

# Consent Agreements - Not Always a Sure Path to Overcome Likelihood of Confusion Refusals in the USPTO

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The Trademark Trial and Appeal Board recently affirmed a refusal to register the mark **8-Bit Aleworks** for beer based on two prior registrations for the mark **8 bit Brewing Company** for beer and other alcoholic malt beverages, notwithstanding a consent agreement entered into between the applicant and the prior registrant. The result in *In re 8-Brewing LLC*, (TTAB Oct. 30, 2017) (non-precedential) is consistent with the Board's precedential decision last year in *In re Bay State Brewing Co.* – coincidentally, another case involving beer – in which a consent agreement

between the applicant and prior registrant was likewise held to be insufficient to overcome a likelihood of confusion refusal.

The Board held as a threshold matter that the marks 8-Bit Aleworks and 8 bit Brewing Company were confusingly similar in light of the “identical commercial impression created by the marks” and the identity of the goods. The word ALEWORKS in the applicant's mark and BREWING COMPANY in the registrant's marks were disclaimed, and thus these highly descriptive terms did “little, if anything, to distinguish the marks.”

Turning to the consent agreement, the Board acknowledged the “seminal” precedent of the Court of Customs and Patent Appeals in *In re E. I. du Pont de Nemours & Co.*, holding that while a “naked consent” may carry little weight, “substantial weight should be conferred to more detailed agreements.” Detailed or not, however, the Board cautioned that “there is no *per se* rule that a consent, whatever its terms, will always tip the balance to finding no likelihood of confusion.”

Why did the consent agreement come up short in this case?

First, the applicant sought to register 8-bit Aleworks in standard characters, but an exhibit

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to the consent agreement and related provisions only referred to the design logo form of applicant's mark. Further, the two registrations at issue included a standard character word mark and a composite mark with an accompanying design component, but the consent agreement exhibit showed only the composite mark registration with the design. According to the Board, it remained "unclear if Registrant is consenting only to the coexistence of the marks depicted in Exhibit A or if it is actually consenting to use and registration of applicant's standard character mark, with or without the design element."

Second, while the parties acknowledged the absence of actual confusion during the time in which their respective marks had been used, the period of coexistence was quite brief – "a mere five months" at the time the consent agreement was signed.

Third, the agreement "fails to illustrate how Applicant's and Registrant's trade channels are different from one another." Aside from stating that the parties will be using their marks in Arizona and California respectively, "the parties do not indicate how they will restrict their fields of use" and both will be "presumably be selling to the same types of individuals, restaurants or retailers and distributors." Moreover, the Board noted that Arizona and California share a border (presumably leading to concern as to whether the two geographic markets could realistically be separated), and the agreement was silent as to other states in which the products might be sold.

Finally, while applicant and registrant agreed to use their marks "in conjunction with commercially distinct product packaging," including dissimilar color schemes, no examples were shown as to what this distinct product packaging would look like or what distinctive color schemes would be used. As a result, the undertaking about using different product packaging was found to be deficiently "vague". As the Board observed, "given the similarity in the marks, both being used on beer, it would have behooved Applicant and Registrant to have identified the specific distinctive trade dress each would be employing to distinguish the sources of the beer."

In sum, while acknowledging that "consent agreements are frequently entitled to great weight", the Board concluded that in view of the identity of the goods at issue and their trade channels and the strong similarity of the marks, the likelihood of confusion was not sufficiently ameliorated by the terms of the consent agreement.

The takeaway from the *8-Brewing* case and the prior decision in *Bay State* is that when the marks are very similar, the goods involved are identical and the parties are unable to establish a long track record without actual confusion, a consent agreement will need to meet a high bar to convince the Board that confusion is unlikely to occur. To pass muster, the agreement will need to refer to all forms of the marks at issue (and even better if the refused application at issue is a composite mark with a design element), depict examples of packaging deemed to be distinctively different, and explain in detail how channels of trade and/or geographic markets will be separately allocated.