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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	77199918
Applicant	Chicago Mercantile Exchange Inc.
Applied for Mark	CHI
Correspondence Address	TATYANA V GILLES NORVELL IP LLC 1776 ASH STREET NORTHFIELD, IL 60093 UNITED STATES officeactions@norvellip.com
Submission	Appeal Brief
Attachments	131001 CHI Appeal brief- final.pdf(76015 bytes ) Exhibits A, C-F.pdf(2776086 bytes )
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Signature	/Tatyana V. Gilles/
Date	10/01/2013

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

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In re Application of:	
CHICAGO MERCANTILE EXCHANGE INC.	Examining Attorney:
Serial No.: 77/199,918	Linda A. Powell
Filed: June 7, 2007	Law Office 106
Mark: CHI	

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**APPLICANT'S APPEAL BRIEF IN SUPPORT OF REGISTRATION  
FOR THE MARK CHI IN INTERNATIONAL CLASS 36**

Respectfully submitted,

**CHICAGO MERCANTILE  
EXCHANGE INC.**

Dated: October 1, 2013

By:

**/Tatyana V. Gilles/**

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From: Powell, Linda

Sent: 11/18/2013 7:29:11 PM

To: TTAB EFiling

CC:

Subject: U.S. TRADEMARK APPLICATION NO. 77199918 - CHI - 13271-364 - EXAMINER BRIEF

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Attachment Information:

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	77199918
Applicant	Chicago Mercantile Exchange Inc.
Applied for Mark	CHI
Correspondence Address	TATYANA V GILLES NORVELL IP LLC 1776 ASH STREET NORTHFIELD, IL 60093 UNITED STATES officeactions@norvellip.com, tgiles@norvellip.com, jkucala@norvellip.com
Submission	Reply Brief
Attachments	140808 REPLY BRIEF w EXHIBIT A.pdf(338076 bytes )
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Subject: U.S. TRADEMARK APPLICATION NO. 77199918 - CHI - 13271-364 - EXAMINER BRIEF

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Files: CHI consumers1.jpg, CHI consumers2.jpg, Bet on the Weather.jpg, CHI consumers4.jpg, CHI member def.jpg, Member Firm AH.jpg, 77199918.doc

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Filing date: **10/27/2014**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	77199918
Applicant	Chicago Mercantile Exchange Inc.
Applied for Mark	CHI
Correspondence Address	TATYANA V GILLES NORVELL IP LLC 1776 ASH STREET NORTHFIELD, IL 60093 UNITED STATES officeactions@norvellip.com, tgiles@norvellip.com, jkucala@norvellip.com
Submission	Applicant's Reply Supplemental Brief
Attachments	141027 CHI Sup Reply brief final.pdf(5598259 bytes )
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Signature	/Tatyana V. Gilles/
Date	10/27/2014

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In re Application of:  CHICAGO MERCANTILE EXCHANGE INC.  Serial No.: 77/199,918  Filed: June 7, 2007  Mark: CHI	Examining Attorney:  Linda A. Powell  Law Office 106
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**APPLICANT'S SUPPLEMENTAL REPLY BRIEF IN SUPPORT OF REGISTRATION  
FOR THE MARK CHI IN INTERNATIONAL CLASS 36**

Respectfully submitted,

**CHICAGO MERCANTILE  
EXCHANGE INC.**

Dated: October 27, 2014

By:

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ATTORNEYS FOR APPLICANT

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## INTRODUCTION

Applicant, Chicago Mercantile Exchange Inc., (“Applicant” or “CME”) by its attorneys, hereby submits this supplemental reply brief in further support of its application to register mark CHI (the “Mark” or “CHI Mark”) in connection with “investment services, namely, providing futures, options contracts related to hurricanes for trading on an exchange” in International Class 36 (“Investment Services”). The remaining issue in this appeal is whether Applicant’s specimens of record sufficiently show CHI Mark functioning as a service mark to identify and distinguish Applicant’s Investment Services from those of others and to indicate the source of those services. Applicant respectfully submits that they do and the Examining Attorney’s arguments to the contrary are in error.

Applicant will not repeat the detailed prosecution history for this Application. Instead, the record is clear that:

1. Applicant properly submitted Substitute Specimens on December 9, 2013 (with supporting information on August 8, 2014) and with the required affidavit and the Examining Attorney does not object to the submission of the Substitute Specimens.
2. The Substitute Specimens included various chapters from CME Rulebook – Applicant’s Rulebook - which provides a common regulatory framework for market users – Applicant’s customers - and show Applicant’s Mark as used in rendering Applicant’s Investment Services.

In sum, the Board should accept the specimens of record and reverse the refusal to register because the Examining Attorney’s arguments and characterizations are unsupported and contrary to the record.

### I. ARGUMENT

#### A. Applicant’s Consumers Include Members of CME Exchanges and Various Other Market Participants.

It should be obvious to the Board that Substitute Specimens consisting of CME Rulebook show direct association between the offer of Applicant’s Investment Services and Applicant’s Mark and, therefore, are acceptable specimens showing the use of Applicant’s Mark.

However, to support her position, the Examining Attorney attacks Substitute Specimens on the ground that they are not available to Applicant's "primary or end consumers." Applicant's consumers encompass a diverse range of individuals, as established by Applicant's evidence and evidence offered by the Examining Attorney. See Exhibits 1 (submitted by Applicant on Feb. 7, 2012) and Exhibit 2 (submitted by the Examining Attorney on October 6, 2014). These consumers include "Insurance and reinsurance companies, Hedge funds, Energy companies, Pension funds, State governments, Utility companies," local distribution companies, construction companies, manufacturers, agriculture companies, retailers, transportation companies, oil refinery consumers, ski resorts, and golf courses. See Exhibits 1 & 2. The Examining Attorney characterizes the above consumers of Applicant's Investment Services as "persons and entities with hurricane exposure." Ex. Supp. Brief. p.6.

Without citing any specific statement in the record, the Examining Attorney claims that Applicant "asserted that the *Members* of the Chicago Mercantile Exchange are the consumers for the services, and that *Members* use the CME (Chicago Mercantile Exchange) Rulebook that were provided as the substitute specimens." *Id.* at 4. The Examining Attorney further states that nothing in the record provides a nexus between "persons and entities with hurricane exposure" to whom CME advertising materials are targeted and the CME Members who use the CME Rulebook. *Id.* at 6. In the Examining Attorneys' opinion, CME Exchange Members are brokers and not the primary or end consumer of Applicant. *Id.* The Examining Attorney then concludes that because Applicant's Substitute Specimens are used only by CME Exchange Members and not by Applicant's primary or end consumers Substitute Specimens are not acceptable specimens to show the use of the CHI Mark in connection with Investment Services. *Id.*

First, Applicant did not make this claimed assertion. Instead, the record shows that Applicant asserted the primary customers of Applicant's Investments Services are various market participants such as insurance and reinsurance companies, hedge funds, energy

companies, pension funds, state governments, utility companies, local distribution companies, construction companies, manufacturers, agriculture companies, retailers, transportation companies, oil refinery consumers, ski resorts, and golf courses. All of these customers use the Substitute Specimen. Therefore, the Examining Attorney's statements to the contrary are unsupported and wrong. To further illustrate this point, Applicant points to its December 9, 2013, Request for Reconsideration (partially reproduced below), which contains language that directly contradicts the arguments espoused by the Examining Attorney:

- "The Rulebook provides detailed information regarding each of the different financial products traded through Applicant's exchange, such as the CHI futures and options contracts. Individual looking to trade any to the Applicant's products will likely consult the Rulebook." Applicant's Request for Reconsideration, Dec. 9, 2013, p. 2.
- "The Substitute Specimens are select portions from Applicant's Rulebook and specifically govern the trading of hurricane futures and options under the CHI trademark. The information in this Rulebook is a critical component regarding the trading of these contracts. For example, the Rulebook provides information to Applicant's customers, such as traders and institutions, regarding the terms of the specific CHI futures and options contract, settlement positions, etc." *Id.* at 3.
- "Specifically, Exhibit 1 consists of select excerpts from the "CME Rulebook," which provide a common regulatory framework for Applicant's customers and more importantly directly associate Applicant's CHI Mark with Applicant's Investment Services." *Id.* at 5.
- "For example, a customer looking to trade a CHI futures or options contract must know the trading unit, minimum price fluctuation and other regulations and would likely consult the Substitute Specimens to identify this information." *Id.* at 6.

Accordingly, Applicant's Substitute Specimens are available to and used by Applicant's primary and end customers that include both "persons and entities with hurricane exposure" looking to invest into Applicant's CHI Futures and CHI Options and CME Exchange Members. Therefore, Substitute Specimens are acceptable specimens showing the use of Applicant's Mark in connection with Investment Services.

**B. Substitute Specimens Are Available to all Consumers of Applicant's Investment Services.**

In a further attempt to save the refusal to register, the Examining Attorney, for the first time in her most recent brief analyzes a disclaimer from the February 7, 2012 specimen. The

Examining Attorney concludes that because the disclaimer includes a warning that “futures trading is not suitable for all investors,” Applicant recognizes that not all consumers for its futures and options contracts are sophisticated financial product consumers. See Ex. Supp. Brief. p.4. The Examining Attorney further notes that the above warning to the consumers is accompanied by a reference to the CME Group rules without specifying where those rules, referring to CME Rulebook, can be found. *Id.* However, the Examining Attorney notes in the same paragraph that the “warning to consumers is followed by .... a statement that further information about CME Group and its products can be found at [www.cmegroup.com](http://www.cmegroup.com).” *Id.*

First, the U.S. Commodity Futures Trading Commission requires use of certain disclaimers regarding futures trading. 17 CFR 4.41. Second, this is a general statement regarding all futures trading and is not specific to Investment Services at issue in this Application. The record establishes, and the Examining Attorney admits in her October 6<sup>th</sup> brief, that sophisticated parties are customers for these Investment Services. These sophisticated customers likely understand the rules and limits associated with Applicant’s financial products and are likely to conduct research and carefully evaluate the risk, trading unit, price increments, and settlement procedures prior to purchasing CHI futures or options contracts. Applicant provides various resources, including its Rulebook, at its website to assist Applicant’s customers in making purchasing decisions. Applicant’s Substitute Specimens from its Rulebook are available at consumers to Applicant’s website at [www.cmegroup.com](http://www.cmegroup.com), the very site identified in the disclaimer of the brochure contained in February 7, 2012. Applicant’s Rulebook also has a built-in search engine so Applicant’s consumers can easily search the Rulebook for rules applicable to CHI futures or CHI options.

The Examining Attorney further states that none of Applicant’s “materials purport to offer the CME Rulebook as additional marketing information or as a user reference for making a purchasing decision or for managing futures and options contracts.” First, Applicant notes that

its CME Rulebook is not marketing information but rather material provided in the course of rendering Applicant's Investment Services. As already explained above, most of Applicant's consumers are sophisticated market participants who are aware that detailed information regarding each financial product offered by Applicant is provided in Applicant's Rulebook. If a customer wanted to understand the calculation for these specific Investment Services (to calculate the hedging against a hurricane loss), the customer will consult the CME Rulebook. Accordingly, Applicant does not need to advertise its Rulebook as a user reference for Applicant's consumers who will know to consult CME Rulebook before investing in Applicant's financial products.

**C. The Use of CHI Mark Is Not Buried in Substitute Specimens.**

As already stated above, Applicant's Substitute Specimens are available on its website [www.cmegroup.com](http://www.cmegroup.com) in electronic format with built-in search engine. Therefore, it is easy for Applicant's consumers to locate the information within Rulebook on Applicant's CHI futures and CHI options. In addition, Applicant's Investment Services provided under the CHI Mark are part of the general hurricane futures and options contracts traded at Applicant's exchange. This is why the relevant chapters in Applicant's Rule book include the broader terms "CME Hurricane Index Futures" in their names. The Examining Attorney's characterization that use of the CHI Mark is buried in the Substitute Specimens is inaccurate and irrelevant. The Substitute Specimens show use of the CHI Mark in connection with Investment Services and the Substitute Specimens are used in connection with the rendering of such services.

**D. The Fact that Particular Evidence Selected by the Examining Attorney References Applicant's Investment Services only by their Descriptive Name is Irrelevant.**

Finally, the Examining Attorney attempts to argue that Applicant is not entitled to a registration for the CHI Mark because the print-outs from Applicant's website which the Examining Attorney attached to her Supplemental Brief use descriptive names to refer to the

specific Investment Services. Such an assertion is irrelevant. Applicant submitted acceptable specimens that show use of the CHI Mark in connection with the Investments Services, namely as CHI futures or CHI options contracts. Therefore, Applicant is entitled to a registration for the CHI Mark.

## II. CONCLUSION

Based on the foregoing, Applicant's Substitute Specimens show the use of the CHI Mark as a source identifier for Applicant's Investment Services. Because Applicant's CHI Mark is used in the specimens of record as the source identifier for the provision of the Applicant's Investment Services, Applicant respectfully requests that the Board reverse the Examining Attorney's refusal to register the CHI Mark, accept the specimens submitted by Applicant and allow the Application to proceed to the registration.

Respectfully Submitted,

**CHICAGO MERCANTILE  
EXCHANGE INC**

Dated: October 27, 2014

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Attorneys for Applicant

# Exhibit 1

## WEATHER PRODUCTS

# CME Hurricane Index Futures and Options

Three types of contracts for Hurricane futures and options – covering specific regional locations and actual named hurricanes.

### Overview

Following the devastating 2005 hurricane season that caused an estimated \$79 billion in damage, it became apparent there was not unlimited capacity in the insurance industry to insure customer claims. CME Group listened to the marketplace and developed three types of contracts for Hurricane futures and options. The underlying indexes for Hurricane futures and options on futures are calculated by MDA Information Systems, Inc., the leading authority on extreme-risk modeling.

### Market Participants

- Insurance and reinsurance companies
- Hedge funds
- Energy companies
- Pension funds
- State governments
- Utility companies

### Contract Types

- Hurricane futures and options
- Hurricane Seasonal futures and options
- Hurricane Seasonal Maximum futures and options

### Benefits

- An additional way to help insurers and others transfer risk to the capital markets
- Mitigate exposures for actual named hurricanes and specific regional locations
- Increase insurance capacity in order to insure customers or hedge businesses

### About the Index

CME Hurricane Index™ (CHI™) determines a numerical measure of the potential for damage from a hurricane, using publicly available data from the National Hurricane Center of the National Weather Service. The CHI incorporates sustained wind speed and the radius of hurricane force winds and is a continuous measurement.

The commonly used Saffir-Simpson Hurricane Scale (SSHS) classifies hurricanes in categories from 1 to 5; however there are a number of features which make the scale less than optimal for use by the insurance community and the public at large. For example, meteorologists have had to quantify SSHS categories as either 'strong' or 'weak' in order to make a proper distinction of a storm. As a case in point, Katrina was described as a weak category 4 storm at the time of its landfall but this did not provide a real estimate to the actual physical impact. And Hurricane Wilma in 2005 was at one point in its life the strongest storm on record. However, the CHI highlights that at its strongest, Hurricane Katrina had more potential for damage than Wilma, despite its lower wind speed, since Katrina was a far wider storm. The Saffir-Simpson scale would be unable to make this distinction clear.

# CME HURRICANE INDEX FUTURES AND OPTIONS CONTRACTS

	HURRICANE INDEX FUTURES	OPTIONS ON HURRICANE INDEX FUTURES
Contract Size	\$1,000 times the respective CHI	
Quotation	CHI Index Points	
Tick Size	0.1 CHI Index Point	
Tick Value	0.1 CHI Index Point = \$100 x 10 = 1 tick/\$1,000	
Contracts Traded	At the beginning of each season storm names are used from a list, starting with A and ending with Z, maintained by the World Meteorological Organization. In the event that more than 21 named events occur in a season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, Delta, and so on	
Locations	Named hurricanes making landfall in the Eastern U.S. (Brownsville, TX to Eastport, ME)  Named hurricanes occurring within the CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30'0"W on the West, 87°30'0"W on the East, 27°30'0"N on the South, and the corresponding segment of the U.S. coastline on the North)	
Ticker Symbols	Events begin with a one and ends with a zero (0 represents 10)  HX1-HX0 = CHI Hurricane Index storms beginning with the letters A-J HG1-HG0 = CHI Hurricane Index storms beginning with the letters K-V HF1-HF0 = CHI Hurricane Index storms beginning with the letters W-Iota  HP1-HP0 = CHI Cat-In-A-Box – Galveston-Mobile storms A-J HS1-HS0 = CHI Cat-In-A-Box – Galveston-Mobile storms K-V HN1-HN0 = CHI Cat-In-A-Box – Galveston-Mobile storms W-Iota	
Termination of Trading	Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following the last forecast/advisory issued by the National Hurricane Center (NHC) for the named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least five calendar days following January 1, or later than the first business day that is at least five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.  Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following the dissipation or exit from the designated area of a named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least five calendar days following January 1, or later than the first business day that is at least five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.	
Strike Price Interval	N/A	1 Index Point (e.g., 10, 11, 12, etc.)
Exercise	N/A	American-style (exercised any time up to and including last trading day (LTD))
Settlement	All futures contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by MDA Information Systems, Inc. for that named event  All futures contracts remaining open at the termination of trading shall be settled using the respective CHI-Cat-In-A-Box final value reported by MDA Information Systems, Inc. for that named event, using the maximum calculated CHI value while the hurricane is within the designated area	N/A
Position Limits	Position accountability for positions exceeding 10,000 contracts in any contract month	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month
Trading Hours	Offered exclusively on the CME Globex electronic trading platform on Sundays through Thursdays, 5:00 p.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)	Traded via open outcry in the NASDAQ-100 pit on Mondays through Fridays, 8:30 a.m. – 3:15 p.m. CT (9:00 a.m. CT LTD)

Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to anyone trade because they cannot expect to profit on every trade. All references to options refer to options on futures.

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The information within this brochure has been compiled by CME Group for general purposes only. CME Group assumes no responsibility for any errors or omissions. Additionally, all examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.

All contracts herein are listed with, and subject to the rules and regulations of, Chicago Mercantile Exchange, Inc.

All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, CBOT and NYMEX rules. Current rules should be consulted in all cases concerning contract specifications.

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# CME HURRICANE INDEX SEASONAL FUTURES AND OPTIONS CONTRACTS

	HURRICANE SEASONAL FUTURES	OPTIONS ON HURRICANE SEASONAL FUTURES
Contract Size	\$1,000 times the seasonal total for the respective CHI	
Quotation	CHI Index Points	
Tick Size	0.1 CHI Index Point	
Tick Value	0.1 CHI Index Point = \$100	
Contracts Traded	Expressed in terms of the accumulated CHI for all hurricanes that occur within a specific location between January 1 and December 31 inclusive of a calendar year  Expressed in terms of the accumulated CHI-Cat-In-A-Box values for all hurricanes that occur within a specific geographic area between January 1 and December 31 inclusive of a calendar year	
Locations	<p>Gulf Coast (Brownsville, TX to AL/FL Border)</p> <p>Florida (AL/FL Border to Fernandina Beach, FL)</p> <p>Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)</p> <p>Northern Atlantic Coast (NC/VA Border to Eastport, ME)</p> <p>Eastern U.S. (Brownsville, TX to Eastport, ME)</p>	<p>Gulf Coast and Florida (Brownsville, TX to Fernandina Beach, FL)</p> <p>Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL)</p> <p>Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME)</p> <p>CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30'0"W on the West, 87°30'0"W on the East, 27°30'0"N on the South, and the corresponding segment of the U.S. coastline on the North)</p>
Ticker Symbols	<p>HGA = Gulf Coast</p> <p>HFA = Florida</p> <p>HSA = Southern Atlantic Coast</p> <p>HNA = Northern Atlantic Coast</p> <p>HXA = Eastern U.S.</p> <p>FGM = Gulf Coast and Florida</p> <p>HDA = Florida Gold Coast</p> <p>HAA = Florida + Southern Atlantic + Northern Atlantic</p> <p>HPA = CHI-Cat-In-A-Box – Galveston-Mobile</p>	<p>OGA = Gulf Coast</p> <p>OFA = Florida</p> <p>OSA = Southern Atlantic Coast</p> <p>ONA = Northern Atlantic Coast</p> <p>OXA = Eastern U.S.</p> <p>FGM = Gulf Coast and Florida</p> <p>HDA = Florida Gold Coast</p> <p>AHA = Florida + Southern Atlantic + Northern Atlantic</p> <p>OPA = CHI-Cat-In-A-Box – Galveston-Mobile</p>
Termination of Trading	Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.	
Strike Price Interval	N/A	1 Index Point (e.g., 10, 11, 12, etc.)
Exercise	N/A	American-style (exercised any time up to and including LTD)
Settlement	<p>All futures contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by MDA Information Systems, Inc. for that numbered event</p> <p>All futures contracts remaining open at the termination of trading shall be settled using the respective CHI-Cat-In-A-Box final value reported by MDA Information Systems, Inc. for that numbered event, using the maximum calculated CHI value while the hurricane is within the designated area</p>	N/A
Position Limits	Position accountability for positions exceeding 10,000 contracts in any contract month	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month
Trading Hours	Offered exclusively on the CME Globex electronic trading platform on Sundays through Thursdays, 5:00 p.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)	Traded via open outcry in the NASDAQ-100 pit on Mondays through Fridays, 8:30 a.m. – 3:15 p.m. CT (9:00 a.m. CT LTD)

For more information on CME Hurricane Index futures and options, visit [www.cmegroup.com/hurricane](http://www.cmegroup.com/hurricane).

