

Damages

Jim Beam Limits Options for Damages in Trademark Case

BNA Snapshot

- Maker of Johnny Love vodka claims Beam's Pucker vodka infringed trademark
- Plaintiff faces stricter standard for claiming a share of Beam's profits



By **Anandashankar Mazumdar**

The maker of Jim Beam Bourbon successfully limited a competitor's opportunities to recover money in a trademark infringement trial for failing to supply critical information on its alleged damages during discovery.

Johnny Love's lawsuit claims that the logo on Beam's Pucker flavored vodka infringes a lipstick-mark-shaped trademark. The U.S. District Court for the District of Nevada ruled Aug. 24 that JL Beverage Co., maker of the **Johnny Love** vodka line, can't seek actual damages or reasonable royalties even if it wins its case against **Beam Inc.** for infringing its lipstick logo (*JL Beverage Co. v. Beam, Inc.*, 2017 BL 297524, D. Nev., No. 11-417, 8/24/17).

Instead, under the controlling law of the U.S. Court of Appeals for the Ninth Circuit, Johnny Love will have to seek recovery from Beam's profits, which requires meeting a higher standard of proving that Beam willfully infringed Johnny Love's trademark rights. This ruling shows one way in which failure to respond to requests for information before trial can severely limit a plaintiff's remedies in litigation.

During discovery, Beam several times asked JL to specify its monetary loss claim. JL responded only that it was in the process of calculating its losses, according to the court's ruling.

Damages Calculation Should Be Stated

It should be standard practice for a trademark plaintiff to make clear how it plans to calculate its damages when asked, Alan S.

Cooper, a trademark lawyer with Westerman Hattori Daniels & Adrian LLP, Washington, told Bloomberg BNA.

“When you're making your initial disclosures, you need to state a basis for your claim for damages,” he said.

Normally, actual damages would be calculated by the number of allegedly infringing items sold by the defendant multiplied by the trademark owner's expected profit had it made those sales itself, Cooper said. If the plaintiff doesn't have all that data, it should at least state what information it will need in the discovery phase of the trial to put it together.

In this case, however, the court cited to depositions in which JL's representative responded that he had “not done a calculation” of actual damages or compensation based on what Jim Beam might have paid in royalties to license the Johnny Love trademark.

The ruling “highlights the need for a trademark plaintiff to engage a financial expert on such matters or simply ‘cut bait’ on the issue of actual damages,” Kenneth G. Parker of Haynes & Boone LLP, Costa Mesa, Calif., told Bloomberg BNA.

Appealed Once Before

The Johnny Love line of flavored vodkas uses a logo featuring an image of a lipstick mark left by a kiss. Beam Inc.—a 222-year-old company that was acquired by Japanese liquor giant Suntory Beverage & Food Ltd. in 2014—acquired the Pucker flavored vodka brand in 2010 and started using a lipstick imprint for its logo.

This case has been up to the Ninth Circuit once already. In 2016, the Ninth Circuit overturned the district court's ruling that there was no chance that consumers would be confused into thinking that the Pucker vodka was associated with Johnny Love.

The appeals court sent the case back down to the trial court to resolve several unanswered questions, including how strong Johnny Love's trademark was, how similar the products and the trademarks were, how careful consumers would have to be to distinguish between the products, and whether Jim Beam had any bad faith intent in choosing its lipstick logo.

Judge Miranda Mai Du issued the court's ruling.

Weide & Miller Ltd., HamptonHolley LLP, and Merolla & Gold LLP represented Johnny Love. Lewis Roca Rothgerber Christie LLP, Andrews Kurth Kenyon LLP, and Leydig, Voit & Mayer Ltd. represented Beam. The lawyers for the parties didn't immediately respond to a Bloomberg BNA request for comment.

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