

PUBLICATION

Ruling Affirmed: Redemption Diluted Bulleit's Bottle Design

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The Second Circuit issued a ruling on May 28, 2024, in a trade dress case, affirming the district court's decision that Redemption Whiskey diluted the trademark and trade dress rights of Bulleit Whiskey since Redemption's bottle resembled the design of the Bulleit's distinct canteen-shaped whiskey bottles. This case demonstrates that a finding of "fame" in dilution cases does not require a company to be a household brand. In other words, you don't have to be Jack Daniels to get protection from the courts.



(image source)

Background

In 2017, Diageo brought a claim against the Deutsch Family (Deutsch) in the Southern District of New York, alleging Deutsch's Redemption whiskey bottle infringed upon, and diluted, Diageo's Bulleit whiskey bottle's packaging design. The design in question includes canteen-shaped, embossed bottles with a label placed on the lower portion of the bottle.

On June 1, 2022, a jury found that, while Deutsch was not liable for trade dress infringement, Deutsch was liable for trade dress dilution under both federal and New York laws. More specifically, the jury found that the Bulleit bottle packaging was valid, protectable, and famous and that Deutsch's Redemption bottle packaging diluted the Bulleit packaging design.

As a result of this verdict, the district court granted a permanent injunction. This injunction restrained Deutsch from using the Redemption bottle at issue and directed Deutsch to undertake a change to its existing bottle design to convey a "substantially different commercial impression." Furthermore, the district court denied Deutsch's directed verdict motion and denied the motion for a new trial.

On appeal, in its May 28, 2024, decision, the Second Circuit agreed with the Southern District of New York and held that Deutsch's directed verdict motion was properly denied. The appellate court also denied Deutsch's motion for a new trial, in which Deutsch argued that the district court had abused its discretion in its jury instructions related to the finding of "fame." The following sections will dive deeper into the court's reasoning and will discuss implications for your business.

The Second Circuit rejected Deutsch's challenge to the jury's finding that the marks were sufficiently famous.

The Lanham Act allows for federal claims to be brought for trademark dilution. Dilution occurs when the use of a trademark is sufficiently similar to a famous mark that, by association, diminishes the public's perception of the famous mark. To bring a dilution claim, the plaintiff must first establish that the mark is "famous."

As the Southern District of New York pointed out, to be considered famous, a brand doesn't need to be universally known. Instead, courts use a number of factors in determining whether a mark possesses the requisite amount of recognition to be considered famous. These factors include the company's reach of advertising, number of sales, extent of actual recognition of the mark, and whether the mark has a registered trademark.

Regarding the finding of fame, the Southern District of New York cited evidence that (1) the Bulleit bottle had been marketed since 1999; (2) between 2014 and 2016, Diageo made over \$100 million in sales of Bulleit each year; (3) market research showed that Bulleit was mentioned in the same category as Jim Beam; and (4) the Bulleit packaging design was registered with the Patent and Trademark Office in 2006.

On appeal of this finding, Deutsch argued that the Southern District of New York lacked a jury instruction that "niche market fame was insufficient to meet the standard." Deutsch argued that the actual jury instruction, which noted that a trade dress is famous if widely recognized by the "general consuming public," could be confusing to a jury because it might have interpreted "general consuming public" to mean "general whiskey consuming public."

The Second Circuit rejected this argument. It also held that the district court's jury instruction was sufficient since it "accurately tracked the language and meaning of the [Lanham Act]." The Second Circuit also rejected Deutsch's directed verdict attempt, reasoning that sufficient evidence had been presented to the jury in its finding of fame.

The Second Circuit also rejected Deutsch's challenge to the jury's finding that the marks were sufficiently similar, citing evidence that Deutsch intentionally copied Diageo's design.

Under New York law, the Bulleit bottle design and the Redemption bottle design must be "very" or "substantially" similar to be considered trademark dilution.

The Second Circuit held that the evidence presented to the jury was sufficient to find substantial similarity. Notably, the jury was presented with evidence that Deutsch explicitly included in its bottle "design brief" directions to propose a new bottle shape "similar to the Bulleit packaging design." Therefore, the Second Circuit viewed the fact that Redemption had the intention to copy Bulleit as sufficient evidence of the two bottles being alike. However, this was only one of the several pieces of evidence the Second Circuit pointed to.

Some additional key pieces of evidence included: (1) presenting the jury with the Bulleit packaging design and the Redemption packaging design side by side on store shelves; (2) evidence that Deutsch revised its "design brief" with directions to propose a new bottle shape similar to the Bulleit bottle; and (3) market research videos where participants stated that the Redemption packaging design "looked like the Bulleit bottle" or that it was "just trying to be" the Bulleit bottle. The Second Circuit held that these pieces of evidence could support the jury's finding of substantial similarity, and in turn, rejected Deutsch's directed verdict challenge.

Implications for your business

If you can demonstrate your brand has a registered trademark, has undergone significant marketing efforts, and has completed a high volume of sales, courts may be more likely to protect your marks, even if your company is not a universally known brand. This case reflects that courts likely view packaging design as a consequential aspect of an alcoholic beverage company's protectable trade dress, even for brands that are not considered household names.

Findings of dilution have significant financial implications for companies like the parties in this case. Companies need to begin the process of protecting their marks from dilution now. If you have questions about this topic, please contact [Edward D. Lanquist](#) or your Baker Donelson counsel.

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