For real-time prices on CME Hurricane Index futures, visit [www.cmegroup.com/weatherquotes](http://www.cmegroup.com/weatherquotes).

# CME HURRICANE INDEX SEASONAL MAXIMUM FUTURES AND OPTIONS CONTRACTS

	HURRICANE SEASONAL MAXIMUM FUTURES	OPTIONS ON HURRICANE SEASONAL MAXIMUM FUTURES
Contract Size	\$1,000 times the respective CHI	
Quotation	CHI Index Points	
Tick Size	0.1 CHI Index Point	
Tick Value	0.1 CHI Index Point = \$100	
Contracts Traded	Expressed in terms of the CHI for the largest hurricane to make landfall within a specific location between January 1 and December 31 inclusive of a calendar year  Expressed in terms of the largest CHI-Cat-In-A-Box value for all hurricanes that occur within a specific geographic area between January 1 and December 31 inclusive of a calendar year	
Locations	Gulf Coast (Brownsville, TX to AL/FL Border)  Florida (AL/FL Border to Fernandina Beach, FL)  Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)  Northern Atlantic Coast (NC/VA Border to Eastport, ME)  Eastern U.S. (Brownsville, TX to Eastport, ME)	Gulf Coast and Florida (Brownsville, TX to Fernandina Beach, FL)  Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL)  Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME)  CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30'0"W on the West, 87°30'0"W on the East, 27°30'0"N on the South, and the corresponding segment of the U.S. coastline on the North)
Ticker Symbols	HGM = Gulf Coast HFM = Florida HSS = Southern Atlantic Coast HNM = Northern Atlantic Coast HXM = Eastern U.S. GFM = Gulf Coast and Florida HDM = Florida Gold Coast HAM = Florida + Southern Atlantic + Northern Atlantic HPM = CHI-Cat-In-A-Box – Galveston-Mobile	OGM = Gulf Coast OFM = Florida OSM = Southern Atlantic Coast ONM = Northern Atlantic Coast OXM = Eastern U.S. GFM = Gulf Coast and Florida HDM = Florida Gold Coast MHA = Florida + Southern Atlantic + Northern Atlantic OPM = CHI-Cat-In-A-Box – Galveston-Mobile
Termination of Trading	Futures trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.	
Strike Price Interval	N/A	1 Index Point (e.g. 10, 11, 12, etc.)
Exercise	N/A	American-style (exercised any time up to and including LTD)
Settlement	All futures contracts remaining open at the termination of trading shall be settled using the respective CHI seasonal maximum final value reported by MDA Information Systems, Inc.  All futures contracts remaining open at the termination of trading shall be settled using the respective CHI seasonal maximum Cat-In-A-Box final value reported by MDA Information Systems, Inc.	N/A
Position Limits	Position accountability for positions exceeding 10,000 contracts in any contract month	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month
Trading Hours	Offered exclusively on the CME Globex electronic trading platform on Sundays through Thursdays, 5:00 p.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)	Traded via open outcry in the NASDAQ-100 pit on Mondays through Fridays, 8:30 a.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)

For more information on Weather futures and options, visit [www.cmegroup.com/weather](http://www.cmegroup.com/weather).

#### CME GROUP HEADQUARTERS

20 South Wacker Drive  
Chicago, Illinois 60606  
cmegroup.com

info@cmegroup.com  
800 331 3332  
312 930 1000

#### CME GROUP REGIONAL OFFICES

<b>New York</b>	212 299 2000	<b>London</b>	+44 20 7796 7100	<b>Singapore</b>	+65 6593 5555
<b>Calgary</b>	403 444 6876	<b>Houston</b>	713 658 9292	<b>São Paulo</b>	+55 11 2565 5999
<b>Tokyo</b>	+81 3 5403 4828	<b>Washington D.C.</b>	202 638 3838		

# Exhibit 2

**CME Group**

## WEATHER PRODUCTS

---

CME Group launched the first weather derivative contracts in 1999 to help businesses manage their exposure to temperature-based risk. Weather's overall impact on the United States Gross Domestic Product (GDP) is \$5.3 billion annually. To help manage that impact on consumers and corporations, CME Group's product slate has grown to meet customer needs by offering multiple risk management opportunities related to temperature, snowfall, frost, rainfall and hurricanes in more than 50 cities worldwide.

Weather futures and options are available for block trading, which are privately negotiated futures, options, or combination transactions. Futures contracts are also available to be traded on CME Globex, and options contracts are available via open outcry on the CME trading floor.

### Benefits

- Manage weather-related price risk
- Stabilized cash flow
- Transparent prices on CME Globex-listed electronic futures products
- Opportunity to hedge risk associated with weather uncertainty
- Centralized clearing and counterparty credit guaranteed by CME Clearing

### Cross-Sector Opportunities

Utilities and energy companies were the main users of our weather futures and options when CME Group first introduced weather derivatives, but the expanded product slate has captured the interest of a diverse set of market participants across several sectors:

- Energy Companies
- Local Distribution Companies (LDC)
- Construction
- Utility Companies
- Hedge Funds
- Insurance and Reinsurance Companies
- Manufacturing
- Agriculture
- Retailers
- Transportation



WEATHER PRODUCTS SLATE

TEMPERATURE-BASED PRODUCTS

City Locations	Index Used – Winter	Index Used – Summer	Time Frames for Contracts
United States	HDD	CDD	Weekly, Monthly, Seasonal Strip: A customized season of two to seven consecutive months within the same general season – October through April for Winter, April through October for Summer
Canada	HDD	CAT, CDD	Monthly, Seasonal Strip: Same as U.S. contracts
Europe	HDD	CAT	Monthly, Seasonal Strip: Same as U.S. contracts
Asia Pacific	CAT*	CAT*	Monthly, Seasonal Strip: A customized season of two to seven consecutive months within the same general season – October through April for Winter, April through October for Summer
Australia	HDD	CDD	Monthly, Seasonal Strip: Same as U.S. contracts

HURRICANE-BASED PRODUCTS

CME OFFERS SEVERAL HURRICANE-BASED CONTRACTS TO MEET YOUR RISK MANAGEMENT NEEDS:

- Hurricane futures, options and binary options – Cover actual named hurricanes making landfall in the United States Atlantic basin
- Hurricane Seasonal futures, options and binary options – Focusing on the total number of hurricanes that occur within a specific location or geographic area between January 1 and December 31
- Hurricane Seasonal Maximum futures, options and binary options – Focusing on the largest hurricane to make landfall within a specific location or geographic region between January 1 and December 31







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## CME to Launch Hurricane Futures and Options on Futures Contract

CME-Carvill Hurricane Index to be Available for 2007 Hurricane Season



CHICAGO and LONDON, Feb. 14 /PRNewswire/ -- CME, the world's largest and most diverse financial exchange, announced today that it will expand its weather derivatives product line with a scheduled launch of CME-Carvill Hurricane Index futures and options on futures contracts March 12. The underlying indexes will be calculated by Carvill, a leading independent reinsurance intermediary in specialty reinsurance that tracks and calculates hurricane activity.

"These new CME Hurricane contracts will provide an additional way to help address the needs of the insurance industry and other markets," said Felix Carabello, CME Director of Alternative Investment Products. "Following the devastating 2005 hurricane season that caused an estimated \$79 billion in damage, it became apparent that there was limited capacity to insure customer claims. With these hurricane contracts, insurers and others will be able to transfer their risk to the capital markets and thereby increase their capacity to insure customers." In addition to insurers, other customers such as energy companies, pension funds, state governments and utility companies will be able to hedge their risk of hurricanes striking in the United States in five areas defined as the Gulf Coast, Florida, the Southern Atlantic Coast, the Northern Atlantic Coast and the Eastern U.S. "We are excited about our joint venture with CME," said John Cavanagh, Joint CEO of the Carvill Group. "CME is the clear market leader in weather derivatives and we believe this new product will offer a wider range of catastrophe solutions to our customers. The convergence of the insurance markets and the broader financial community continues at a rapid pace, and our products, particularly in the catastrophe areas, are becoming more commoditized in order to appeal to a more diverse range of capital providers. An exchange traded derivative product for catastrophic hurricane risk is a natural progression to this trend." Dr. Steve Smith, Senior Vice President of ReAdvisory, the analytical arm of Carvill said, "The challenge was to develop an index that met the needs of both the derivative trading community and the insurance market. We needed an index that is easily understood, simple to calculate and based on publicly verifiable data -- in short, an index which is transparent. Most importantly for the trading community was the requirement that the index could be calculated and settled within hours of an event taking place." Using publicly available data from the National Hurricane Center of the National Weather Service, the Carvill Hurricane Index (CHI™) uses the maximum wind velocity and size (radius) of each official storm to calculate the potential for damage. The front contract expires when a hurricane makes landfall with the expiration pegged to the CHI. The contract tick size is 0.1 CHI point, which is equivalent to \$100. Hurricane futures will trade on CME Globex(R) from 5:00 p.m. to 3:15 p.m. the following day Chicago time and options on hurricane futures will be available for trading 8:30 a.m. to 3:15 p.m. Chicago time on the CME trading floor. CME currently lists weather contracts based on aggregate temperatures on 35 cities around the world as well as snowfall and frost indexes. CME introduced weather derivatives in 1999. In 2006, it added CME Weather derivatives had a notional value of \$22 billion. For more information on the hurricane contracts, please go to <http://www.CME.com/hurricane>. CME (<http://www.cme.com>) is the world's largest and most diverse financial exchange. As an international marketplace, CME brings together buyers and sellers on the CME Globex(R) electronic trading platform and on its trading floors. CME offers futures and options on futures in these product areas: interest rates, stock indexes, foreign exchange, agricultural commodities, energy, and alternative investment products such as weather, real estate and economic derivatives. CME is a wholly-owned subsidiary of Chicago Mercantile Exchange Holdings Inc. (NYSE, Nasdaq: CME), which is part of the Russell 1000(R) Index and the S&P 500(R) Index. Statements in this news release that are not historical facts are forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, including our most recent Quarterly Report on Form 10-Q, which can be obtained at its Web site at <http://www.sec.gov>. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Exchange members

See: Member firm; seat

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Exchange Member

A person, normally a broker, who has membership on a stock exchange. This means that he/she is allowed to make trades on the floor of that exchange. Most exchanges do not allow firms to be members, so the membership for a member firm formally belongs to one more of its employees. Memberships are bought and sold at market price because most exchanges have a finite number. See also: Seat.

Member Firm

A broker-dealer firm in which at least one of the principal officers is allowed to trade on the floor of an exchange. To become a member, one needs to purchase a membership or a seat on the exchange, which can be very expensive. There are usually a set number of memberships to an exchange; for example, on the New York Stock Exchange, there are 1,366 seats, which may cost up to \$1 million each, and which may be bought or sold to different firms. Most exchanges do not recognize member firms, only individual members; that is, they consider members to be the brokers or dealers on the floor, rather than the firms they represent.

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References in periodicals archive: a CME/ Chicago Board of Trade Company, is expected to transform global derivatives markets, creating operational and cost efficiencies for customers and exchange members, while delivering significant benefits to shareholders. Chicago Mercantile Exchange Holdings Inc. and Chicago Board Of Trade... by Agri Marketing. Will links to exchange members and to non-members be allowed? B2B's Operational and Risk Implications by Freeman, Emily Q. / Financial Executive. dealers, exchange members and other professionals in financial institutions. WOLTERS KLUWER PURCHASES COMPLIANCE INTERNATIONAL, INC by Business Publisher. More results >>

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member firm

(redirected from Exchange Member)

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member firm

n. A securities firm with officers or partners who are members of an organized exchange.

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## UNITED STATES PATENT AND TRADEMARK OFFICE (USPTO)

<b>U.S. APPLICATION SERIAL NO.</b> 77199918  <b>MARK:</b> CHI	
<b>CORRESPONDENT ADDRESS:</b> TATYANA V GILLES  NORVELL IP LLC  1776 ASH STREET  NORTHFIELD, IL 60093	<b>GENERAL TRADEMARK INFORMATION:</b>  <a href="http://www.uspto.gov/trademarks/index.jsp">http://www.uspto.gov/trademarks/index.jsp</a>  <b>TTAB INFORMATION:</b>  <a href="http://www.uspto.gov/trademarks/process/appeal/index.jsp">http://www.uspto.gov/trademarks/process/appeal/index.jsp</a>
<b>APPLICANT:</b> CHICAGO MERCANTILE EXCHANGE INC.	
<b>CORRESPONDENT'S REFERENCE/DOCKET NO:</b>  13271-364  <b>CORRESPONDENT E-MAIL ADDRESS:</b>  officeactions@norvellip.com	

The trademark examining attorney has carefully reviewed applicant's 4th request for reconsideration issuing from a request for remanded and is denying the request for the reasons stated below. See 37 C.F.R. §2.64(b); TMEP §§715.03(a)(2)(B), (a)(2)(E), 715.04(a). The refusal made final in the Office action dated October 5, 2012 and last refused reconsideration on July 14, 2014 and is maintained and continued as FINAL. See TMEP §§715.03(a)(2)(B), (a)(2)(E), 715.04(a).

In the present case, applicant's request for remand of August 8, 2014 has not resolved all the outstanding issues, nor does it raise a new issue or provide any new or compelling evidence with regard to the outstanding issues in the final Office action. Accordingly, the request is denied.

## **EXAMINING ATTORNEY'S SUPPLEMENTAL APPEAL BRIEF**

Final refusal of the applicant's specimens of use issued on October 5, 2012 because the specimens failed to function as a service mark for the services recited in the application. Trademark Act Sections 1, 2, 3 and 45, 15 U.S.C. §§1051-1053, 1127. The following addresses materials provided by the applicant with a request for remand filed August 8, 2014.

### FACTS

The applicant seeks registration of the mark, CHI, for use in connection with "Investment services, namely, providing futures, options contracts related to hurricanes for trading on an exchange."

The specimens provided for reconsideration on December 9, 2013 were regarded by the examiner as untimely; however, the Trademark Trial and Appeal Board accepted the specimens and has deemed the materials to be part of the record. The examiner asserted that the evidence was not properly submitted. The issue is obviated by the applicant's provision of a verified statement regarding use of the specimens in commerce in the materials submitted in this request for remand.

The specimens provided on December 9, 2013, several Chapters from the CME Rulebook, were found objectionable because they were not understood to be acceptable to show use of the mark in advertising or marketing materials or other material provided to consumers for the services that shows

the mark used in the actual sale, rendering or advertising of the services. TMEP §1301.04 *et seq.* The applicant's statements regarding who are the consumers for the applicant's services and statements regarding how the substitute specimens are used by the consumers for the services remain at issue.

#### ARGUMENTS

The originally provided specimens, submitted on February 7, 2012, comprised advertising for the services, and established the consumers for the applicant's services. In the first page of the marketing material specimens, "Market Participants" were described as "Insurance and reinsurance companies, Hedge funds, Energy companies, Pension funds, State Governments, Utility companies." The examiner attaches additional marketing material from the applicant's website, found at <http://www.cmegroup.com/trading/weather/files/weather-products-brochure.pdf>, that further describes other main users of the applicant's weather futures and options contracts and that expands the users of the services to include "Local Distribution Companies, Construction, Manufacturing, Agriculture, Retailers and "Transportation" sectors. See the attached marketing material from CME GROUP entitled WEATHER PRODUCTS (in two pages) used to show who are the consumers for the services. Note that the services are not characterized as CHI Futures or CHI Options contracts in any of these materials. See also an attached additional article by a third party, *Can You Get Rich Betting on the Weather*, that explains weather futures for the layman and describes who participates in the weather futures markets, found at <http://mentalfloss.com>.

At the bottom of the *second page* of the specimens submitted by the applicant on February 7, 2012, a page entitled "CME HURRICANE INDEX FUTURES AND OPTIONS CONTRACTS," the applicant provided the following guidance in very small lettering:

Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade.

This guidance that appears in very small print at the bottom of the page, while accompanied by a reference to the CME Group rules, does not specify where those rules (The CME Rulebook) can be found. The text also suggests that the applicant recognizes that all consumers for these contracts are not necessarily sophisticated financial product consumers. This warning to consumers is followed by the equally small claim of trademarks and a statement that further information about CME Group and its products can be found at [www.cmegroup.com](http://www.cmegroup.com). Following that statement is copyright protection information.

None of these materials purport to offer the CME Rulebook as additional marketing information or as a user reference for making a purchasing decision or for managing futures and options contracts. The examiner does not find such a reference in any of the marketing materials.

In the request for reconsideration of December 9, 2013, the applicant has asserted that the *Members* of the Chicago Mercantile Exchange are the consumers for the services, and that *Members* use the CME (Chicago Mercantile Exchange) Rulebook that were provided as the substitute specimens. This statement was not verified or supported by evidence, and nothing in the record provides a nexus

between the consumers described in the advertising materials, and the CME *Members* who use the CME Rulebook specimens. The CME Rulebook, Chapter 4 Rules of Enforcement, 400, General Provisions, defines the term *Members*, and explains that *Members* are deemed to know, consent to and be bound by all Exchange Rules. It is not indicative of the *Members* being the primary consumers for the applicant's futures and options contracts. While it may be that *Members* are allowed to buy and sell for their own benefit (this is not addressed in the materials provided by the applicant), the applicant's marketing materials suggest that the primary consumers for the futures and options contracts are those noted above in the marketing materials, and not the CME *Members*.

Attached find a definition of "Exchange Members," from *The Free Dictionary by Farlex, Farlex Financial Dictionary*. © 2012 Farlex, Inc. that defines EXCHANGE MEMBERS as "a person, normally a broker, who has membership on a stock exchange. This means that he/she is allowed to make trades on the floor of that exchange. Most exchanges do not allow firms to be members, so the membership for a member firm formally belongs to one or more of its employees."

The applicant's Rulebook allows for Member Firms. A MEMBER FIRM is a broker-dealer firm in which at least one of the principal officers is allowed to trade on the floor of an exchange. To become a member one needs to purchase a membership or a seat on the exchange. *The Free Dictionary by Farlex, Farlex Financial Dictionary*. © 2012 Farlex, Inc. *The American Heritage Dictionary of the English Language*, 4th Ed., ©2000 by Houghton Mifflin Co., Updated 2009, defines a "Member Firm" as "A securities firm with officers or partners who are members of an organized exchange."

