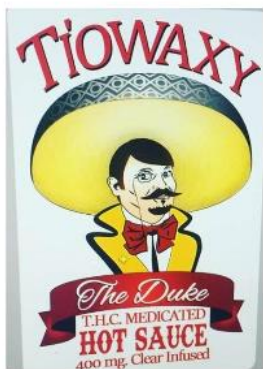


Hot Sauce Trademark Infringement Order Creates Spicy Implications for Marijuana-Related Products

Tapatio Foods, LLC, v. Sulaiman Waleed Rodriguez,
No. 119CV00335DADSKO, 2019 WL 6168416 (E.D. Cal. Nov. 20, 2019)

By: Manon Burns and Reid Huefner | November 26, 2019

Plaintiff Tapatio, known for its ubiquitous hot sauce bottles labeled with red arching font and a yellow-clothed Mexican horseman in a sombrero, sued the defendant for using the mark “Tiowaxy” in connection T.H.C.-infused hot sauce. The Tiowaxy bottle bears the same red arching font and imagery. Tapatio moved for a permanent injunction and default judgment on its trademark infringement, unfair competition, and dilution by tarnishment claims, as the defendant never filed any opposition papers.



The judge found that Tapatio had adequately plead its claim for trademark infringement, in part, because “Plaintiff’s products and the ‘Tiowaxy’ products are in direct competition with each other and thus ‘are in the closest proximity under the likelihood of confusion analysis.’ . . . Both Plaintiff and Defendant use the same marketing channels, including Instagram and other social media platforms,

and hot sauce is an inexpensive product likely to be an ‘impulse’ purchase by most consumers, which increases the likelihood of confusion.” *Tapatio Foods, LLC*, 2019 WL 6168416, at *3. Further, the magistrate judge found that Tapatio had adequately alleged tarnishment, because Tapatio is a famous mark and the defendant’s hot sauce was infused with T.H.C., satisfying the traditional tarnishment requirement that the alleged infringing mark involve either drugs or sexual activity.

Notably, the magistrate judge did not question Tapatio’s allegations that traditional hot sauce and THC-infused hot sauce were not only directly related, but directly competing products. As marijuana and other related active products are currently illegal under federal law, those in the marijuana industry that act lawfully according to state law are, nevertheless, unable to obtain federal trademark protection for their products at this time. As a result, a common strategy for such businesses is to develop their trademark

portfolios by concurrently branding and selling related, but non-leaf-touching, products in the hope that, one day, they will be able to claim that the leaf-touching product warrants the protection of those earlier priority dates. By finding that non-T.H.C. and T.H.C.-infused products are both directly related and directly competing, the magistrate judge appears to have blurred the line between leaf-touching and non-leaf-touching product markets, thereby strengthening not only trademark rights of non-leaf-touching mark holders, but also the rights of participants in the marijuana industry who may seek to bring common law trademark claims against non-leaf-touching product competitors.