



COMMENTARY  
JUNE 2018

## ZEROing In On Genericness: Federal Circuit Vacates Decision Finding ZERO Registrable

### IN SHORT

**The Decision:** The Federal Circuit vacated the Trademark Trial and Appeal Board's determination that "ZERO" is not generic and has acquired distinctiveness, and remanded.

**The Reasoning:** The Board erroneously framed the standard for genericness and failed to evaluate the degree of descriptiveness of "ZERO" when assessing acquired distinctiveness.

**The Implications:** Marks can be refused registration on the basis of genericness if they are considered generic for a subset of the goods on which they are used. Additionally, the Trademark Office applies a sliding scale in determining the amount of evidence necessary to establish acquired distinctiveness based on the mark's descriptiveness.

Is the mark "ZERO" generic for soft drinks? On June 20, 2018, in *Royal Crown Co. Inc., et al. v. The Coca-Cola Co.*, No. 16-2375, the U.S. Court of Appeals for the Federal Circuit instructed the Trademark Trial and Appeal Board ("Board") to revisit this question and its decision finding the term registrable.

The matter arises out of the Board's 2016 decision holding that the mark "ZERO" was not generic and was capable of registration notwithstanding its descriptive nature. The Federal Circuit disagreed, holding the Board had "asked the wrong question" on the issue of genericness. The Board should have considered whether the term "ZERO" was generic for few or zero-calorie soft drinks, rather than for soft drinks as a whole.

The court also held the Board, in evaluating acquired distinctiveness, failed to make a finding as to the degree of the mark's distinctiveness from generic to merely descriptive. Therefore, the court remanded for an express finding on the degree of descriptiveness and an assessment of acquired distinctiveness based on that finding.



If a mark is deemed 'highly descriptive,' the acquired distinctiveness standard must be 'exacting,' meaning substantial evidence is needed.



### Background

Coca-Cola introduced its "Coke Zero" product, a zero-calorie version of Coke, in 2005. It first sought to register a "zero" mark—"Sprite Zero"—in 2003, followed by other "Zero" marks in 2004 and 2005, but the marks were deemed merely descriptive and incapable of registration absent a disclaimer of "zero." When Coca-Cola produced evidence that the mark "zero" had acquired distinctiveness, the marks were approved for publication.

Royal Crown, owner of brands Dr. Pepper and Seven Up, opposed the "Coca-Cola Zero" application, based on Royal Crown's "Diet Rite Pure Zero" application. In dismissing the opposition, which was consolidated with Royal Crown's oppositions to other Coca-Cola "Zero" applications, the Board held that the "Zero" marks were not generic, and that Coca-Cola had proven the marks had acquired distinctiveness. Royal Crown appealed to the Federal Circuit.

### Decision

The Federal Circuit held that the Board framed the genericness inquiry incorrectly. It should have evaluated whether "ZERO," when used in connection with soft drinks, identifies a key component of soft drinks.

Coca-Cola argued that the appropriate genus was all "soft drinks, sports drinks, and energy drinks," as covered by the applications. However, the Federal Circuit found the relevant genus to be a subset of beverage—drinks with few or no calories or few or no carbohydrates. Citing its prior decision in *In re Cordua Restaurants*, the court held the Board failed to consider that a term can be generic for an entire genus of goods "if the relevant public ... understands the term to refer to a *key aspect* of that genus." 823 F.3d 594, 603 (Fed. Cir. 2016) (emphasis added). On remand, the Board was to "consider whether ZERO is generic because it refers to a key aspect of at least a sub-group or type of the claimed beverage goods."

The Federal Circuit also held the Board erred in failing to assess whether "Zero" was "highly descriptive" rather than "merely descriptive." If a mark is deemed "highly descriptive," the acquired distinctiveness

standard must be "exacting," meaning substantial evidence is needed. The Board was therefore ordered to make an "express finding regarding the degree of the mark's descriptiveness" and explain how its assessment of the record reflects that finding.

The court weighed in on the evidence produced by both sides. First, the court held that Royal Crown was not required to provide a consumer survey on genericness. Instead, the Board should have given proper weight to Royal Crown's other evidence of genericness, including third-party use and registrations. The court held that the Board had erred in discounting evidence showing consumers know "zero" means a "zero-calorie soft drink." With respect to evidence proffered by Coca-Cola, the court held that although Coca-Cola presented survey evidence showing consumers associate "Zero" with "Coke," that did not mean consumers perceive "Zero" as a trademark. Moreover, because the Coca-Cola survey was performed more than five years before the close of Board testimony, the Federal Circuit found its probativeness "questionable."

Because the Federal Circuit determined the Board applied the incorrect legal standard for assessing genericness and acquired distinctiveness, the Board's decision dismissing Royal Crown's opposition was vacated, and the case remanded.

### The Implications

Given the court's ruling, it will be necessary to consider whether a chosen mark might be considered generic for a subset of the goods on which it is used, even if a broader category of goods is claimed in the application. Additionally, this case reiterates that more evidence may be required to establish that a mark has acquired distinctiveness if the mark falls on the "highly descriptive" end of the spectrum of distinctiveness.

#### THREE KEY TAKEAWAYS

1. A term can be generic for the entire category of goods if it is generic for a smaller subset of those goods.
2. Evidence of third-party use and registrations is probative of genericness. A consumer survey is not required.
3. A "highly descriptive" mark is subject to greater scrutiny in an acquired distinctiveness assessment.



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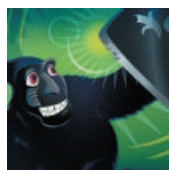


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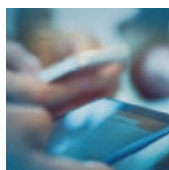
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