The advertising materials provided by the applicant do not invite *membership* on the CME, but appear to be directed to persons and entities with hurricane exposure who may be interested in investing in the futures and options contracts to hedge against weather induced financial losses in the conduct of their businesses. The examiner has not found, and the applicant has not shown, that these two groups (those with hurricane exposure and *Members* of the CME) are the same consumers, or that *Members* are the primary or end consumers for the applicant's futures and options contracts. The definitions of "exchange members" and "member firms" indicate that the role of exchange members is that of a broker, and not that of the end consumer. It is for this reason that the applicant's specimens from the CME Rulebook, submitted December 9, 2013 in a Motion to Suspend and provided with this most recent Request for Remand on August 8, 2014 are not viewed as acceptable to show use of the mark in advertising or marketing materials or other material that shows the mark used in the actual sale, rendering or advertising of the services in a manner that the consumers for the services would encounter the mark and understand the mark to identify the source of the applicant's services. TMEP §1301.04, *et seq.*

The Examiner asserted that the chapters from its CME Rulebook, provided as substitute specimens on December 9, 2013 and again August 8, 2014, Chapters 423, 423A, 427 and 428, appear in the CME Rulebook that has, when printed, a seven to eight page *index* of chapters. This index was made available for consideration with this request for remand. The examiner characterized the material as "buried". Finding use of the mark in this information, particularly as the chapters do not appear to be referenced in the marketing materials, is tedious. It is also noted that the chapter titles do not reference CHI Futures or CHI Options, but rather: Chapter 423 CME Hurricane Index Futures, Chapter 423A Options on

CME Hurricane Index Futures, Chapter 427 CME Hurricane Index Seasonal Futures, and Chapter 428 CME Hurricane Index Seasonal Maximum Futures.

As stated previously in brief, while the proposed mark CHI appears to identify the source of the index services used for establishing the *value* of the applicant's futures and options contracts, the proposed mark does not serve to identify the source of the investment services for which the applicant seeks registration in *this* application. Again, it is noted that this mark has subsequently been registered for "Compiling, providing and updating a financial index measuring potential damage from a hurricane," U.S. Registration No. 4315763. The specimens accepted for registration of the mark for the indexing services are some of the same specimens submitted for consideration in this application.

#### CONCLUSION

For these reasons, and in view of the evidence, refusal to register the mark is CONTINUED and MAINTAINED as FINAL because the specimens fail to function as a service mark *for the services recited in the application*. Trademark Act Sections 1, 2, 3, and 45, 15 U.S.C. §§1051-1053, 1127.

#### ***Resumption of the Appeal***

The applicant has already filed a timely notice of appeal with the Board, and briefs have been filed. The Board will be notified to resume the appeal. See TMEP §715.04(a).

Respectfully submitted,

/Linda A. Powell/

Linda A. Powell

Examining Attorney

L.O. 106 United States Patent and Trademark Office

571-272-9327

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Mary I. Sparrow

Managing Attorney

Law Office 106

Browser interface showing the URL <http://www.cmegroup.com/trading/weather/file:> and the page number 5 (1 of 4). The browser toolbar includes search, navigation, and utility icons.



## WEATHER PRODUCTS

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- Manage weather-related price risk
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WEATHER PRODUCTS SLATE

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City Locations	Index Used – Winter	Index Used – Summer	Time Frames for Contracts
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Asia Pacific	CAT*	CAT*	Monthly, Seasonal Strip: A customized season of two to seven consecutive months within the same general season – October through April for Winter, April through October for Summer
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CME OFFERS SEVERAL HURRICANE-BASED CONTRACTS TO MEET YOUR RISK MANAGEMENT NEEDS:

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## Can You Get Rich Betting on the Weather?



Can you get rich betting on the weather? It's a question that's been asked for decades. The weather is a complex and unpredictable phenomenon, and it's one that's been the subject of many bets and wagers. In fact, there are several different ways to bet on the weather, and some of them can be quite profitable.

There are several different ways to bet on the weather, and some of them can be quite profitable. One of the most popular ways to bet on the weather is through weather derivatives. These are financial instruments that allow you to hedge against weather-related risks. For example, you could buy a weather derivative that pays out if it rains on a certain day. This would be useful for a farmer who is worried about a drought.

### HOW FUTURE WORK: A CASE STUDY USING CAPTAIN CRUNCH



When you think of future work, you probably think of things like artificial intelligence, robotics, and space exploration. But what about the future of work in a more traditional sense? One interesting case study is the use of Captain Crunch cereal. In the 1970s, the company used a weather-based promotion to increase sales. They offered a special prize to anyone who could predict the weather correctly for a certain number of days. This was a huge success, and it led to the development of weather derivatives.

Another interesting case study is the use of weather derivatives in the insurance industry. Insurance companies are always looking for ways to reduce their risk, and weather derivatives are a great way to do that. For example, an insurance company could buy a weather derivative that pays out if there is a major weather event. This would help them cover the cost of claims.

Weather derivatives are a complex and technical subject, but they are becoming increasingly important in our world. As we continue to develop new technologies and explore new frontiers, the weather will continue to be a major factor in our lives. Understanding the weather and how to bet on it is a key skill for anyone who wants to succeed in the future.

### PROBABLY NOT EXACTLY TO RAULF MULLER: THE HISTORY OF FUTURE WEATHER

Weather forecasting has a long and fascinating history. It's one of the oldest sciences, and it's one that's always been a part of our lives. In fact, the first weather forecasts were made by ancient civilizations. They used a variety of methods, including observing the stars, the wind, and the clouds. Over time, these methods became more sophisticated, and we now have a much better understanding of the weather.

One of the most interesting aspects of weather forecasting is the use of weather derivatives. These are financial instruments that allow you to hedge against weather-related risks. They were first developed in the 1970s, and they have since become a major part of the financial markets. Today, there are several different ways to bet on the weather, and some of them can be quite profitable.

### ARE THEY MAKING MONEY BETTING ON THE WEATHER?

Yes, there are several different ways to bet on the weather, and some of them can be quite profitable. One of the most popular ways to bet on the weather is through weather derivatives. These are financial instruments that allow you to hedge against weather-related risks. For example, you could buy a weather derivative that pays out if it rains on a certain day. This would be useful for a farmer who is worried about a drought.

Another popular way to bet on the weather is through weather futures. These are contracts that allow you to buy or sell a certain amount of weather. For example, you could buy a contract that pays out if the temperature is above a certain level on a certain day. This would be useful for a business that is sensitive to temperature, such as a retailer.

Weather betting is a complex and technical subject, but it is becoming increasingly important in our world. As we continue to develop new technologies and explore new frontiers, the weather will continue to be a major factor in our lives. Understanding the weather and how to bet on it is a key skill for anyone who wants to succeed in the future.

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How to Bet on the Weather  
Weather Betting: A Guide to the Future of Weather

From Mental Floss  
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### MOST POPULAR



10 Ways to Make Money Betting on the Weather



How to Bet on the Weather



Weather Betting: A Guide to the Future of Weather



10 Ways to Make Money Betting on the Weather



How to Bet on the Weather



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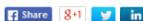
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## CME to Launch Hurricane Futures and Options on Futures Contract

CME-Carvill Hurricane Index to be Available for 2007 Hurricane Season



CHICAGO and LONDON, Feb. 14 /PRNewswire/ -- CME, the world's largest and most diverse financial exchange, announced today that it will expand its weather derivatives product line with a scheduled launch of CME-Carvill Hurricane Index futures and options on futures contracts March 12. The underlying indexes will be calculated by Carvill, a leading independent reinsurance intermediary in specialty reinsurance that tracks and calculates hurricane activity.

"These new CME Hurricane contracts will provide an additional way to help address the needs of the insurance industry and other markets," said Felix Carabello, CME Director of Alternative Investment Products. "Following the devastating 2005 hurricane season that caused an estimated \$79 billion in damage, it became apparent that there was limited capacity to insure customer claims. With these hurricane contracts, insurers and others will be able to transfer their risk to the capital markets and thereby increase their capacity to insure customers."

In addition to insurers, other customers such as energy companies, pension funds, state governments and utility companies will be able to hedge their risk of hurricanes striking in the United States in five areas defined as the Gulf Coast, Florida, the Southern Atlantic Coast, the Northern Atlantic Coast and the Eastern U.S. "We are excited about our joint venture with CME," said John Cavanagh, Joint CEO of the Carvill Group. "CME is the clear market leader in weather derivatives and we believe this new product will offer a wider range of catastrophe solutions to our customers. The convergence of the insurance markets and the broader financial community continues at a rapid pace, and our products, particularly in the catastrophe area, are becoming more commoditized in order to appeal to a more diverse range of capital providers. An exchange traded derivative product for catastrophic hurricane risk is a natural progression to this trend."

Dr. Steve Smith, Senior Vice President of ReAdvisory, the analytical arm of Carvill said, "The challenge was to develop an index that met the needs of both the derivative trading community and the insurance market. We needed an index that is easily understood, simple to calculate and based on publicly verifiable data -- in short, an index which is transparent. Most importantly for the trading community was the requirement that the index could be calculated and settled within hours of an event taking place." Using publicly available data from the National Hurricane Center of the National Weather Service, the Carvill Hurricane Index (CHI™) uses the maximum wind velocity and size (radius) of each official storm to calculate the potential for damage. The front contract expires when a hurricane makes landfall with the expiration pegged to the CHI. The contract tick size is 0.1 CHI point, which is equivalent to \$100. Hurricane futures will trade on CME Globex(R) from 5:00 p.m. to 3:15 p.m. the following day Chicago time and options on hurricane futures will be available for trading 8:30 a.m. to 3:15 p.m. Chicago time on the CME trading floor.

CME currently lists weather contracts based on aggregate temperatures on 35 cities around the world as well as snowfall and frost indexes. CME introduced weather derivatives in 1999. In 2006, traded CME Weather derivatives had a notional value of \$22 billion. For more information on the hurricane contracts, please go to <http://www.CME.com/hurricane>. CME (<http://www.cme.com>) is the world's largest and most diverse financial exchange. As an international marketplace, CME brings together buyers and sellers on the CME Globex(R) electronic trading platform and on its trading floors. CME offers futures and options on futures in these product areas: interest rates, stock indexes, foreign exchange, agricultural commodities, energy, and alternative investment products such as weather, real estate and economic derivatives. CME is a wholly-owned subsidiary of Chicago Mercantile Exchange Holdings Inc. (NYSE, Nasdaq: CME), which is part of the Russell 1000(R) Index and the S&P 500(R) Index.

Statements in this news release that are not historical facts are forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, including our most recent Quarterly Report on Form 10-Q, which can be obtained at its Web site at <http://www.sec.gov>. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Exchange members

See: Member firm, seat

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Exchange Member

A person, normally a broker, who has membership on a stock exchange. This means that he/she is allowed to make trades on the floor of that exchange.

Member Firm

A broker-dealer firm in which at least one of the principal officers is allowed to trade on the floor of an exchange. To become a member, one needs to purchase a membership or a seat on the exchange.

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n A securities firm with officers or partners who are members of an organized exchange.

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

<b>In re Application of:</b> Chicago Mercantile Exchange Inc. <b>Serial No.:</b> 77/199,918 <b>Filing Date:</b> June 7, 2007 <b>Mark:</b> CHI	<b>Examining Attorney:</b> Linda A. Powell <b>Law Office 106</b>
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**APPLICANT'S REPLY BRIEF IN SUPPORT OF REGISTRATION FOR THE MARK CHI IN  
INTERNATIONAL CLASS 36**

Respectfully submitted,

**CHICAGO MERCANTILE  
EXCHANGE INC.**

Dated: August 8, 2014

By:

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ATTORNEYS FOR APPLICANT

## **I. INTRODUCTION**

This appeal boils down to one question: Do the specimens in the record show use of the CHI trademark in connection with the “investment services, namely, providing futures, options contracts related to hurricanes for trading on an exchange?” The answer is Yes. Therefore, the Board should reverse the Examining Attorney’s refusal to register and allow the application to proceed to registration.

## **II. BACKGROUND**

Because the Examining Attorney brief withdrew one of the prior refusals to register, the remaining issue on appeal is whether Applicant’s specimen sufficiently shows the mark CHI (“CHI Mark”) functioning as a service mark to identify and distinguish Applicant’s investment services, namely, providing futures, options contracts related to hurricanes for trading on an exchange” (“Investment Services”) from those of others and to indicate the source of those services. A detailed summary of the prosecution history is set forth in Applicant’s main brief. In the Examining Attorney’s opinion, the CHI Mark is not used in the specimens of record to identify the source of Applicant’s Investment Services. Applicant respectfully disagrees.

To address the new issues raised by the Examining Attorney and simplify the appeal, Applicant moved to remand the application for consideration of additional evidence in support of registration of the CHI mark, and the Board granted the motion. Specifically, Applicant submitted substitute specimens (“Substitute Specimens”) in its Request for Further Examination and Consideration to the Examining Attorney and provided supporting information on the use and function of the Substitute Specimens. *See* Dec. 9, 2013 Req. for Further Examination and Consideration. Ultimately, the Examining Attorney refused to accept this evidence and raised new issues regarding the submitted evidence. However, the record clearly shows use of the CHI Mark in connection with Investment Services and Examining Attorney’s arguments to the contrary are unsupported. Moreover, Examining Attorneys’ new objections to the evidence are

being addressed in a Request for Remand and Request for Further Consideration filed concurrently herewith.

### **III. ARGUMENT**

#### **A. Applicant's Substitute Specimens Clearly Show Use of the CHI Mark In Connection with the Identified Investment Services.**

##### **1. Applicant's Specimens Support Registration of the CHI Mark In Connection With Investment Services.**

The standard of review for service mark specimens is simple: there must be an association between the service mark and the services. TMEP § 1301.04. There are no stringent requirements for service mark specimens. In the present case, the specimens need only show use of the CHI mark in connection with the Investment Services, namely, hurricane futures or options contracts. A specimen that shows the mark as used in the course of rendering or performing the services is also generally acceptable. Where the record shows that the mark is used in performing (as opposed to advertising) the services, a reference to the services on the specimen itself may not be necessary. *In re Metriplex Inc.*, 23 USPQ2d 1315 (TTAB 1992); TMEP § 1301.04. Based on the evidence contained in the record, the Examining Attorney acknowledges that the CHI mark “is used in connection with the applicant’s futures and options contracts . . . .” Ex. Brief p.4. Therefore, the Board should find the specimens of record acceptable.

The Examining Attorney’s substantive objection to the Substitute Specimens (attached hereto as Exhibit A) relates to whether the material constitutes advertising for the services or would be used by consumers in making purchasing decisions. “The Board has observed that use in the ‘rendition’ of services should be viewed as an element of the ‘sale’ of services under Section 45 of the [Trademark] Act.” *In re ICE Futures U.S., Inc.*, 85 USPQ2d 1664, 2008 WL 162813 (TTAB), at \*5 (quoting *In re Red Robin Enterprises, Inc.*, 222 USPQ 911, 913 (TTAB 1984)). *See also In re Metriplex*, supra at 1316; *In re Eagle Fence Rentals, Inc.*, 231 USPQ 228, 330 (TTAB 1986). “Also, the Board has recognized that the service need not be referenced

explicitly even in a specimen which purports to show use of a mark in the advertisement of promotion of the services.” *Id.* “The context of use and the history of applicant’s exclusive use in the industry reflected in the record” may be sufficient to show an applicant’s use of its marks in connection with the identified services. *Id.*

Applicant’s specimens and Substitute Specimens clearly show Applicant’s CHI Mark used in the rendition of Applicant’s Investment Services, and immediately next to descriptions of Applicant’s Investment Services, namely, futures and options contracts, e.g. “CHI futures and options,” “CHI contract,” “CHI contracts,” and “CHI future.” The commercial impression created by each specimen is that CHI is an investment service, namely futures or options contracts. The fact that Applicant’s specimens do not feature the words “investment services” adjacent to the CHI mark in every specimen does not render every specimen insufficient. “In the case of a specimen intended to show use of the mark in the sale or ‘rendering’ of the services, the specimen need not and often will not include an explicit reference to the service. *Id.* (quoting *In re Metriplex* at 1316). See also *In re Int’l Envtl. Corp.*, 230 USPQ 688, 691 (TTAB 1986)(specimen showing use of mark in surveys used to promote service with no mention of “distributorship services” found acceptable). The following excerpt from Applicant’s Substitute Specimen definitively shows why the specimen is acceptable:

Exercise prices shall be stated in terms of the respective **CHI futures contract**. Eligible exercise prices shall be at intervals of 1 index point (e.g., 10, 11, 12, etc.).

This chapter is limited in application to CME Hurricane Index™ **“CHI”™ futures**. In addition to this chapter, **CHI futures** shall be subject to the general rules and regulations of the Exchange insofar as applicable.

## **2. Applicant’s Mark Can Cover Different Services.**

The Examining Attorney misplaces focus on Applicant’s registration of the CHI mark in connection with certain index services, as identified in U.S. Reg. No. 4315763. Because of this registration, the Examining Attorney believes all use of the CHI mark refers to the index and ignores the other Investment Services. However, Applicant submits that its specimens show

the mark identifying *both* the services in this application and the services in Registration No. 4315763. As demonstrated in the record, Applicant uses the CHI Mark in connection with both types of services which are not mutually exclusive.

### **3. Examining Attorney's Case Law Fails to Support Her Position**

The Examining Attorney's reliance on *In re Moody's Investors Services, Inc.* also is misplaced. 13 USPQ2d 2043 (TTAB 1989). *Moody's* sought to register "Aaa" as a service mark in connection with "providing ratings of fixed interest rate obligations." *Id.* at 2044. The Board found that "the symbol 'Aaa' would be perceived only as certifying that a particular bond is a safe investment," and not "as indicating the source of rating services." *Id.* at 2048. Further, the Board found that "'Moody's' provides rating services," and "Aaa" is merely "a rating assigned to a particular fixed interest rate obligation." *Id.* The present facts are distinguishable.

The Examining Attorney misunderstands Applicant's specimens and services because the following statement is incorrect: "the mark, 'CHI', is used *in connection with* the applicant's futures and options contracts in that the mark is used on *indexes* used for valuation of futures and options contracts." Ex. Brief p.4 (emphasis in original). When traded on financial exchanges, the CHI mark signals Applicant's two services; 1) compiling, providing, and updating a financial index measuring potential damage from a hurricane (the subject of U.S. Reg. No. 4315763), and 2) providing futures, options contracts related to hurricanes for trading on an exchange (the subject of this application). Simply put, CHI Mark is used to measure potential risk, and to offer contracts to willing buyers based on those risks.

Moreover, the Board's decision in *In re Moody's* shows that Applicant's CHI Mark is capable of registration as a service mark. The applicant in *In re Moody's* submitted a booklet including a list of its goods and services, and the goods and services appeared under "a subheading consisting of the mark 'Moody's' and matter describing that particular item (i.e., 'Moody's Manuals,' 'Moody's Trust and Estate Services,' etc.)." *In re Moody's* at 2046. Clearly, the mark *Moody's* functioned as a service mark. In that case, the Board found that the applicant

only used the mark “Aaa” as a rating symbol in the booklet, and not as a service mark. In contrast, Applicant’s use of the CHI mark, as shown in the prosecution history, more closely resembles use of the mark “Moody’s” than the mark “Aaa” because Applicant’s Rulebook contains numerous references to “CHI futures,” “CHI futures contracts,” and “CHI Seasonal Futures,” see Examiner’s Reconsideration Letter of July 14, 2014 (Exhibits). The specific use of “CHI-Cat-In-A-Box – Galveston-Mobile” is merely one category of contracts offered under the CHI mark. Applicant’s Specimen, April 5, 2013.

**B. The Evidence Is Properly Before the Board for Consideration.**

**1. Applicant’s Evidence Is Proper.**

The Examining Attorney found the substitute specimens unacceptable, and without further explanation, declared that the substitute specimens were “not information of the kind believed to be used by consumers for the futures and options contracts in making a purchasing decision.” Req. for Recon. Denied p.3. Furthermore, rather than provide any justification for the refusal, the Examining Attorney attacked Applicant’s attorney’s experience dealing in the affairs of the Applicant, claiming:

“The applicant’s attorney has made statements regarding the consumers for the applicant’s services and statements regarding how the substitute specimens are used by consumers. There is no actual proof to support these statements in the record, and there is no showing that the applicant’s attorney has expertise in this field.”

*Id.* at p.4. To support her position, the Examining Attorney relies upon the Board’s decision in *In re U.S. Tsubaki, Inc.*, 109 U.S.P.Q.2d 2002 (TTAB 2014); however, this decision is inapposite here. The *U.S. Tsubaki* case involved an attorney’s opinion of whether certain specimens showed a mark used in association with *goods* at the point-of-sale. *Id.* Here, Applicant, through its counsel, can certainly provide information regarding the operation of Applicant and the use of a Rulebook published by Applicant. Moreover, the actual documents submitted in the record describe the use of the CHI mark in Applicant’s Rulebook. These are not mere arguments before the Board, but Applicant’s own evidence submitted during the prosecution of the

application during remand of the application. Moreover, Applicant seeks to further clarify this information in its Request for Remand filed herewith.

