SLB began selling beer in 1991, SLB has purportedly offered 60 types of SCHLAFLY beer, with sales of over 75 million units between 2009 and 2014. SLB had owned two prior registrations for designs including the SCHLAFLY mark, dating back to 1993 and 2004, respectively. See U.S. Reg. Nos. 1,769,049 and 2,857,942.

ROB MAIER is an intellectual property partner at Baker Botts and the head of its intellectual property group in New York. JULIE ALBERT, a associate at the firm, assisted in the preparation of this article.

By
Robert L.
Maier



But some of Mr. Schlafly’s relatives, including his now-deceased aunt, activist Phyllis Schlafly and Dr. Bruce Schlafly, a physician (the Opposers), took issue

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with use of the family name in connection with alcoholic beverages, and opposed SLB’s application in 2012, arguing that the mark is primarily merely a surname, and thus unregistrable.

The Trademark Trial and Appeal Board (Board) ultimately dismissed the opposition and denied the Opposers’ request for reconsideration, in light of significant evidence that the SCHLAFLY mark had acquired distinctiveness.

In November 2018, the Federal Circuit affirmed the Board’s decision, effectively resolving this long family dispute about whether the Schlafly surname could properly be registered as a trademark. *Schlafly v. The Saint Louis Brewery*, 909 F.3d 420 (Fed. Cir. 2018).

Background

The Lanham Act—the statute forming the basis of federal trademark law in the United States—provides for federal registration of trademarks on the Principal Register but prohibits by default the registration of certain categories of marks. One of these categories of marks

considered to be excluded is “mark[s] that [are] primarily merely a surname ... absent a showing of acquired distinctiveness. 15 U.S.C. §1052(e) (4). This exclusion reflects the common law—establishing exclusive trademark rights in a mark that has primary (and only) significance as a surname requires evidence of acquired distinctiveness or secondary meaning, often upon a showing of substantially exclusive and continuous use, that changes its significance to the public from a surname to that of a mark for particular goods or services. See Trademark Manual of Examining Procedure (ed. October 2018) (TMEP) §§1211 and 1211.01.

However, §2(f) of the Lanham Act provides that, for certain marks that lack inherent distinctiveness, e.g., descriptive marks, “nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant’s goods in commerce.” 15 U.S.C. §1052(f).

The kind and amount of evidence necessary to establish acquired distinctiveness is a case-by-case analysis depending on the nature of the mark and the circumstances surrounding the use of the mark. See TMEP 1212.06 While an

applicant may provide various forms of competent evidence to establish that a mark has acquired distinctiveness or secondary meaning, the following are three basic types: (1) ownership of prior trademark registration(s) for the same mark for similar goods and/or services, (2) an applicant’s verified statement of substantially exclusive and continuous use of the mark in commerce for a period of five years before the claim of distinctiveness is made, and/or (3) any other evidence showing the duration, nature and scope of the applicant’s use of its applied-for mark in commerce. This third category often includes media coverage, representative advertisements and the expenditures therefor, and statements or declarations from the trade or the public reflecting third-party perception of the mark. See 37 C.F.R. §2.41(a).

The TTAB’s Decision in ‘Schlafly’

After SLB’s SCHLAFLY word mark application was published for opposition in the Trademark Official Gazette, Mr. Schlafly’s relatives filed separate oppositions, both objecting to registration on the grounds that the applied-for mark is primarily a surname and lacks the requisite acquired distinctiveness; the oppositions were ultimately consolidated. *Dr. Bruce Schlafly v. Saint Louis*

Brewery, Opp. No. 91207224, 2016 WL 4474865 (T.T.A.B. Aug. 2, 2016) (TTAB Op.).

To support its registration and overcome the oppositions, SLB offered evidence of its use of the SCHLAFLY mark in connection with beer, including evidence of its sales dating back to 1991, its bottling and canning operations, prominent use of the mark on labels, its sale to wholesalers and sales at retail stores and restaurants, including, among others, Wal-Mart, Whole Foods, Buffalo Wild Wings and Chili’s, respectively, millions of advertising impressions, advertising collateral, annual revenues, and accolades that SCHLAFLY beer had received. See TTAB Op. at 9-16.

Over the Opposers’ objections, the Board determined that, on this record, SLB’s absence of customer surveys and testimony of individual consumers “does not render a finding of acquired distinctiveness inappropriate,” and explained that the Board “cannot escape the conclusion that [SLB’s] goods have developed market recognition among a segment of the relevant public. *Id.* at 17. Significantly, the Board did not take up the question of whether SLB’s SCHLAFLY mark was in fact primarily merely a surname, noting that “even if it is [primarily

a surname], the Trademark Act explicitly provides that such a mark may be registered if it has acquired distinctiveness.” Id. at 9. The Opposers’ request for reconsideration was denied—according to the Board, “to be blunt, this was not a close call”—and the Opposers appealed to the Federal Circuit. See Opinion on Request for Reconsideration, Opposition No. 91207225, at *3.

Appeal to the Federal Circuit

The Opposers disputed the Board’s finding of acquired distinctiveness, and raised constitutional claims, arguing that registration of SLB’s SCHLAFLY mark violated the First and Fifth Amendments of the Constitution, and that the Board’s finding of secondary meaning denied the Opposers’ Due Process. The Opposers also urged the Federal Circuit to adopt a new “change in significance” test, under which a surname could not be registered absent a showing that it has changed in significance to the public from a surname to a trademark. See *Schlaflly*, 909 F.3d at 425 (Fed. Cir. 2018).

Citing the litany of record evidence supporting SLB’s claim of acquired distinctiveness, the Federal Circuit found the SCHLAFLY mark to be registrable, and that the Board in such circumstances

need not determine whether or not SCHLAFLY is primarily merely a surname. Id. The Federal Circuit distinguished a case cited by the Opposers, *In re Etablissements Darty et Fils*, 759 F.2d 15, 17 (Fed. Cir. 1985), an ex parte appeal, as the primary question in that case was whether the name “Darty” was primarily a surname, where here, the ultimate question pertained to registrability. Id. (Unlike in this case, in *Darty et Fils*, the applicant submitted no evidence of DARTY’s non-surname significance but instead maintained that because the surname was so unusual, it would not be perceived as such by the public. *Darty et Fils*, 759 F.2d at 16-17 (Fed. Cir. 1985)).

The Federal Circuit further determined that the Opposers’ request for an alternative test was unsupported, and that registration of SCHLAFLY did not amount to a Constitutional violation. As to due process, the Federal Circuit confirmed that the trademark opposition procedure provides appropriate process of law. See id. at 426. SLB’s application remains pending, and, barring further appeal to the Supreme Court, will likely be registered under the Lanham Act.

The Federal Circuit’s decision, which likely resolves this squabble about the registrability

of SCHLAFLY, highlights the important role of establishing secondary meaning for marks that fall within certain categories of marks that are excluded by default from federal registration absent such proof. Where an applicant can make a strong showing that its mark has acquired distinctiveness in the minds of the relevant consuming public, even the most protracted family dispute may not stand in the way of registration.