More importantly, the U.S. trademark laws do not require submission of advertising specimens for service marks. Instead, there is a great deal of flexibility for service marks. One of the specimens provided is Applicant's Rulebook, which is used in connection with the rendering of services. Therefore, Examining Attorney's argument is unsupported.

## **2. Applicant Satisfied the Requisite Good Cause Requirement.**

The Examining Attorney claims that Applicant's submission of the Substitute Specimen was untimely because Applicant did not show good cause to remand the application. Req. for Recon. Denied, p.3. To the contrary, Applicant demonstrated good cause for remanding the application in Applicant's Motion to Suspend of December 9, 2013. Applicant pointed out that the Examining Attorney raised a new issue in the Examiner's Brief regarding the specimen, and that a substitute specimen could address this issue while conserving the Board's resources. The Board agreed and granted the motion to remand on December 13, 2013. See Jurisdiction Restored / Remanded to Examiner.

## **3. Applicant Supports the Substitute Specimens.**

The Examining Attorney rejected the Substitute Specimens because the Request for Further Examination lacked a declaration. In Applicant's Request for Further Examination, Applicant clearly stated that the "substitute specimens were in use in commerce prior to the expiration of the filing deadline for the Statement of Use." Examining Attorney's objection can be easily addressed and Applicant has submitted such a declaration via a Request for Remand and Request for Further Examination. If the Examining Attorney had a concern about such a declaration, she could have easily telephoned Applicant's counsel or issued an office action. This is a non-issue and should not be used to deny registration of the CHI Mark.

## **C. Doubt As To The Sufficiency Of The Substitute Specimen Should Be Resolved In Favor Of Applicant.**

On remand, Applicant submitted substitute specimens showing use of the CHI mark in close proximity with the descriptive modifiers characterizing Applicant's Investments Services, namely "futures" and "options," e.g., "CHI futures," "CHI futures contract," and "CHI options." These specimens reflect a clear association between the CHI Mark and Applicant's Investment Services, namely, providing futures, options contracts related to hurricanes for trading on an exchange. The Substitute Specimens are select portions from Applicant's Rulebook, which governs the trading of hurricane futures and options under the CHI trademark. The information in this Rulebook is a critical component regarding the trading of these contracts. For example, the Rulebook provides information to Applicant's customers, such as traders and institutions, regarding the terms of the specific CHI futures or options contract, settlement positions, etc. CHI futures and options contracts are purchased and traded by sophisticated individuals and entities and are not traded on a whim. Instead, CHI futures and options contracts typically form an important component of a customer's overall risk management requiring the customer to consider the risk, trading unit, price increments, and settlement procedures prior to purchasing any such CHI futures or options contracts.

As Applicant pointed out in its Appeal Brief, "the Board [has] demonstrated its flexible approach as to service marks because of the inherent difficulty of proving use of a service mark. *See, e.g., In re Ralph Mantia*, 54 U.S.P.Q.2d 1284 (TTAB 2000). Moreover, to the extent that the Board has any doubt on the question of whether the specimens of record are acceptable to show Applicant's use of the CHI mark, this doubt will be resolved in favor of Applicant. *See In Re Btio*, Ser. No. 75/712,224, 2001 WL 873280 (TTAB 2001).

#### **IV. CONCLUSION**

Concurrently herewith, Applicant has filed a further Request for Remand. In her denial of Applicant's Request for Further Examination, Examining Attorney identified new issues regarding acceptability of the specimens and Applicant has fully complied with these issues in the Request for Remand.

Because Applicant's CHI Mark is used in the specimens of record as the source identifier for the provision of the Applicant's Investment Services, Applicant respectfully requests that the Board reverse the Examining Attorney's refusal to register the CHI Mark, accept the specimens submitted by Applicant and allow the Application to proceed to the registration.

Respectfully submitted,

**CHICAGO MERCANTILE  
EXCHANGE INC.**

Dated: August 8, 2014

By:

**/J. Ryan Hinshaw/**

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ATTORNEYS FOR APPLICANT

# Exhibit A

## Chapter 423 CME Hurricane Index Futures

### 42300. SCOPE OF CHAPTER

This chapter is limited in application to CME Hurricane Index™ (“CHI”™) futures. In addition to this chapter, CHI futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

### 42301. CONTRACT SPECIFICATIONS

CHI values will be calculated by MDA Information Systems, Inc., using the methods described in the CME Hurricane Index: “Scope and Definitions” document, for hurricanes making landfall in the following locations:

- Eastern US (Brownsville, TX to Eastport, ME)

Separate futures contracts will be listed for trading on named hurricanes that make landfall in a specific location (e.g., Eastern US between January 1 and December 31 inclusive of a calendar year. At the beginning of each season storm names are used from a list, starting with A and ending with Z, maintained by the World Meteorological Organization. In the event that more than 21 named storms occur in a season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, Delta, and so on.

### 42302. TRADING SPECIFICATIONS

#### 42302.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours in such months as may be determined by the Exchange.

#### 42302.B. Trading Unit

The size of the unit of trading shall be \$1,000 times the respective CHI.

#### 42302.C. Price Increments

The minimum price fluctuation on the respective CHI futures shall be 0.1 index point, and have a value of \$100.

#### 42302.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

#### 42302.E. [Reserved]

#### 42302.F. [Reserved]

#### 42302.G. Termination of Trading

Futures trading shall terminate at 9:00 a.m. on the first Exchange Business Day that is at least five calendar days following the last forecast/advisory issued by the National Hurricane Center (“NHC”) for the named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange Business Day that is at least five calendar days following January 1, or later than the first Business Day that is at least five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 a.m. on the first Exchange Business Day that is at least five calendar days following December 31.

#### 42302.H. [Reserved]

#### 42302.I. [Reserved]

**42303. SETTLEMENT PROCEDURES****42303.A. Final Settlement Price**

All futures contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by MDA Information Systems, Inc. for that named storm, using the methodology in effect on that date and the NHC data from the Public Advisories issued through the life of the named storm.

For example, on August 30, 2005, the last NHC Advisory on Hurricane Katrina was issued; therefore on September 6, 2005, the Eastern US contract for Hurricane Katrina would have been settled at 20.4 CHI index points, using data from the NHC's Hurricane Katrina Advisories Number 9 (Florida landfall, CHI = 1.4) and Number 26A (Louisiana landfall, CHI = 19.0).

**42303.B. Final Settlement**

Clearing members holding open positions in a **CHI futures contract** at the termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

**42304. [RESERVED]****42305.-06. [RESERVED]**

(End Chapter 423)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 423****LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. MDA makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 423A

### Options on CME Hurricane Index Futures

#### 423A00. SCOPE OF CHAPTER

This chapter is limited in application to trading in put and call options on CME Hurricane Index™ ("CHI"™) futures. In addition to this chapter, options on CHI futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

#### 423A01. OPTIONS CHARACTERISTICS

##### 423A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

##### 423A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one respective CHI futures contract as specified in Chapter 423.

##### 423A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CHI. Each index point represents \$1,000. For example, a quote of 2 index points represents \$2,000. The minimum fluctuation shall be 0.1 CHI (also known as one tick), equal to \$100.

##### 423A01.D. [Reserved]

##### 423A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CHI futures contract. Eligible exercise prices shall be at intervals of 1 index point (e.g., 10, 11, 12, etc.).

At the commencement of option trading in a contract month, the eligible put and call options are at intervals of 1 index point in a range of 0 to 30 index points. New options may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

##### 423A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

##### 423A01.G. [Reserved]

##### 423A01.H. [Reserved]

##### 423A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

##### 423A01.J. [Reserved]

#### 423A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of CHI options.

##### 423A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any Business Day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

**423A02.B. Assignment**

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes before the opening of Regular Trading Hours in the underlying futures contract on the following Business Day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the Trading Day of acceptance by the Clearing House of the exercise notice.

**423A03. [RESERVED]**

(End Chapter 423A)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 423A**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. MDA makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 427

### CME Hurricane Index Seasonal Futures

#### 42700. SCOPE OF CHAPTER

This chapter is limited in application to CME Hurricane Index™ (“CHI”™) Seasonal futures. In addition to this chapter, CHI Seasonal futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

#### 42701. CONTRACT SPECIFICATIONS

CHI Seasonal values will be calculated by MDA Information Systems, Inc., using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes making landfall in the following locations:

- Gulf Coast (Brownsville, TX to AL/FL Border)
- Florida (AL/FL Border to Fernandina Beach, FL)
- Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)
- Northern Atlantic Coast (NC/VA Border to Eastport, ME)
- Eastern US (Brownsville, TX to Eastport, ME)
- Gulf + Florida (Brownsville, TX to Fernandina Beach, FL)
- Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL)
- Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME)

Separate futures contracts will be listed for trading on the accumulated CHI final settlement values for all hurricanes that make landfall in a specific location (e.g., Gulf Coast) between January 1 and December 31 inclusive of a calendar year.

#### 42702. TRADING SPECIFICATIONS

##### 42702.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours in such months as may be determined by the Exchange.

##### 42702.B. Trading Unit

The size of the unit of trading shall be \$1,000 times the respective CHI Seasonal total.

##### 42702.C. Price Increments

The minimum price fluctuation on the respective CHI Seasonal futures shall be 0.1 index point, and have a value of \$100.

##### 42702.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

##### 42702.E. [Reserved]

##### 42702.F. [Reserved]

##### 42702.G. Termination of Trading

Futures trading shall terminate at 9:00 a.m. on the first Exchange Business Day that is at least five calendar days following December 31.

##### 42702.H. [Reserved]

42702.I. [Reserved]

**42703. SETTLEMENT PROCEDURES**

**42703.A. Final Settlement Price**

All futures contracts remaining open at the termination of trading shall be settled using the respective CHI Seasonal final value reported by MDA Information Systems, Inc., using the methodology in effect on that date. For example, on January 5, 2006, the 2005 Gulf Coast Seasonal contract would have been settled at 28.9 CHI index points.

**42703.B. Final Settlement**

Clearing members holding open positions in a CHI Seasonal futures contract at the termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

**42704. [RESERVED]**

**42705.-06. [RESERVED]**

(End Chapter 427)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 427**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. MDA makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## Chapter 428

### CME Hurricane Index Seasonal Maximum Futures

#### 42800. SCOPE OF CHAPTER

This chapter is limited in application to CME Hurricane Index™ (“CHI”™) Seasonal Maximum futures. In addition to this chapter, CHI Seasonal Maximum futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicate Chicago time.

#### 42801. CONTRACT SPECIFICATIONS

CHI Seasonal Maximum values will be calculated by MDA Information Systems, Inc., using the methods described in the “CME Hurricane Index: Scope and Definitions” document, for hurricanes making landfall in the following locations:

- Gulf Coast (Brownsville, TX to AL/FL Border)
- Florida (AL/FL Border to Fernandina Beach, FL)
- Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)
- Northern Atlantic Coast (NC/VA Border to Eastport, ME)
- Eastern US (Brownsville, TX to Eastport, ME)
- Gulf + Florida (Brownsville, TX to Fernandina Beach, FL)
- Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL)
- Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME)

Separate futures contracts will be listed for trading on the maximum CHI final settlement value for hurricanes that make landfall in a specific location (e.g., Gulf Coast) between January 1 and December 31 inclusive of a calendar year.

#### 42802. TRADING SPECIFICATIONS

##### 42802.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours in such months as may be determined by the Exchange.

##### 42802.B. Trading Unit

The size of the unit of trading shall be \$1,000 times the respective CHI.

##### 42802.C. Price Increments

The minimum price fluctuation on the respective CHI seasonal maximum futures shall be 0.1 index point, and have a value of \$100.

##### 42802.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

##### 42802.E. [Reserved]

##### 42802.F. [Reserved]

##### 42802.G. Termination of Trading

Futures trading shall terminate at 9:00 a.m. on the first Exchange Business Day that is at least five calendar days following December 31.

42802.H. [Reserved]

42802.I. [Reserved]

**42803. SETTLEMENT PROCEDURES**

**42803.A. Final Settlement Price**

All futures contracts remaining open at the termination of trading shall be settled using the respective CHI Seasonal Maximum final value reported by MDA Information Systems, Inc., using the methodology in effect on that date. For example, on January 5, 2006, the 2005 Gulf Coast Seasonal Maximum contract would have been settled at 19.0 CHI index points.

**42803.B. Final Settlement**

Clearing members holding open positions in a CHI Seasonal Maximum futures contract at the termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

**42804. [RESERVED]**

**42805.-06. [RESERVED]**

(End Chapter 428)

**INTERPRETATIONS AND SPECIAL NOTICES  
RELATING TO CHAPTER 428**

**LIMITATION OF LIABILITY AND DISCLAIMER**

MDA Information Systems, Inc. ("MDA", formerly "Earth Sat") makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. MDA makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the CHI. Without limiting any of the foregoing, in no event shall MDA have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

# UNITED STATES PATENT AND TRADEMARK OFFICE (USPTO)

U.S. APPLICATION SERIAL NO. 77199918

MARK: CHI



**CORRESPONDENT ADDRESS:**

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**GENERAL TRADEMARK INFORMATION:**

<http://www.uspto.gov/trademarks/index.jsp>

**TTAB INFORMATION:**

<http://www.uspto.gov/trademarks/process/appeal/index.jsp>

**APPLICANT:** CHICAGO MERCANTILE EXCHANGE INC.

**CORRESPONDENT'S REFERENCE/DOCKET NO:**

13271-364

**CORRESPONDENT E-MAIL ADDRESS:**

officeactions@norvellip.com

## **EXAMINING ATTORNEY'S APPEAL BRIEF**

The applicant has appealed the trademark examining attorney's refusal to register the service mark "CHI" on the grounds that it identifies a process or system, and that it does not function as a service mark to identify and distinguish applicant's recited services from those of others and indicate the source

of those services. Trademark Act Sections 1, 2, 3, and 45, 15 U.S.C. §§10510-1053, 1127. The refusal on the ground that the mark identifies a process or system is withdrawn. The remaining issue on appeal is that the mark fails to function as a service mark to identify and distinguish applicant's recited services from those of others and indicate the source of those services.

## FACTS

Following a refusal under Section 2d of the Trademark Act that the applicant has overcome, the mark was published for opposition, and a statement of use provided. The statement of use was refused on the ground that the mark identifies a process or system, and it does not function as a service mark to identify and distinguish applicant's services from those of others and indicate the source of those services. Trademark Act Sections 1, 2, 3, and 45, 15 U.S.C. §§10510-1053, 1127. Request for reconsideration was denied because the request failed to provide specimens that showed use of the mark as a source identifier for the services in the application, and because the mark was used to identify a system or process. The refusal based on use of the mark to identify a process or system is withdrawn in deference to the applicant's registration of the same mark for indexing services. The issue remaining on appeal is whether the mark serves as a service mark to identify and distinguish the applicant's service from those of others and to indicate the source of those services.

## ARGUMENT

FAILURE TO FUNCTION AS SERVICE MARK FOR RECITED SERVICES

Registration was refused because the applied-for mark, as used on the specimen of record, does not function as a service mark to identify and distinguish applicant's services from those of others and to indicate the source of applicant's recited services. Trademark Act Sections 1, 2, 3 and 45, 15 U.S.C. §§1051-1053, 1127; *see In re Moody's Investors Serv., Inc.*, 13 USPQ2d 2043 (TTAB 1989); *In re The Signal Cos.*, 228 USPQ 956 (TTAB 1986); *In re Hughes Aircraft Co.*, 222 USPQ 263 (TTAB 1984); TMEP §§904.07(b), 1301.02 *et seq.* The specimen of record, along with any other relevant evidence of record, is reviewed to determine whether an applied-for mark is being used as a service mark. *See In re Volvo Cars of N. Am., Inc.*, 46 USPQ2d 1455, 1458 (TTAB 1998). A designation cannot be registered unless purchasers would be likely to regard it as a source-indicator for the services. *Id.*; *see In re Moody's Investors Serv. Inc.*, 13 USPQ2d 2043, 2047-49 (TTAB 1989).

The applicant characterizes the issue as whether the specimens show use of the proposed "CHI" mark *in connection with* the futures and options contracts related to hurricanes. The examiner would agree that the mark, "CHI", is used *in connection with* the applicant's futures and options contracts in that the mark is used on *indexes* used for valuation of futures and option contracts. This is not the issue for which registration was refused.

The mark is *not* used in the specimens of record to identify the *source* of the applicant's "*investment services, namely, providing futures, option contracts* related to hurricanes for trading on an exchange" (emphasis added) and distinguish the services from those of others. The characterization of the services

and whether the mark used on the specimens is used to indicate the source of the services *recited in the application* is at issue in this case.

The “CHI” mark is consistently used in the specimens of record to identify an *index* used in the valuation of investment contracts. In telephonic conversations with the applicant, the examining attorney noted that the applicant's use of the acronym CME (a different mark from the mark at issue) on the applicant's specimens is consistent with a mark used as a source identifier for the applicant's investment services. The examiner encouraged the applicant to seek examples of the “CHI” mark used in a similar manner to identify the source of the *investment services* rather than used to specifically reference the *index* used in valuation of the applicant's investment contracts. It is noted that during the prosecution of this application, the applicant sought registration for “CHI” used with the indexing services referenced by the examining attorney in telephonic conversations. It is also noted that the “CHI” mark *registered* in the later filed application for the services of “compiling, proving and updating a financial *index* measuring potential damage from a hurricane” (emphasis added). It is also noted that the specimens provided for the “CHI” registered mark are identical to the specimens provided in this application in which the specimens are refused for failing to serve as source identifying indicia for the applicant's *investment services*.

The applicant argues that use of the <sup>TM</sup> symbol signals to third parties that the applicant claims use of the term “CHI” as a mark. That is not at issue. The issue is whether the mark is used to identify the source of the particular services recited in this application. The applicant argues that its activities function as a service. The examining attorney is in agreement that the recited activities are services, and that the record supports the provision of these services in trade, and has not raised this as an issue in

the prosecution of this application. Clearly, the specimens reflect that the applicant is rendering the services in the application. At issue is whether the “CHI” mark serves to indicate the source of the investment services. The examiner does not dispute that a mark may be used to identify a process as well as a service, and this is evidenced by the applicant’s U.S. Registration No. 4315763 for use with indexing services.

The specimens of record (and discussed in the applicant’s Brief) include a reference to “CHI-Cat-In-A-Box - Galveston-Mobile” followed by a geographic reference. In this case, the proposed mark, “CHI” does not match the term CHI-Cat-In-A-Box, and for that reason is not acceptable to show use of the mark in connection with the services. Furthermore, it is not clear that the “CHI-Cat-In-A-Box - Galveston-Mobile” is the name of a futures or futures option contract. 37 C.F.R. §2.51(a); TMEP §807.12(a). The second specimen referenced in the applicant’s brief (and earlier made of record) states “The CME Hurricane Index (CHI) was developed to provide a quick and *easy-to calculate estimate of hurricane damage* and is used by all of our Hurricane futures and option on futures contracts.” This is a reference to the indexing services used to establish the value of the futures and options” (emphasis added by the examiner). The third specimen referenced in the applicant’s brief states “This high level of detail and responsiveness, plus the ability to update frequently using publicly available data, make the CHI an ideal choice *as the basis* for the suite of hurricane futures, options, and binary contracts traded at CME.” Again, the reference to “*the basis*” is a reference to the means of determining the risk related value of the hurricane related contracts. The applicant’s specimens of record are all found unacceptable for the same reasons as those referenced herein.

While the examiner does not dispute that the “CHI” mark is used to identify both a process and a service, it is used to identify the *indexing* process and services, and not to identify the *source* of the *investment* services. The mark in this application appears to be properly registered for the services with which it is used in U.S. Registration No. 4315763. In summation, the specimens of record do not show use of the mark to identify the source of the applicant’s investment services, namely providing futures [and] options contracts related to hurricanes for trading on an exchange.

#### CONCLUSION

For the foregoing reasons, the refusal to register on the basis of Sections 1, 2, 3, and 45 of the Trademark Act, 15 U.S.C. §§10510-1053, 1127, for the reason that the specimens of record fail to function to identify the source of the applicant’s services for which registration is sought, should be affirmed.

Respectfully submitted,

/Linda A. Powell/

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## I. INTRODUCTION

Applicant, Chicago Mercantile Exchange Inc., by its attorneys, hereby appeals the final decision of the USPTO Examining Attorney refusing registration of the mark CHI (the “Mark” or “CHI Mark”). This sole issue in dispute in this appeal is whether the specimens provided by Applicant show use of CHI Mark in connection with the futures and options contracts related to hurricanes. The Examining Attorney wrongly believes the specimens do not support registration because the specimens merely identify a process or system and do not show use of a service mark to identify and distinguish Applicant’s services from those of others. The record does not support this conclusion. The specimens provided during prosecution of this application show use of the CHI Mark in connection with an investment service, namely futures and options contracts related to hurricanes. To illustrate this point, below is an excerpt from Applicant’s specimen submitted on April 5, 2013 that shows use of the CHI mark in connection with a specific futures contract related to hurricanes. There is no better specimen.

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Binary hurricane contracts are offered on Index (named storm), Seasonal (aggregate), Seasonal Max (largest storm of the season) and Second Event Seasonal Max Binary futures contracts:

- CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30’0”W on the west, 87°30’0”W on the east, 27°30’0”N on the south, and the corresponding segment of the U.S. coastline on the north)

For the following reasons, the Examining Attorney’s refusal is improper and unsupported by the record:

First, it is undisputed that the Applicant is actually rendering services, namely, futures and options contracts related to hurricanes.

Second, Examining Attorney’s claimed process is an index that is already the subject of a U.S. registration, specifically, the CHI Mark is registered in connection with a hurricane index, which confirms that the mark functions as a service mark. See Reg. No. 4,315,763.

Third, the CHI Mark is clearly used in connection with a specific futures contract and Applicant supplied sufficient specimens to evidence such use.

Fourth, the Trademark Trial and Appeal Board (“TTAB” or “Board”) has repeatedly held that the standards for specimens for service marks are relaxed and any doubt on the issue of acceptability of specimens should be resolved in favor of applicant.

Fifth, the Examining Attorneys’ own case law fails to support her position and mandates reversal of the refusal.

Accordingly, the mark is registrable as a service mark and Applicant requests that the Board reverse the Examining Attorney’s decision, accept the specimens submitted by Applicant, and allow the Mark to proceed to the registration.

## **II. BACKGROUND FACTS**

### **A. Procedural History for Applicant’s Mark.**

Applicant filed its application to register the mark CHI on June 7, 2007, based on an intent to use the Mark in commerce under Section 1(b) in connection with “investment services, namely, providing futures, options contracts related to hurricanes for trading on an exchange,” as amended, in International Class 36 (“Services”). On August 16, 2011, the application was allowed and on February 7, 2012, Applicant filed its Statement of Use attaching a specimen showing use of the CHI Mark. On March 8, 2012, the Examining Attorney issued an office action refusing registration of the Mark arguing that the mark, as used on the specimen of record, merely identified a process or system, and did not function as a service mark to identify and distinguish Applicant’s Services from those of others and to indicate the source of Applicant’s Services. 15 U.S.C. §§1051-1053, 1127.

In response, Applicant submitted a substitute specimen showing the use of the CHI Mark in connection with the applied-for Services on September 7, 2012. The Examining Attorney, however, issued her Final Refusal on October 5, 2012, maintaining her original refusal on the basis that the second specimen also showed use of the Mark only to identify a process or

system and not as a source identifier for the Services. On April 5, 2013, Applicant filed a Request for Reconsideration with the Examining Attorney submitting several substitute specimens. Also, on April 5, 2013, Applicant filed its Notice of Appeal and requested that this proceeding be suspended while the Request for Reconsideration was pending. Ultimately, the Request for Reconsideration was denied on May 22, 2013 for the same reasons, and the present appeal was resumed. Subsequently, Applicant filed several requests for extensions of time to file its appeal brief, which were approved by the Board. Applicant now submits its substantive arguments in support of this appeal.

**B. Basis for the Examining Attorney's Position.**

The Examining Attorney has refused registration of the CHI Mark because, in her opinion, the Mark, "as used on the specimen of record, merely identifies a process or system" and "does not also function as a service mark to identify and distinguish Applicant's services from those of others and to indicate the source of those services." Office Action of Oct. 5, 2012. Instead, the Examining Attorney believes that the Mark is used to reference a numerical measure of potential damage from a hurricane, an index of that measure, and not to identify the source of the provision of investment services. Examining Attorney further stated that while the index appears to be used to calculate the value of futures and options contracts, it is not used in the provided specimens as the source identifier for the provision of the investment contracts. The Examining Attorney ignores the fact that Applicant already owns a U.S. registration for the CHI mark covering "compiling, providing and updating a financial index measuring potential damage from a hurricane," which establishes that the mark functions as a service mark and is more than just a process, but the index itself is a separate service. Despite Applicant submitting multiple substitute specimens showing use of the Mark in connection with investment contracts such as futures contracts, the Examining Attorney maintained her refusal and ignored the evidence of use of the Mark as a source identifier on the specimens of record. This conclusion is flawed.

### **III. ARGUMENT**

#### **A. Background Information Regarding Applicant's Services.**

As the Examining Attorney properly noted, Trademark Manual of Examining Procedure ("TMEP") §1301.02(e) provides that "[i]n determining whether a specimen is acceptable evidence of service mark use, the examining attorney may consider applicant's explanations as to how the specimen is used, along with any other available evidence in the record that shows how the mark is actually used." TMEP §1301.02(e). In its Request for Reconsideration, Applicant supplied this information to assist the Examining Attorney in understanding Applicant's business and the nature of the services offered. This background information is particularly relevant because it explains that Applicant provides two core types of services, among others, (1) financial trading services; and (2) financial information services. Both of these categories are at issue in this issue because the CHI Mark is used for both financial trading services and financial information services. Applicant briefly summarizes this information below

Applicant is a worldwide leader in the financial industry and part of CME Group Inc., which is the world's largest and most diverse financial derivatives marketplace. Req. for Reconsideration, April 5, 2013. Customers rely upon Applicant's services for their financial exchange trading, investment, risk management, and financial information services. Applicant's services are defined into two core investment services: financial trading services and financial information services. Financial trading services relate to the trading of financial products through an exchange or over-the-counter platform, including the matching, processing and clearing of those trades. Financial information services involve the provision of financial market data services and analysis, including real-time and historical information and financial indexes. These are separate and distinct services offered by Applicant and may be used by different customers for different reasons.

The key financial products traded on Applicant's exchange are futures and options contracts and these contracts are offered in a wide range of asset classes, such as metals,

commodities, foreign exchange, energy, equity indexes and weather products. For example, Applicant's weather futures and options contracts allow customers to transfer risk associated with adverse weather events to the capital markets and increase their overall capacity to recover from the damage. The services provided under the CHI Mark at issue in this appeal are actually part of the hurricane futures and options contracts traded at Applicant's exchange. These contracts are based, in part, on numerical measures of the destructive potential of a hurricane. Simply put, Applicant provides investment services, namely, the futures and options contracts related to hurricanes, and Applicant uses the CHI Mark as a source identifier for these services. Applicant's target customers include hedge funds, insurers and reinsurers, energy companies, utility companies, hotel corporations and other commercial enterprises that might be affected by hurricanes. This service can be a critical component of a customer's risk management in the investment process.

Finally, Applicant regularly uses the TM symbol next to the CHI Mark, which signals to third parties that Applicant claims trademark rights in the mark. An example of such usage is shown in Exhibit A, which was submitted on April 5, 2013 in connection with Applicant's Request for Reconsideration after Final Action.

#### **B. Applicant's Activities Function As A Service.**

Section 1301.01(a) of the TMEP states that to function as a service, an activity must be: (1) a real activity and not a mere idea, process or concept; (2) performed to the order of, or for the benefit of someone other than the applicant; and (3) qualitatively differ from anything necessarily done in connection with the sale of the applicant's goods or performance of another services, i.e., not merely incidental or necessary to the applicant's larger business. See TMEP §1301.01(a). *In Re Renaissance Energy, LLC*, Ser. No. 78084358, 2007 WL 1580019 (T.T.A.B.

2007)<sup>1</sup>; *In re Betz Paperchem, Inc.*, 222 USPQ 89, 90 (T.T.A.B. 1984). The Examining Attorney cannot and does not dispute Applicant is rendering services.

As part of this analysis, the Board examines the specimens to show some direct association between the offer of services and the mark sought to be registered, i.e., that the mark is used in such a manner that it would be readily perceived as identifying the source of such services. For example, in *In re Renaissance Energy*, the Board reversed the Examining Attorney's refusal of the specimen because the original specimen submitted by the applicant showed service mark use of the mark LINK AND SYNC based upon the *position, prominence and size* of the mark and use of the mark LINK AND SYNC in connection with the word "operation," which denotes an activity. *In Re Renaissance Energy, LLC*, 2007 WL 1580019, at \*2. (emphasis added). See also *In re Betz Paperchem, Inc.*, 222 USPQ at 91 (the Board found specimens showed the term sought to be registered used to identify the applicant's activities; thus, the use of the term as a service mark has been demonstrated). Similarly, the Board in *In re Printco* found the specimen of record created a direct association between applicant's ENKLAVVOICE mark and the services specified in the application and reversed the Examining Attorney's refusal. *In Re Printco., Inc.*, Ser. No. 78155673, 2006 WL 2066578 (T.T.A.B 2006). A sufficient reference to the services in the specimen will create this association. *Id.*

In the instant case, there is no dispute that Applicant is rendering investment services. Applicant's specimens of record all relate to investment services, namely futures and options contracts related to hurricanes that are traded on a financial exchange. First, these are real financial products traded by third parties to manage risk. For example, hotel companies may purchase these contracts to manage the risk of a hurricane destroying one of their properties. Second, Applicant's Services are performed for the benefit of customers seeking to manage risk

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<sup>1</sup> All cases cited in Applicant's Appeal Brief are attached as Exhibit B.

by trading these investment contracts, again, these services are utilized by companies as part of their overall risk management. Finally, Applicant's Services are qualitatively different from and not merely incidental to Applicant's larger business of providing financial trading services. Applicant could operate the exchange without these specific products.

The specimens establish that is rendering services and this cannot be disputed by the Examining Attorney. As argued below, the specimens further show an association between these services and use of the CHI Mark.

### **C. Applicant's Mark Is the Subject of a U.S. Registration Covering Index Services**

Examining Attorney's own case law establishes that if a term is used to identify services, or to identify both process and services rendered under the process, it constitutes a service mark. *Liqwacon Corp. v. Browning-Ferris Industries, Inc.*, 203 USPQ 305, 318 (T.T.A.B. 1979). The words used on the specimen are not determinative. There is no black letter rule that a term can be the name of a process and not function as a mark for services. *In Re Caldwell Tanks, Inc.*, Ser. No. 75/672,03, 2002 WL 376688, \*2 (T.T.A.B. 2002). The Board has previously stated the fact that "the term 'process' is used on the specimen does not ipso facto mean that an arbitrary mark used in connection therewith designates a process and not more." *In Re Caldwell Tanks, Inc.*, 2002 WL 376688 at \*2; *In re Stafford Printers, Inc.*, 153 USPQ 428, 429 (T.T.A.B. 1967). When a process is such an intrinsic part of a service, consumers will view the name of the process, not merely as the name of the process or system, but as a mark for the service. *In Re Caldwell Tanks, Inc.*, 2002 WL 376688, at \*2. In the present case, the Examining Attorney argued the process is the index calculation, which is actually a separate service offered by Applicant and the subject of a U.S. Reg. No. 4,315,763. This proves that the CHI mark functions as a service mark.

#### **D. Applicant's Mark is Used In Connection With a Specific Futures Contract**

In the instant case, the CHI Mark is registrable because the services provided under the CHI Mark constitute a service and are not just a process or system. The Examining Attorney does not dispute that a mark may be used for both a process and as a source identifier. Oct. 5, 2012 Office Action. Moreover, the "process" claimed by the Examining Attorney is an actual index used in calculating hurricane damage, and is the subject of U.S. trademark registration (Reg. No. 4315763). Therefore, The CHI Mark constitutes a service mark and is registrable despite the fact that the term "index" is used in conjunction with the Mark on the specimens of record.

a. *The Specimens Of Record Show Use Of The Mark As A Service Mark And Not As A Process or System.*

"To focus on applicant's use of the word 'process' in lieu of the word 'service' incorrectly places form over substance." *In Re Solutions Now*, 1999 WL 670730, \*1 (T.T.A.B. 1999). Applicant's Services provided under the CHI Mark constitute a service and are not a mere process or system despite use of the word "index." As explained above, Applicant actually offers a CHI futures contract and the CHI service is embedded in and part of the hurricane futures and options contracts. The mere fact that Applicant also uses the word "index" on the specimens does not mean that the CHI service is simply a process or system for estimating hurricane damage as opposed to an investment service. As fully explained in the preceding section, CHI services allow customers to offset risk associated with potential damage arising from a hurricane by trading futures or options contracts related to hurricanes on Applicant's exchange. Applicant could have used the term "CHI service" instead of the term "CHI index" in the specimens, which would not have changed the essence of the Services provided under the CHI Mark. Furthermore, the CHI service is such an intrinsic part of Applicant's Services that consumers view CHI, as used on the specimens, not as the name of an index used to estimate

hurricane damage, but as a mark for the service. This reinforces the fact that Applicant identifies futures contract by the mark CHI.

Even if the CHI Mark identifies the system or process for estimating hurricane damage, the CHI Mark is still registrable as a service mark because the CHI Mark, as clearly shown on the specimens of record, identifies both the system or process and Applicant's investment services rendered by means of such system or process. The CHI Mark is used in the context of providing investment services, including as the name of a particular futures contract. See Exhibit C. Accordingly, the CHI Mark is used in connection with and as part of providing the investment services and is registrable as a service mark. Applicant submitted ample evidence showing such use. Applicant details below its specimens of record.

The most relevant specimen attached as Exhibit C and submitted to the USPTO by Applicant on April 5, 2013 is a brochure regarding Applicant's hurricane contracts. Most importantly, very first page of the specimen identifies list of "Seasonal Max Binary futures contracts" and the very the first contract is a CHI branded futures contract showing clear use of the CHI mark in connection with a specific futures contract:

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Binary hurricane contracts are offered on Index (named storm), Seasonal (aggregate), Seasonal Max (largest storm of the season) and Second Event Seasonal Max Binary futures contracts:

- CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30'0"W on the west, 87°30'0"W on the east, 27°30'0"N on the south, and the corresponding segment of the U.S. coastline on the north)

The specimen attached as Exhibit D entitled "Hurricane Product Center" is a print-out from Applicant's website that consists of an advertisement for the CHI Mark in connection with providing Applicant's investment services. This second specimen states in part:

The CME Hurricane Index (CHI) was developed to provide a quick and easy-to calculate estimate of hurricane damage and is *used by all of our Hurricane futures and options on futures contracts.* (emphasis added)

The specimen entitled “A Detailed Overview of the CME Hurricane Index™ (CHI™)” is a brochure describing the CHI Index. See Exhibit A. This specimen states in part:

This high level of detail and responsiveness, plus the ability to update frequently using publicly available data, *make the CHI an ideal choice as the basis for the suite of hurricane futures, options, and binary contracts traded at CME.* (emphasis added)

To emphasize this point, the specimen states the CHI Mark is the basis for the actual investments services covered by the present Application. All of these specimens establish a direct association between the CHI Mark and Applicant’s Services.

The specimens entitled “Weather Products CME Hurricane Index Futures and Options” and “CME Hurricane Index (CHI) Overview” further demonstrate use of the CHI Mark in connection with services related to “futures and options” or “futures and options contracts.” See Exhibits E and F.

The review of Applicant’s specimens prove (1) there is a futures hurricane contract by the name CHI, and (2) the remaining specimens of record show a direct association between use of the Mark and the identified services.

There can be no clearer specimen or evidence of record showing use of the CHI Mark as a source identifier for the provision of Applicant’s Services, specifically, investment services.

*b. The Board’s Precedent Supports Reversal of Examining Attorney’s Refusal*

The Board should not place undue emphasis on wording used in the Applicant’s specimens. The Board’s decision in *In Re Caldwell Tanks, Inc.*, is instructive. 2002 WL 376688 at \*2. Specifically, the Board found that “[a]lthough the specimens use the mark, in part, in conjunction with the phrase “jump form system,” the word “system,” like “process,” does not automatically prevent a term from functioning as a mark. Because “the construction system is such an intrinsic part of the construction service that consumers will view STAC-4 and design, as used on the specimens, not merely as the name of the system, but as a mark for the

service.” *Id.* The Board also stated that this is a very fact intensive process, so whether or not a particular specimen shows use of a service mark is case specific. *Id.* at \*2.

The Board in *In Re Solutions Now*, found that “applicant could have just as easily used the word ‘service’ in lieu of the word ‘process,’” therefore applicant’s use of the word “process” in the specimens did not mean that the mark identified a process as opposed to a service. 1999 WL 670730, at \*1. This decision confirms that the Board should consider the entirety of the record, as mere words on the specimens are not determinative.

Similarly, in this case, the CHI Mark is functioning as a mark and is registrable despite the fact that the term “index” is used in conjunction with the Mark on the specimens of record. Because Applicant’s CHI service is such an intrinsic part of its investment services, consumers view the CHI Mark, as used on the specimens of record, not merely as the name of an index used to calculate the value of futures and options contracts, but as a mark for Applicant’s Services. Customers could easily trade these investment contracts by referring to them as a CHI hurricane future. Using the CHI source designation, third parties would understand the specific futures contract. Therefore, the CHI Mark refers to a service and not simply a process or system, and is used as a source identifier. As a result, the Examining Attorney’s refusal to register the CHI Mark should be reversed.

“A process, inter alia, is a particular method or system of doing something...By its very meaning, the term “process” can encompass a service.” *In re Stafford Printers, Inc.*, 153 USPQ at 429. The key to understanding whether a term identifies only a process and is thus not registrable, or identifies a service and a process and is thus registrable must be determined by reviewing applicant’s specimens of use. *In Re Solutions Now*, 1999 WL 670730, at \*1. Further, if “applicant’s services are offered to a specialized audience, we must consider the specimens and other literature in light of this audience.” *In Re Caldwell Tanks, Inc.*, 2002 WL 376688, at \*1.

Applicant has made of record ample evidence that demonstrates that Applicant is rendering specific services under the Mark to a specialized audience. As explained above,

Applicant's Services provided under the Mark consist of assisting its customers to offset risk associated with potential damage arising from a hurricane by trading futures or options contracts related to hurricanes on Applicant's exchange. Accordingly, at a minimum, the Mark identifies both a process or system and a service.

**E. The Specimens Of Record Show Direct Association Between The Offer Of Applicant's Services And The Mark.**

The Specimens submitted by Applicant show direct association between the offer of Applicant's Services and the Mark, i.e., the Mark is used in such a manner that it would be readily perceived as identifying the source of Applicant's Services. *In Re Renaissance Energy, LLC*, 2007 WL 1580019; *In re PrintCo, Inc.*, 2006 WL 2066578.

First, the commercial impression created by the specimens is that CHI is an activity or service. For example, if Applicant used the term "CHI service" instead of the term "CHI index" in the specimens, the commercial impression created by the CHI Mark would be the same. In addition, because the Mark is used either with the designation <sup>TM</sup>, in bold font or capital letters, the CHI Mark will be perceived as a service mark by relevant consumers. *See In Re Renaissance Energy, LLC*, 2007 WL 1580019, at \*2 ("[i]f we substituted the word "Services" for "Operation" (i.e., "Link and Sync (tm) Services"), the commercial impression engendered by the mark would be the same (i.e., Link and Sync Business or Link and Sync Activity"). In addition, because of the position, prominence, and size of "Link and Sync," it will be understood to be a service mark.")

Second, the specimens show the Mark with reference to, or association with, Applicant's Services. For example, the specimens consist of advertisements that show the Mark immediately next to the description of Applicant's specific investment services. *See, e.g.*, Exhibits C, D, E.

Therefore, the specimens of record show direct association between the offer of Services and the Mark. *See, e.g., In re PrintCo, Inc.*, 2006 WL 2066578, at \*4 (the Board found

that the screen print from the applicant's website showing the applied-for mark immediately followed by the description of the applied-for services did not merely describe features of a system, but described the applied-for services available by means of the applicant's website under the applied-for mark; thus, the specimen of record was adequate to support the use of the mark in connection with the identified services).

A consumer viewing Applicant's specimens would readily perceive the CHI Mark as identifying the source of Applicant's investment services that allows consumers to engage the described investment services. As a result, Applicant's specimens create a direct association between the CHI Mark and Applicant's Services and the CHI Mark is registrable based on the specimens of record.

**F. Board Should Defer to Applicant on Submission of Specimens and Any Doubt on the Issue of Acceptability of Specimens Should Be Resolved in Favor of Applicant**

The Board's precedent is clear. "[T]he Board has been fairly flexible in accepting service mark specimens." *In re PrintCo, Inc.*, 2006 WL 2066578, at \*3. The reason for this approach is simple. Service marks are intangible and not easily susceptible to proving use of a mark by requirements of specimens. *In Re Metriplex Inc.*, 23 U.S.P.Q.2d 1315, 1992 WL 169149, \*2 (T.T.A.B. 1992). This reality is expressed by the relaxed standards set forth in the TMEP for service marks. *Id.*; TMEP §1301.04. Unlike goods, applicants cannot readily tag services with their marks. To deny registration on this basis would effectively give less protection to service marks over trademarks, which is contrary to the law. By this reason, the Board is very flexible in accepting service mark specimens in cases where the specimens do not refer explicitly to the services identified in the respective applications. There are ample Board's decisions that demonstrate such flexibility. *See, e.g., In re Ralph Mantia Inc.*, 54 USPQ2d 1284 (T.T.A.B. 2000) (applicant's specimen of letterhead stationery was found acceptable even though it only stated the word "design" and did not indicate the specific nature of applicant's services, commercial art design); *In Re Metriplex Inc.*, 1992 WL 169149, at \*2 (an example of a computer

screen display that appeared on a computer terminal in the course of applicant's rendering of its services was found to be an acceptable specimen even though it did not refer to the services identified in the application); *In re Red Robin Enterprises, Inc.*, 222 USPQ 911 (T.T.A.B. 1984) (a photograph of a person wearing a bird costume, where asserted mark was a design of that bird costume, for entertainment services, namely personal appearances, clowning, antics, dance routines and charity benefits, was an acceptable specimen showing the use of the mark in connection with the applied-for services).

Moreover, to the extent that the Board has any doubt on the question of whether the specimens of record are acceptable to show Applicant's use of the CHI Mark, this doubt should be resolved in favor of Applicant. *In Re Btio*, Ser. No. 75/712,224, 2001 WL 873280 (T.T.A.B. 2001). As a result, the Examining Attorney's refusal should be withdrawn.

#### **G. The Examining Attorney's Case Law Fails to Support Her Position.**

In support of her refusal, the Examining Attorney relies upon decisions in *In re Universal Oil Prods. Co.*, 476 F.2d 653 (C.C.P.A. 1973), *In re Hughes Aircraft Co.*, 222 USPQ 263 (T.T.A.B. 1984) and *Liqwacon Corp.*, 203 USPQ 305. The decisions in *In re Universal Oil Prods. Co.* and *In re Hughes Aircraft Co.* are clearly distinguishable from the present record and therefore do not support the Examining Attorney's position. Furthermore, the decision in *Liqwacon Corp.* supports Applicant's position, and not the Examining Attorney's position.

Unlike the present situation, the applicant *In re Universal Oil Prods. Co.* submitted brochures as specimens that completely failed to show any use of the PACOL and PENEX marks in reference to PACOL or PENEX services. 476 F.2d at 654. Specifically, the Court of Customs and Patent Appeals found no association between the marks and the offer of services. Instead, the marks were simply used in a brochure offering to license or install certain chemical processes. and the specimen merely described some general services and referenced a dozen or more different names. In *In re Hughes Aircraft Co.*, the specimens and other materials introduced by the applicant used the term "PHOTOX" only in connection with applicant's

photochemical vapor deposition process or method, and not any specific services. 222 USPQ at 265. The Board found that there was no association between applicant's offering of services of treating the products of others by means of photochemical vapor and the term "PHOTOX." *Id.* Neither of these situations is present here.

Unlike *In re Universal Oil Prods. Co.*, all specimens provided by Applicant prominently use the CHI Mark and detail Applicant's investment services, namely, futures and options contracts related to hurricanes for trading on an exchange. These specimens are used by customers to understand the specific financial products offered by Applicant and evaluate these services. In fact, these specimens are not broad company brochures, but specifically focused on the CHI mark and Applicant's futures and options contracts for hurricanes. As a result, there is a direct association between the offer of services (futures or options contracts related to hurricanes) and the CHI mark. On this basis alone, the specimens should be accepted and refusal withdrawn.

Finally, the Board's decision in *Liqwacon Corp.* supports Applicant's position because, similar to the present case, the mark in *Liqwacon Corp.* identified both a waste treatment and disposal service and a chemical solidification process, and thus was registrable as a service. 203 USPQ at 318. The Board came to this conclusion despite the fact that a number of applicant's exhibits contained reference to the mark with the word "process," i.e., "LIQWACON PROCESS," "Disposal via LIQ-WA-CON Process" and similar expressions.

As argued above, Applicant has provided ample evidence and arguments to show that the mark CHI Mark identifies both a process or system, i.e., an index, and investment services. Examining Attorney's focus on the word "index" is misplaced and irrelevant. The law does not require use of the word "service" to secure a registration for service marks. Therefore, the Examining Attorney's case law fails to support her position and the refusal to register the CHI Mark should be reversed.

#### IV. CONCLUSION

Because Applicant's CHI Mark is used in the specimens of record as the source identifier for the provision of the Applicant's Services, Applicant respectfully requests that the Board reverse the Examining Attorney's refusal to register the CHI Mark, accept the specimens submitted by Applicant and allow the Application to proceed to the registration.

Respectfully Submitted,

CHICAGO MERCANTILE EXCHANGE INC

Dated: October 1, 2013

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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In re Application of:  CHICAGO MERCANTILE EXCHANGE INC.  Serial No.: 77/199,918  Filed: June 7, 2007  Mark: CHI	Examining Attorney:  Linda A. Powell  Law Office 106
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**APPENDIX FOR APPLICANT'S APPEAL BRIEF IN SUPPORT OF REGISTRATION FOR  
THE MARK CHI IN INTERNATIONAL CLASS 36**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
A	Specimen entitled "A Detailed Overview of the CME Hurricane Index™ (CHI™)"
B	All case law cited in Applicant's Appeal Brief
C	Specimen entitled "Weather Products CME Hurricane Index Futures and Options" submitted on April 5, 2013
D	Specimen entitled "Hurricane Product Center"
E	Specimen entitled "Weather Products CME Hurricane Index Futures and Options" submitted on February 7, 2012
F	Specimen entitled "CME Hurricane Index (CHI) Overview"

# Exhibit A

## A DETAILED OVERVIEW OF THE CME HURRICANE INDEX™ (CHI™)

The CME Hurricane Index™ (CHI™) was developed to provide a quick and easy-to-calculate estimate of hurricane damage. Losses may be caused by high winds that result in property damage, as well as by wind-driven coastal waters known as “storm surge” which can cause flooding and other water-related damage. Determining the dollar value of insured losses from a hurricane may take months – and sometimes years – as claims are filed by policy holders and payments are made to settle those claims.

By definition, a hurricane must have a maximum sustained 1-minute wind speed of at least 74 mph. Tropical cyclones with sustained wind speeds of 39 to 73 mph are referred to as “tropical storms” and those with sustained wind speeds less than 39 mph are called “tropical depressions.”

Popular measures of storm intensity such as the Saffir-Simpson Hurricane Scale (SSHS) are not highly correlated to hurricane damage. The SSHS, developed in 1969 by Herbert Saffir, a civil engineer on commission from the United Nations and Robert Simpson, the then-director of the National Hurricane Center, is used in the Atlantic and Northeast Pacific basins to estimate the potential for flooding and property damage, given a hurricane's intensity. Modeled after the Richter scale for earthquakes, the SSHS ranges from one to five, based on a combination of wind speed (used as a measure of damage to structures) and storm surge (used as a measure of flooding).

<b>Safford-Simpson Hurricane Scale (SSHS)</b>	<b>Maximum Sustained 1-Minute Wind Speed (in mph)</b>	<b>Storm Surge (in feet)</b>	<b>Damage Description</b>
Category 1	74 to 95	4 to 5	Minimal
Category 2	96 to 110	6 to 8	Moderate
Category 3	111 to 130	9 to 12	Extensive
Category 4	131 to 155	13 to 18	Extreme
Category 5	Over 155	Over 19	Catastrophic

Despite its popularity and frequent use by the news media, the SSHS contains a number of inherent design flaws that limit its usefulness as a measurement tool. First, the SSHS is limited to five categories, with no allowance for sub-categories or smaller increments to provide more granular measurements. As a result, a storm with a wind speed of 110 mph is classified as a Category 2 storm, while a storm with a wind speed of 111 mph is classified as a Category 3. While meteorologists may qualify such storms as a “strong Category 2” or a “weak Category 3,” respectively, the practical application of the SSHS is severely limited by its discrete, rather than continuous, nature. In contrast, the Richter scale for earthquakes, which provided the inspiration for the SSHS, is measured on a continuous scale.

A second, related shortcoming of SSHS is that all storms with wind speeds over 155 miles per hour are classified as Category 5 hurricanes. While damage from winds at this level would certainly be catastrophic, wind speeds have been measured far in excess of 155 mph. For

example, Hurricane Camille in 1969 had sustained winds of 190 mph at landfall with gusts up to 213 mph, and several other hurricanes since that time have approached those levels.

A third issue with SSHA is that it does not consider the size, or diameter, of the storm. Size can vary considerably, and larger storms with a wider area have the potential to create greater damage, all else being the same.

To address these shortcomings, the CME Hurricane Index was developed by Dr. Steve Smith of Willis Re, building on recent work by Lakshmi Kantha at the Department of Aerospace Sciences at the University of Colorado at Boulder. Kantha's Hurricane Intensity Index and Hurricane Surge Index were combined into a single equation:

$$\text{CHI} = (V/V_0)^3 + (3/2)(R/R_0)(V/V_0)^2$$

where:  $V$  = maximum sustained 1-minute wind speed (in mph), and  $V$  is at least 74 mph  
 $V_0 = 74$  mph  
 $R$  = radius of hurricane-force winds (in statute miles)  
 $R_0 = 60$  miles

Values for  $V$  and  $R$  are obtained from National Hurricane Center (NHC) Public Advisories, available at:

<http://www.nhc.noaa.gov/archive/2011/index.shtml>

Public Advisories are typically issued at intervals of three hours or less until a storm moves inland or dissipates. The text of NHC Public Advisory 48B for Hurricane Ike, just prior to landfall on September 13, 2008, is shown below.

```
ZCZC MIATCPAT4 ALL
TTAA00 KNHC DDHMM
BULLETIN
HURRICANE IKE INTERMEDIATE ADVISORY NUMBER 48B
NWS TPC/NATIONAL HURRICANE CENTER MIAMI FL AL092008
200 AM CDT SAT SEP 13 2008
```

```
...EYE OF IKE MOVING ONTO THE TEXAS COAST NEAR GALVESTON...LANDFALL
EXPECTED IN THE NEXT HOUR OR TWO...
```

```
A HURRICANE WARNING REMAINS IN EFFECT FROM MORGAN CITY LOUISIANA TO
NORTH OF PORT ARANSAS TEXAS. HURRICANE CONDITIONS ARE EXPECTED TO
REACH THE COAST IN THE WARNING AREA LATER TODAY.
```

```
AT 2 AM CDT...0700 UTC...THE TROPICAL STORM WARNING IS DISCONTINUED
FROM PORT ARANSAS SOUTHWARD. A TROPICAL STORM WARNING REMAINS IN
EFFECT FROM EAST OF MORGAN CITY TO THE MISSISSIPPI-ALABAMA
BORDER...INCLUDING THE CITY OF NEW ORLEANS AND LAKE PONTCHARTRAIN.
```

```
FOR STORM INFORMATION SPECIFIC TO YOUR AREA...INCLUDING POSSIBLE
INLAND WATCHES AND WARNINGS...PLEASE MONITOR PRODUCTS ISSUED
```

BY YOUR LOCAL WEATHER OFFICE.

AT 200 AM CDT...0700Z...THE CENTER OF HURRICANE IKE WAS LOCATED NEAR LATITUDE 29.2 NORTH...LONGITUDE 94.7 WEST OR ABOUT 10 MILES... 15 KM...SOUTHEAST OF GALVESTON TEXAS AND ABOUT 60 MILES...100 KM...SOUTHWEST OF PORT ARTHUR TEXAS.

IKE IS MOVING TOWARD THE NORTHWEST NEAR 10 MPH...16 KM/HR. A NORTHWEST TO NORTH-NORTHWESTWARD MOTION IS FORECAST TO CONTINUE THIS MORNING...WITH A TURN TOWARD THE NORTH EXPECTED SATURDAY AFTERNOON. THE CENTER OF IKE SHOULD CROSS THE TEXAS COAST NEAR GALVESTON IN THE NEXT HOUR OR TWO...THEN MOVE OVER SOUTHEASTERN TEXAS THE REMAINDER OF SATURDAY MORNING.

DATA FROM NOAA DOPPLER WEATHER RADARS AND RECONNAISSANCE AIRCRAFT INDICATE MAXIMUM SUSTAINED WINDS REMAIN NEAR 110 MPH...175 KM/HR... WITH HIGHER GUSTS. IKE IS A STRONG CATEGORY TWO HURRICANE ON THE SAFFIR-SIMPSON SCALE AND COULD REACH THE TEXAS COAST AS A CATEGORY THREE...MAJOR HURRICANE...AT THE TIME OF LANDFALL. STRONGER WINDS...AS MUCH AS 30 MPH HIGHER THAN AT THE SURFACE...COULD OCCUR ON HIGH RISE BUILDINGS.

IKE REMAINS A VERY LARGE HURRICANE AND HURRICANE FORCE WINDS EXTEND OUTWARD UP TO 120 MILES...195 KM...FROM THE CENTER...AND TROPICAL STORM FORCE WINDS EXTEND OUTWARD UP TO 275 MILES...445 KM. HURRICANE CONDITIONS ARE OCCURRING ON THE TEXAS COAST BETWEEN FREEPORT AND SABINE PASS. THE NOAA AUTOMATED STATION AT SEA RIM STATE PARK TEXAS RECENTLY REPORTED 10-MINUTE AVERAGE WINDS OF 76 MPH...122 KM/HR...AND A WIND GUST OF 99 MPH...159 KM/HR.

THE MINIMUM CENTRAL PRESSURE JUST REPORTED BY AN AIR FORCE RESERVE HURRICANE HUNTER AIRCRAFT IS 953 MB...28.14 INCHES.

COASTAL STORM SURGE FLOODING OF UP TO 20 FEET...WITH NEAR 25 FEET IN SOME AREAS...ABOVE NORMAL TIDES ALONG WITH LARGE AND DANGEROUS BATTERING WAVES...CAN BE EXPECTED NEAR AND TO THE EAST OF WHERE THE CENTER OF IKE MAKES LANDFALL. THE SURGE EXTENDS A GREATER THAN USUAL DISTANCE FROM THE CENTER DUE TO THE LARGE SIZE OF THE CYCLONE. WATER LEVELS HAVE ALREADY INCREASED TO 9 TO 12 FEET ABOVE NORMAL TIDE LEVELS ALONG MUCH OF THE NORTHWESTERN GULF COAST.

DO NOT VENTURE OUTSIDE IN THE EYE. THE STRONGEST WINDS AND HIGHEST SURGE WILL LIKELY OCCUR NEAR OR JUST AFTER THE EYE MAKES LANDFALL.

IKE IS EXPECTED TO PRODUCE RAINFALL AMOUNTS OF 5 TO 10 INCHES OVER EASTERN TEXAS AND EXTREME SOUTHWESTERN LOUISIANA...WITH ISOLATED AMOUNTS OF 15 INCHES POSSIBLE.

ISOLATED TORNADOES ARE POSSIBLE TODAY OVER PORTIONS OF EASTERN AND SOUTHEASTERN TEXAS...AND SOUTHERN AND WESTERN LOUISIANA.

REPEATING THE 200 AM CDT POSITION...29.2 N...94.7 W. MOVEMENT TOWARD...NORTHWEST NEAR 10 MPH. MAXIMUM SUSTAINED WINDS...110 MPH. MINIMUM CENTRAL PRESSURE...953 MB.

THE NEXT ADVISORY WILL BE ISSUED BY THE NATIONAL HURRICANE CENTER AT 400 AM CDT.

§§  
FORECASTER BEVEN/RHOME

NNNN

From this Public Advisory, "...maximum sustained winds remain near 110 mph..." (Paragraph 7) and "...hurricane force winds extend outward up to 120 miles..." (Paragraph 8). Therefore, the CHI value for Hurricane Ike, using the data from NHC Public Advisory 48B, is:

$$\begin{aligned}
 \text{CHI} &= (110/74)^3 + (3/2)(120/60)(110/74)^2 \\
 &= 3.2846 + (1.5)(2.0)(2.2096) \\
 &= 3.2846 + 6.6289 \\
 &= 9.9135 \\
 &= 9.9 \text{ (rounding to 1 decimal place)}
 \end{aligned}$$

The CHI values for all landfalling hurricanes from 1998 through 2010 are summarized in the following table:

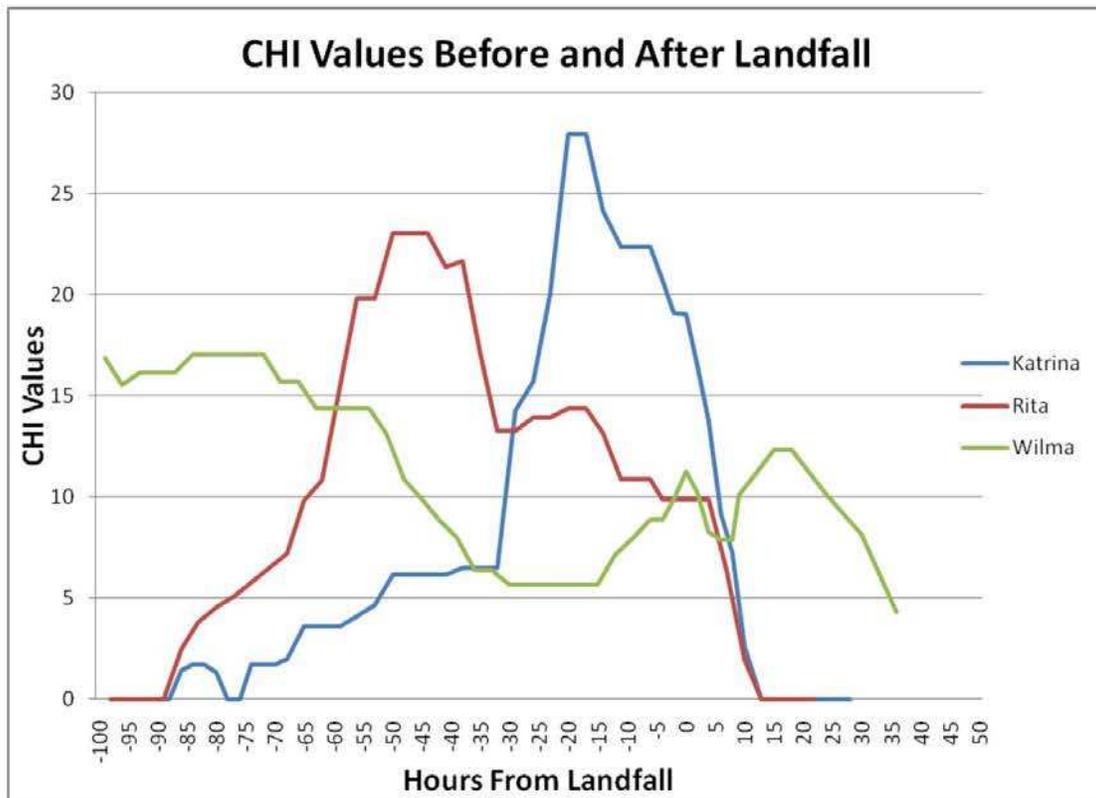
Name	Year	Landfall	NHC Advisory Number	V (in mph)	R (in statute miles)	Saffir-Simpson Category	CHI Value
Bonnie	1998	North Carolina	31B	115	115	3	10.7
Earl	1998	Florida	11	80	115	1	4.6
Georges	1998	Mississippi	51B	105	45	2	5.1
Bret	1999	Texas	17	140	40	4	10.4
Floyd	1999	North Carolina	34A	110	115	2	9.6
Irene	1999	Florida	9	75	30	1	1.8
Lili	2002	Louisiana	48A	100	60	2	5.2
Claudette	2003	Texas	27A	75	30	1	1.8
Isabel	2003	North Carolina	49A	100	115	2	7.7
Charley	2004	Florida	18	145	30	4	10.4
Frances	2004	Florida	44A	105	75	2	6.6
Ivan	2004	Florida	55B	130	105	3	13.5
Jeanne	2004	Florida	49B	115	70	3	8.0
Dennis	2005	Florida	25B	120	40	3	6.9
Katrina	2005	Florida	9	75	15	1	1.4
Katrina	2005	Louisiana	26A	145	120	4	19.0

Rita	2005	Texas/ Louisiana	26B	120	85	3	9.9
Wilma	2005	Florida	36	125	90	3	11.2
Humberto	2007	Texas	4	80	15	1	1.7
Ike	2008	Texas	48B	110	120	2	9.9

Notice that Katrina in 2005 made landfall twice: once in Florida, and once again in Louisiana.

Using 20 years of historical data, the CHI immediately preceding landfall and industry insured losses adjusted to 2005 constant dollars using the Consumer Price Index (CPI) had a correlation of 0.72. In contrast, the correlation between insured losses and the SSHS was just 0.54.

Because a CHI value can be calculated each time a NHC Public Advisory is issued, the CHI is highly responsive to changing conditions, and can be used to monitor a storm's damage potential prior to and immediately following landfall. To demonstrate this point, recall that the Gulf Coast experienced three major hurricanes in the 2005 season: Katrina, Rita and Wilma.



Several points should be emphasized. First, CHI values for an individual storm vary widely as the result of changing wind speeds and radius of hurricane-force winds. Second, the pattern of CHI values over time varies widely for different storms. Third, using CHI as a proxy for damage potential, Katrina's destructive power was far greater than Rita's or Wilma's, due to Katrina's combination of high winds and large size.



This high level of detail and responsiveness, plus the ability to update frequently using publicly-available data, make the CHI an ideal choice as the basis for the suite of hurricane futures, options, and binary contracts traded at CME.

# Exhibit C

## WEATHER PRODUCTS

# CME Hurricane Index Binary Options

### Overview

Binary Hurricane options are the newest additions to the family of CME Hurricane Index™ futures and options products. They are similar in many respects to standard options on futures, with strike (exercise) prices on a wide range of CME Hurricane Index values, but with a number of important differences.

#### Binary hurricane contracts:

- Provide the option holder with a fixed dollar payout upon exercise. This is unlike standard options, which provide the option holder with a position in the underlying futures contract, and the value of that underlying futures contract may vary widely depending on market conditions.
- Are offered only as “calls” (options to buy), since “puts” (options to sell) would result in a payout on an event that failed to occur.

### Based on the CME Hurricane Index

Like all of CME Group’s hurricane offerings, binary hurricane options are based on the CME Hurricane Index (CHI™), a proprietary index that provides a numerical measure of the potential damage arising from a hurricane. Using publicly available data from the National Hurricane Center of the National Weather Service, the CHI calculates the potential for damage for each official storm by reference to its maximum wind velocity and size (radius). The CHI tracks storms in designated areas in the Gulf of Mexico and the eastern seaboard of the United States, from their origin until finality.

For more information about the CME Hurricane Index, visit [www.cmegroup.com/binaryhurricanes](http://www.cmegroup.com/binaryhurricanes).

Binaries can be used in the same way as the popular Industry Loss Warranties (ILWs). An ILW is an index-based reinsurance contract covering specific territories, attachment points, perils and

time periods. Unlike a traditional ultimate net loss catastrophe cover, an independent index determines whether a particular event triggers an ILW and whether a recovery can be made.

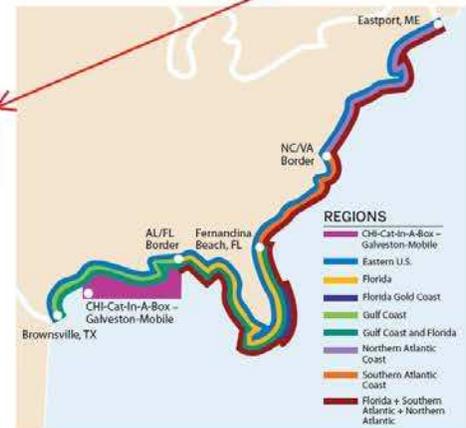
Binary hurricane options based on the CHI, however, provide more transparent pricing than ILWs, rapid payouts following a triggering event, and counterparty performance guaranteed by CME Clearing.

### Benefits

- Simplified hedging process for anyone with hurricane exposure
- Substitute for creating complex call option spreads
- Convenient contract multiples and small pricing increment – precisely match dollar exposure to a specific number of binary contracts, in \$10,000 increments
- Greater pricing precision, since premiums can be traded in \$1 increments

Binary hurricane contracts are offered on Index (named storm), Seasonal (aggregate), Seasonal Max (largest storm of the season) and Second Event Seasonal Max Binary futures contracts:

- CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30’0”W on the west, 87°30’0”W on the east, 27°30’0”N on the south, and the corresponding segment of the U.S. coastline on the north)
- Eastern U.S. (Brownsville, TX to Eastport, ME)
- Florida (AL/FL Border to Fernandina Beach, FL)
- Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL)
- Gulf Coast (Brownsville, TX to AL/FL Border)
- Gulf Coast and Florida (Brownsville, TX to Fernandina Beach, FL)
- Northern Atlantic Coast (NC/VA Border to Eastport, ME)
- Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)
- Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME)



## CME HURRICANE INDEX BINARY CONTRACT

Contract Size	\$10,000
Quote	Points (percent of \$10,000)
Minimum Price Increment	0.01 point
Tick Value	0.01 point = \$1
Contracts Traded	Binary contract in which buyer receives \$10,000 if the respective CHI value is equal to or greater than strike price; buyer receives nothing if the respective CHI value is less than strike price. Separate binary contracts will be listed for trading on named hurricanes making landfall in a specific geographic location (e.g., Eastern U.S.) between January 1 and December 31 inclusive of a calendar year. At the beginning of each season storm names are used from a list, starting with A and ending with Z, maintained by the World Meteorological Organization. In the event that more than 21 named events occur in a season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, Delta, and so on.
Locations	Named hurricanes making landfall in the Eastern U.S. (Brownsville, TX to Eastport, ME) Named hurricanes occurring within the CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30'0"W on the West, 87°30'0"W on the East, 27°30'0"N on the South and the corresponding segment of the U.S. coastline on the North)
Termination of Trading	Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following the last forecast/advisory issued by the National Hurricane Center (NHC) for the named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least five calendar days following January 1, or later than the first business day that is at least five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.
Strike Price Interval	1 CHI Index Point (e.g., 10, 11, 12, etc.)
Exercise	American-style (exercised any time up to and including LTD)
Position Limits	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month.
Trading Hours	8:30 a.m. to 3:15 p.m. CT (9:00 a.m. on LTD)

For more information on CME Hurricane Index Binary options, visit [www.cmegroup.com/binaryhurricanes](http://www.cmegroup.com/binaryhurricanes).

## CME HURRICANE INDEX CAT-IN-A-BOX BINARY CONTRACT

Contract Size	\$10,000
Quote	Points (percent of \$10,000)
Minimum Price Increment	0.01 point
Tick Value	0.01 point = \$1
Contracts Traded	Binary contract in which buyer receives \$10,000 if the respective CHI Cat-In-A-Box value is equal to or greater than strike price; buyer receives nothing if the respective CHI Cat-In-A-Box value is less than strike price. Separate binary contracts will be listed for trading on named hurricanes entering a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year. At the beginning of each season storm names are used from a list, starting with A and ending with Z, maintained by the World Meteorological Organization. In the event that more than 21 named events occur in a season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, Delta, and so on.
Locations	Galveston-Mobile (area bounded by 95°30'0"W on the west, 87°30'0"W on the east, 27°30'0"N on the south, and the corresponding segment of the U.S. coastline on the north)
Termination of Trading	Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following the dissipation or exit from the designated area of a named storm, provided that both the NHC and the Hydrometeorological Prediction Center have stopped issuing advisories for that named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least five calendar days following January 1, or later than the first business day that is at least five calendar days following December 31. If a particular named storm is unused (i.e. that storm has not formed), trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.
Strike Price Interval	1 CHI Index Point (e.g., 10, 11, 12, etc.)
Exercise	American-style (exercised any time up to and including LTD)
Position Limits	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month.
Trading Hours	8:30 a.m. to 3:15 p.m. CT (9:00 a.m. on LTD)

For more information on Weather futures and options, visit [www.cmegroup.com/weather](http://www.cmegroup.com/weather).

## CME HURRICANE INDEX SEASONAL BINARY OPTIONS

Contract Size	\$10,000
Quote	Points (percent of \$10,000)
Minimum Price Increment	0.01 point
Tick Value	0.01 point = \$1
Contracts Traded	Binary contract in which buyer receives \$10,000 if the respective CHI seasonal value is equal to or greater than strike price; buyer receives nothing if the respective CHI seasonal value is less than strike price. Separate binary contracts will be listed for trading on the accumulated CHI final settlement values for all hurricanes that make landfall in a specific location (e.g., Gulf Coast) between January 1 and December 31 inclusive of a calendar year
Locations	<ul style="list-style-type: none"> <li>• Gulf Coast (Brownsville, TX to AL/FL Border)</li> <li>• Florida (AL/FL Border to Fernandina Beach, FL)</li> <li>• Gulf Coast and Florida (Brownsville, TX to Fernandina Beach, FL)</li> <li>• Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL)</li> <li>• Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)</li> <li>• Northern Atlantic Coast (NC/VA Border to Eastport, ME)</li> <li>• Eastern U.S. (Brownsville, TX to Eastport, ME)</li> <li>• Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME)</li> </ul>
Termination of Trading	Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.
Strike Price Interval	1 CHI Index Point (e.g., 10, 11, 12, etc.)
Exercise	American-style (exercised any time up to and including LTD)
Position Limits	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month.
Trading Hours	8:30 a.m. to 3:15 p.m. CT (9:00 a.m. on LTD)

For more information on CME Hurricane Index Binary options, visit [www.cmegroup.com/binaryhurricanes](http://www.cmegroup.com/binaryhurricanes).

## CME HURRICANE INDEX SEASONAL CAT-IN-A-BOX BINARY OPTIONS

Contract Size	\$10,000
Quote	Points (percent of \$10,000)
Minimum Price Increment	0.01 point
Tick Value	0.01 point = \$1
Contracts Traded	Binary contract in which buyer receives \$10,000 if the respective CHI seasonal Cat-In-A-Box value is equal to or greater than strike price; buyer receives nothing if the respective CHI seasonal Cat-In-A-Box value is less than strike price. Separate binary contracts will be listed for trading on the accumulated CHI Cat-In-A-Box final settlement values for all hurricanes that enter a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year.
Locations	Galveston-Mobile (area bounded by 95°30'0"W on the west, 87°30'0"W on the east, 27°30'0"N on the south, and the corresponding segment of the U.S. coastline on the north)
Termination of Trading	Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.
Strike Price Interval	1 CHI Index Point (e.g., 10, 11, 12, etc.)
Exercise	American-style (exercised any time up to and including LTD)
Position Limits	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month.
Trading Hours	8:30 a.m. to 3:15 p.m. CT (9:00 a.m. on LTD)

For more information on Weather futures and options, visit [www.cmegroup.com/weather](http://www.cmegroup.com/weather).

## CME HURRICANE INDEX SEASONAL MAXIMUM BINARY OPTIONS

Contract Size	\$10,000
Quote	Points (percent of \$10,000)
Minimum Price Increment	0.01 point
Tick Value	0.01 point = \$1
Contracts Traded	Binary contract in which buyer receives \$10,000 if the respective CHI seasonal maximum value is equal to or greater than strike price; buyer receives nothing if the respective CHI seasonal maximum value is less than strike price. Separate binary contracts will be listed for trading on the accumulated CHI final settlement values for all hurricanes that make landfall in a specific location (e.g., Gulf Coast) between January 1 and December 31 inclusive of a calendar year.
Locations	<ul style="list-style-type: none"> <li>• Gulf Coast (Brownsville, TX to AL/FL Border)</li> <li>• Gulf Coast and Florida (Brownsville, TX to Fernandina Beach, FL)</li> <li>• Florida (AL/FL Border to Fernandina Beach, FL)</li> <li>• Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL)</li> <li>• Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)</li> <li>• Northern Atlantic Coast (NC/VA Border to Eastport, ME)</li> <li>• Eastern U.S. (Brownsville, TX to Eastport, ME)</li> <li>• Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME)</li> </ul>
Termination of Trading	Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.
Strike Price Interval	1 CHI Index Point (e.g., 10, 11, 12, etc.)
Exercise	American-style (exercised any time up to and including LTD)
Position Limits	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month.
Trading Hours	8:30 a.m. to 3:15 p.m. CT (9:00 a.m. on LTD)

For more information on CME Hurricane Index Binary options, visit [www.cmegroup.com/binaryhurricanes](http://www.cmegroup.com/binaryhurricanes).

## CME HURRICANE INDEX SEASONAL MAXIMUM CAT-IN-A-BOX BINARY OPTIONS

Contract Size	\$10,000
Quote	Points (percent of \$10,000)
Minimum Price Increment	0.01 point
Tick Value	0.01 point = \$1
Contracts Traded	Binary contract in which buyer receives \$10,000 if the respective CHI seasonal maximum Cat-In-A-Box value is equal to or greater than strike price; buyer receives nothing if the respective CHI seasonal maximum Cat-In-A-Box value is less than strike price. Separate binary contracts will be listed for trading on the accumulated CHI Cat-In-A-Box final settlement values for all hurricanes that enter a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year.
Locations	Galveston-Mobile (area bounded by 95°30'0"W on the west, 87°30'0"W on the east, 27°30'0"N on the south, and the corresponding segment of the U.S. coastline on the north)
Termination of Trading	Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.
Strike Price Interval	1 CHI Index Point (e.g., 10, 11, 12, etc.)
Exercise	American-style (exercised any time up to and including LTD)
Position Limits	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month.
Trading Hours	8:30 a.m. to 3:15 p.m. CT (9:00 a.m. on LTD)

For more information on Weather futures and options, visit [www.cmegroup.com/weather](http://www.cmegroup.com/weather).

## CME HURRICANE INDEX SECOND EVENT SEASONAL MAXIMUM BINARY OPTIONS

Contract Size	\$10,000
Quote	Points (percent of \$10,000)
Minimum Price Increment	0.01 point
Tick Value	0.01 point = \$1
Contracts Traded	Binary contract in which buyer receives \$10,000 if the respective CHI seasonal maximum value is equal to or greater than strike price; buyer receives nothing if the respective CHI seasonal maximum value is less than strike price. Separate binary contracts will be listed for trading on the second hurricane to make landfall in a specific location (e.g., Gulf Coast) between January 1 and December 31 inclusive of a calendar year with a particular maximum CHI value.
Locations	<ul style="list-style-type: none"> <li>• Gulf Coast (Brownsville, TX to AL/FL Border)</li> <li>• Gulf Coast and Florida (Brownsville, TX to Fernandina Beach, FL)</li> <li>• Florida (AL/FL Border to Fernandina Beach, FL)</li> <li>• Florida Gold Coast (Card Sound Bridge, FL to Jupiter Inlet, FL)</li> <li>• Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)</li> <li>• Northern Atlantic Coast (NC/VA Border to Eastport, ME)</li> <li>• Eastern U.S. (Brownsville, TX to Eastport, ME)</li> <li>• Florida + Southern Atlantic + Northern Atlantic (AL/FL Border to Eastport, ME)</li> </ul>
Termination of Trading	Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.
Strike Price Interval	1 CHI Index Point (e.g., 10, 11, 12, etc.)
Exercise	American-style (exercised any time up to and including LTD)
Position Limits	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month.
Trading Hours	8:30 a.m. to 3:15 p.m. CT (9:00 a.m. on LTD)

For more information on CME Hurricane Index Binary options, visit [www.cmegroup.com/binaryhurricanes](http://www.cmegroup.com/binaryhurricanes).

## CME HURRICANE INDEX SECOND EVENT SEASONAL MAXIMUM CAT-IN-A-BOX BINARY OPTIONS

Contract Size	\$10,000
Quote	Points (percent of \$10,000)
Minimum Price Increment	0.01 point
Tick Value	0.01 point = \$1
Contracts Traded	Binary contract in which buyer receives \$10,000 if the respective CHI seasonal maximum value is equal to or greater than strike price; buyer receives nothing if the respective CHI seasonal maximum value is less than strike price. Separate binary contracts will be listed for trading on the second hurricane to enter a specific geographic area (e.g., Galveston-Mobile) between January 1 and December 31 inclusive of a calendar year with a particular maximum CHI value.
Locations	Galveston-Mobile (area bounded by 95°30'0"W on the west, 87°30'0"W on the east, 27°30'0"N on the south, and the corresponding segment of the U.S. coastline on the north)
Termination of Trading	Trading shall terminate at 9:00 A.M. on the first Exchange business day that is at least five calendar days following December 31.
Strike Price Interval	1 CHI Index Point (e.g., 10, 11, 12, etc.)
Exercise	American-style (exercised any time up to and including LTD)
Position Limits	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month.
Trading Hours	8:30 a.m. to 3:15 p.m. CT (9:00 a.m. on LTD)

For more information on Weather futures and options, visit [www.cmegroup.com/weather](http://www.cmegroup.com/weather).

## HURRICANE BINARY OPTIONS

CAT-IN-A-BOX GALVESTON-MOBILE		EASTERN U.S.
NAMES	BINARY OPTIONS	BINARY OPTIONS
A	P12	X12
B	P22	X22
C	P32	X32
D	P42	X42
E	P52	X52
F	P62	X62
G	P72	X72
H	P82	X82
I	P92	X92
J	P02	X02
K	S12	G1B
L	S22	G2B
M	S32	G3B
N	S42	G4B
O	S52	G5B
P	S62	G6B
R	S72	G7B
S	S82	G8B
T	S92	G9B
V	S02	G0B
W	NH1	F12
Alpha	NH2	F22
Beta	NH3	F32
Gamma	NH4	F42
Delta	NH5	F52
Epsilon	NH6	F62
Zeta	NH7	F72
Eta	NH8	F82
Theta	NH9	F92
Iota	NH0	F02

For more information on CME Hurricane Index Binary options, visit [www.cmegroup.com/binaryhurricanes](http://www.cmegroup.com/binaryhurricanes).

## HURRICANE SEASONAL BINARY OPTIONS

REGION	BINARY OPTIONS
Gulf Coast	BHG
Florida	BHF
Southern Atlantic Coast	BHS
Northern Atlantic Coast	BHR
Florida + Southern Atlantic + Northern Atlantic	BFA
Eastern U.S.	BHX
Cat-In-A-Box – Galveston-Mobile	BHB
Gulf Coast and Florida	BFG
Florida Gold Coast	BMF

## HURRICANE SEASONAL MAXIMUM BINARY OPTIONS

REGION	BINARY OPTIONS
Gulf Coast	MHG
Florida	MHF
Southern Atlantic Coast	MHS
Northern Atlantic Coast	MHR
Florida + Southern Atlantic + Northern Atlantic	AOA
Eastern U.S.	MHX
Cat-In-A-Box – Galveston-Mobile	MHB
Gulf Coast and Florida	BGF
Florida Gold Coast	MFM

## HURRICANE SECOND EVENT SEASONAL MAXIMUM BINARY OPTIONS

REGION	BINARY OPTIONS
Gulf Coast	MG2
Florida	MF2
Southern Atlantic Coast	HM2
Northern Atlantic Coast	MR2
Florida + Southern Atlantic + Northern Atlantic	OMA
Eastern U.S.	MX2
Cat-In-A-Box	MB2
Gulf Coast and Florida	GF2
Florida Gold Coast	FM2

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For more information on Weather futures and options, visit [www.cmegroup.com/weather](http://www.cmegroup.com/weather).

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Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to anyone trade because they cannot expect to profit on every trade. All references to options refer to options on futures.

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All contracts herein are listed with, and subject to the rules and regulations of, Chicago Mercantile Exchange, Inc.

All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, CBOT and NYMEX rules. Current rules should be consulted in all cases concerning contract specifications.

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# Exhibit D



## Hurricane Product Center

**You can't predict the weather, but you can prepare for it.**

Manage all of your hurricane risk in one place using CME Group's Hurricane Index futures, options and binary options.

Following the devastating 2005 hurricane season that caused an estimated \$79 billion in damage, it became apparent there was not unlimited capacity in the insurance industry to insure customer claims. CME Group listened to the marketplace and developed a suite of Hurricane futures and options to help you mitigate your risk regardless of your region.

### Benefits

- Mitigate exposure for actual named hurricanes and specific regional locations
- Increase insurance capacity in order to insure customers or hedge businesses
- Transfer risk to the capital markets

### The CME Hurricane Index (CHI)

The CME Hurricane Index (CHI) was developed to provide a quick and easy-to-calculate estimate of hurricane damage and is used by all of our Hurricane futures and options on futures contracts. It is calculated by MDA Information Systems, Inc., the leading authority on extreme-risk modeling.

[View Block Trades](#)

### Contract Types

- Hurricane futures and options
- Hurricane Seasonal futures and options
- Hurricane Seasonal Maximum futures and options

### In the News

- [A Different Kind of Hurricane Preparedness](#)
- [A Hurricane Index To Address Industry Needs](#)
- [Weather Derivatives: Hedging on Mother Nature](#)
- [The Federal Agency That's Shaping Weather Markets](#)
- [MDA EarthSat to Provide Settlement Values for CME Hurricane Index](#)



### The CME Hurricane Index (CHI)

The CME Hurricane Index (CHI) is a proprietary index that provides a numerical measure of the potential damage arising from a hurricane. Using publicly available data from the National Hurricane Center of the National Weather Service, the CHI calculates the potential for damage for each official storm by reference to its maximum wind velocity and size (radius). The CHI tracks storms in designated areas in the Gulf of Mexico and the eastern seaboard of the United States, from their origin until finally.

### Weather Resources

- [CME Hurricane Index Futures and Options Fact Card](#)
- [CME Hurricane Index Binary Options Fact Card & Specifications](#)
- [CME Hurricane Index \(CHI\) Overview](#)
- [Hurricane Index: Scope and Definition](#)
- [History of Hurricanes and Commodities](#)
- [Daily Exchange Volume and Open Interest](#)

### Regions

- Gulf Coast
- Florida
- Southern Atlantic Coast
- Northern Atlantic Coast
- Eastern U.S.
- Gulf Coast and Florida
- Florida Gold Coast
- Galveston - Mobile
- Florida + Southern Atlantic + Northern Atlantic

### Weather Products

- [Cooling Degree Days](#)
- [Heating Degree Days](#)
- [Snowfall](#)
- [Rainfall](#)
- [Frost](#)
- [Weather Main](#)

### Weather Block Trades

Last Refreshed: April 04, 2013 04:24:08 PM CT

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### Contacts

**Chicago**  
Heldi Centola  
Manager, Weather and Alternative Investment Products

Processing..	Code	Contact	+1 312 800 1300	Type	Exchange	Price	Qty	Time
	11213	Commodity Hedge Monitor	Charles Plazzor	FUT	CME	300	60	12:54:00 CT
<b>Charles Plazzor</b> Director, Commodity Research & Product Development +1 312 930 4536								
<b>London</b> <b>Jeffy Kujpers</b> Director, Agricultural Commodities and Alternative Investments +44 203 379 3729								
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CME Group is the world's leading and most diverse derivatives marketplace. The company is comprised of five Designated Contract Markets (DCMs). Further information on each exchange's rules and product listings can be found by clicking on the links to [CME](#), [CBOT](#), [NYMEX](#), [COMEX](#) and [KCBT](#).

# Exhibit E

## WEATHER PRODUCTS

# CME Hurricane Index Futures and Options

Three types of contracts for Hurricane futures and options – covering specific regional locations and actual named hurricanes.

### Overview

Following the devastating 2005 hurricane season that caused an estimated \$79 billion in damage, it became apparent there was not unlimited capacity in the insurance industry to insure customer claims. CME Group listened to the marketplace and developed three types of contracts for Hurricane futures and options. The underlying indexes for Hurricane futures and options on futures are calculated by EQECAT, the leading authority on extreme-risk modeling.

### Market Participants

- Insurance and reinsurance companies
- Hedge funds
- Energy companies
- Pension funds
- State governments
- Utility companies

### Contract Types

- Hurricane futures and options
- Hurricane Seasonal futures and options
- Hurricane Seasonal Maximum futures and options

### Benefits

- An additional way to help insurers and others transfer risk to the capital markets
- Mitigate exposures for actual named hurricanes and specific regional locations
- Increase insurance capacity in order to insure customers or hedge businesses

### About the Index

CME Hurricane Index™ (CHI™) determines a numerical measure of the potential for damage from a hurricane, using publicly available data from the National Hurricane Center of the National Weather Service. The CHI incorporates sustained wind speed and the radius of hurricane force winds and is a continuous measurement.

The commonly used Saffir-Simpson Hurricane Scale (SSHS) classifies hurricanes in categories from 1 to 5; however there are a number of features which make the scale less than optimal for use by the insurance community and the public at large. For example, meteorologists have had to quantify SSHS categories as either 'strong' or 'weak' in order to make a proper distinction of a storm. As a case in point, Katrina was described as a weak category 4 storm at the time of its landfall but this did not provide a real estimate to the actual physical impact. And Hurricane Wilma in 2005 was at one point in its life the strongest storm on record. However, the CHI highlights that at its strongest, Hurricane Katrina had more potential for damage than Wilma, despite its lower wind speed, since Katrina was a far wider storm. The Saffir-Simpson scale would be unable to make this distinction clear.

# CME HURRICANE INDEX FUTURES AND OPTIONS CONTRACTS

	HURRICANE INDEX FUTURES	OPTIONS ON HURRICANE INDEX FUTURES
Contract Size	\$1,000 times the respective CHI	
Quotation	CHI Index Points	
Tick Size	0.1 CHI Index Point	
Tick Value	0.1 CHI Index Point = \$100 x 10 = 1 tick/\$1,000	
Contracts Traded	At the beginning of each season storm names are used from a list, starting with A and ending with Z, maintained by the World Meteorological Organization. In the event that more than 21 named events occur in a season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, Delta, and so on	
Locations	Named hurricanes making landfall in the Eastern U.S. (Brownsville, TX to Eastport, ME)  Named hurricanes occurring within the CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30'0"W on the West, 87°30'0"W on the East, 27°30'0"N on the South, and the corresponding segment of the U.S. coastline on the North)	
Ticker Symbols	Events begin with a one and ends with a zero (0 represents 10)  HX1-HX0 = CHI Hurricane Index storms beginning with the letters A-J HG1-HG0 = CHI Hurricane Index storms beginning with the letters K-V HF1-HF0 = CHI Hurricane Index storms beginning with the letters W-Iota  HP1-HP0 = CHI Cat-In-A-Box – Galveston-Mobile storms A-J HS1-HS0 = CHI Cat-In-A-Box – Galveston-Mobile storms K-V HN1-HN0 = CHI Cat-In-A-Box – Galveston-Mobile storms W-Iota	
Termination of Trading	Trading shall terminate at 9:00 a.m. Central Time (CT) on the first Exchange business day that is at least two calendar days following the last forecast/advisory issued by the NHC for the named storm, but in no event shall trading terminate prior to the first Exchange business day that is at least two calendar days following the beginning of the hurricane season on January 1. If a particular named storm is unused (i.e., that storm has not formed), trading shall terminate at 9:00 a.m. CT on the first Exchange business day that is at least two calendar days following the end of the hurricane season on December 31.  Trading shall terminate at 9:00 a.m. CT on the first Exchange business day that is at least two calendar days following the dissipation or exit from the designated area of a named hurricane, but in no event shall trading terminate prior to the First Exchange business day that is at least two calendar days following the beginning of the hurricane season on January 1 or later than the first business day that is at least two calendar days following December 31. If a particular named storm is unused (i.e., that storm had not formed), trading shall terminate at 9:00 a.m. CT on the first Exchange business day that is at least two calendar days following the end of the hurricane season on December 31.	
Strike Price Interval	N/A	1 Index Point (e.g., 10, 11, 12, etc.)
Exercise	N/A	American-style (exercised any time up to and including last trading day (LTD))
Settlement	All futures contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by EQECAT for that named event  All futures contracts remaining open at the termination of trading shall be settled using the respective CHI-Cat-In-A-Box final value reported by EQECAT for that named event, using the maximum calculated CHI value while the hurricane is within the designated area	N/A
Position Limits	Position accountability for positions exceeding 10,000 contracts in any contract month	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month
Trading Hours	Offered exclusively on the CME Globex electronic trading platform on Sundays through Thursdays, 5:00 p.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)	Traded via open outcry in the NASDAQ-100 pit on Mondays through Fridays, 8:30 a.m. – 3:15 p.m. CT (9:00 a.m. CT LTD)

Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade.

All references to options refer to options on futures.

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All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, CBOT and CME Group rules. Current rules should be consulted in all cases concerning contract specifications.

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# CME HURRICANE INDEX SEASONAL FUTURES AND OPTIONS CONTRACTS

	HURRICANE SEASONAL FUTURES	OPTIONS ON HURRICANE SEASONAL FUTURES
Contract Size	\$1,000 times the seasonal total for the respective CHI	
Quotation	CHI Index Points	
Tick Size	0.1 CHI Index Point	
Tick Value	0.1 CHI Index Point = \$100	
Contracts Traded	Expressed in terms of the accumulated CHI for all hurricanes that occur within a specific location between January 1 and December 31 inclusive of a calendar year  Expressed in terms of the accumulated CHI-Cat-In-A-Box values for all hurricanes that occur within a specific geographic area between January 1 and December 31 inclusive of a calendar year	
Locations	<p>Gulf Coast (Brownsville, TX to AL/FL Border)</p> <p>Florida (AL/FL Border to Fernandina Beach, FL)</p> <p>Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)</p> <p>Northern Atlantic Coast (NC/VA Border to Eastport, ME)</p> <p>Eastern U.S. (Brownsville, TX to Eastport, ME)</p> <p>CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30'0"W on the West, 87°30'0"W on the East, 27°30'0"N on the South, and the corresponding segment of the U.S. coastline on the North)</p>	
Ticker Symbols	<p>HGA = Gulf Coast</p> <p>HFA = Florida</p> <p>HSA = Southern Atlantic Coast</p> <p>HNA = Northern Atlantic Coast</p> <p>HXA = Eastern U.S.</p> <p>HPA = CHI-Cat-In-A-Box – Galveston-Mobile</p>	
Termination of Trading	Trading shall terminate at 9:00 a.m. CT on the first Exchange business day that is at least two calendar days following the end of the hurricane season on December 31	
Strike Price Interval	N/A	1 Index Point (e.g., 10, 11, 12, etc.)
Exercise	N/A	American-style (exercised any time up to and including LTD)
Settlement	<p>All futures contracts remaining open at the termination of trading shall be settled using the respective CHI final value reported by EQECAT for that numbered event</p> <p>All futures contracts remaining open at the termination of trading shall be settled using the respective CHI-Cat-In-A-Box final value reported by EQECAT for that numbered event, using the maximum calculated CHI value while the hurricane is within the designated area</p>	N/A
Position Limits	Position accountability for positions exceeding 10,000 contracts in any contract month	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month
Trading Hours	Offered exclusively on the CME Globex electronic trading platform on Sundays through Thursdays, 5:00 p.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)	Traded via open outcry in the NASDAQ-100 pit on Mondays through Fridays, 8:30 a.m. – 3:15 p.m. CT (9:00 a.m. CT LTD)

For more information on CME Hurricane Index futures and options, visit [www.cmegroup.com/hurricane](http://www.cmegroup.com/hurricane).

For real-time prices on CME Hurricane Index futures, visit [www.cmegroup.com/weatherquotes](http://www.cmegroup.com/weatherquotes).

# CME HURRICANE INDEX SEASONAL MAXIMUM FUTURES AND OPTIONS CONTRACTS

	HURRICANE SEASONAL MAXIMUM FUTURES	OPTIONS ON HURRICANE SEASONAL MAXIMUM FUTURES
Contract Size	\$1,000 times the respective CHI	
Quotation	CHI Index Points	
Tick Size	0.1 CHI Index Point	
Tick Value	0.1 CHI Index Point = \$100	
Contracts Traded	Expressed in terms of the CHI for the largest hurricane to make landfall within a specific location between January 1 and December 31 inclusive of a calendar year  Expressed in terms of the largest CHI-Cat-In-A-Box value for all hurricanes that occur within a specific geographic area between January 1 and December 31 inclusive of a calendar year	
Locations	<p>Gulf Coast (Brownsville, TX to AL/FL Border)</p> <p>Florida (AL/FL Border to Fernandina Beach, FL)</p> <p>Southern Atlantic Coast (Fernandina Beach, FL to NC/VA Border)</p> <p>Northern Atlantic Coast (NC/VA Border to Eastport, ME)</p> <p>Eastern U.S. (Brownsville, TX to Eastport, ME)</p> <p>CHI-Cat-In-A-Box – Galveston-Mobile (area bounded by 95°30'0"W on the West, 87°30'0"W on the East, 27°30'0"N on the South, and the corresponding segment of the U.S. coastline on the North)</p>	
Ticker Symbols	<p>HGM = Gulf Coast</p> <p>HFM = Florida</p> <p>HSS = Southern Atlantic Coast</p> <p>HNM = Northern Atlantic Coast</p> <p>HXM = Eastern U.S.</p> <p>HPM = CHI-Cat-In-A-Box – Galveston-Mobile</p>	
Termination of Trading	Trading shall terminate at 9:00 a.m. CT on the first Exchange business day that is at least two calendar days following the end of the hurricane season on December 31	
Strike Price Interval	N/A	1 Index Point (e.g. 10, 11, 12, etc.)
Exercise	N/A	American-style (exercised any time up to and including LTD)
Settlement	<p>All futures contracts remaining open at the termination of trading shall be settled using the respective CHI seasonal maximum final value reported by EQECAT</p> <p>All futures contracts remaining open at the termination of trading shall be settled using the respective CHI seasonal maximum Cat-In-A-Box final value reported by EQECAT</p>	N/A
Position Limits	Position accountability for positions exceeding 10,000 contracts in any contract month	Position accountability for positions exceeding 10,000 futures-equivalent contracts net on the same side of the market in any contract month
Trading Hours	Offered exclusively on the CME Globex electronic trading platform on Sundays through Thursdays, 5:00 p.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)	Traded via open outcry in the NASDAQ-100 pit on Mondays through Fridays, 8:30 a.m. – 3:15 p.m. CT the following day (9:00 a.m. CT LTD)

For more information on Weather futures and options, visit [www.cmegroup.com/weather](http://www.cmegroup.com/weather).

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# Exhibit F

CME Group > Weather > CME Hurricane Index (CHI) Overview

### CME Hurricane Index (CHI) Overview

Mon Jul 25 20:44:00 CDT 2011 CT

Related Keywords: [Weather](#), [Strategies & Techniques](#)



**ADVANCED OVERVIEW OF THE CME HURRICANE INDEX (CHI)**

The CME Hurricane Index™ (CHI) was developed to provide a quick and easy-to-use estimate of hurricane damage. This overview explains in detail how hurricanes are evaluated and the CHI Hurricane Index works.

The overview also includes:

- An explanation of how and why other popular measures of storm intensity are not highly correlated to hurricane damage
- A table of CHI values for all landfalling hurricanes from 1998 through 2010
- A graph of CHI values before and after landfall for Hurricanes Katrina, Rita and Wilma
- A link to the National Hurricane Center (NHC) Public Advisories, which provide updates on pre-landfall hurricanes
- A sample of an NHC Public Advisory

The CME Hurricane Index (CHI) was developed to provide a quick and easy-to-use estimate of hurricane damage. This overview explains in detail how hurricanes are evaluated and the CHI Hurricane Index works.

- The overview also includes:
- An explanation of how and why other popular measures of storm intensity are not highly correlated to hurricane damage
  - A table of CHI values for all landfalling hurricanes from 1998 through 2010
  - A graph of CHI values before and after landfall for Hurricanes Katrina, Rita and Wilma
  - A link to the National Hurricane Center (NHC) Public Advisories, which provide updates on pre-landfall hurricanes
  - A sample of an NHC Public Advisory

#### Featured Information

[CME Hurricane Index \(CHI\) Overview](#)

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#### Related Content

- Market Fundamentals** | [See All](#)
- Commodity Weather Group - Midwest Dryness to Persist in September
  - CropCAST - Drought May Send Corn Yields to 17-year Low
  - Outlook for the Weather Driven Grain Markets - Summer 2012 Webinar
- Product Information** | [See All](#)
- CropCAST - Drought May Send Corn Yields to 17-year Low
  - CME Group Leading Products - Most Traded Futures and Options Contracts: Q2 2012
  - Hightower: Corn and Soybean Strategy Update
- Strategies and Techniques** | [See All](#)
- Options Market Maker Forum - CME Group
  - Hurricanes and Commodities
  - Weather Futures and Options Block Trading Step-by-Step Guide
- Tools and Analytics** | [See All](#)
- Options Market Maker Forum - CME Group
  - Commodity Weather Group - Midwest Dryness to Persist in September
  - Commodity Weather Group - Midwest

ESTTA Tracking number: **ESTTA562533**

Filing date: **10/02/2013**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	77199918
Applicant	Chicago Mercantile Exchange Inc.
Applied for Mark	CHI
Correspondence Address	TATYANA V GILLES NORVELL IP LLC 1776 ASH STREET NORTHFIELD, IL 60093 UNITED STATES officeactions@norvellip.com
Submission	Exhibit B to Applicant's Brief
Attachments	Exhibit B final.pdf(2222197 bytes )
Filer's Name	Tatyana V. Gilles
Filer's e-mail	officeactions@norvellip.com, jkucala@norvellip.com, tgilles@norvellip.com
Signature	/Tatyana V. Gilles/
Date	10/02/2013

# Exhibit B

proper, since as the name of the game, the term sought to be registered is so descriptive that it is incapable of distinguishing services consisting of conducting the games and conducting tournaments in which the game is played from the game itself.

With respect to the applicant's claim that the term functions as a trademark for equipment and clothing used to play the game, we come to the same result. Again we must look to the specimens to evaluate how the mark would be perceived by prospective purchasers of the goods. The specimens for Class 25 are photos of shorts, with one leg bearing the stylized version of "WALLYBALL" as shown on the drawing submitted with the application. The specimens for the Class 28 goods are photos of a net apparatus, also showing the stylized version of "WALLYBALL" printed across the top band of the net.

[2] We agree with the Examining Attorney that these specimens show highly descriptive use of the mark, in the same sense that printing the term "Baseball" on a baseball cap or "Football" on a football goal post would be descriptive uses of "Baseball" and "Football." It is a well-settled principle of trademark law that a term is merely descriptive of goods if it describes their function or intended purpose. In re The Realistic Company, 159 USPQ 445 (TTAB 1968). In light of the other evidence of record, particularly the aforementioned extensive newspaper evidence that the public knows of and refers to the game itself as wallyball, we have no doubt that when a prospective purchaser sees "WALLYBALL" on game equipment or sports clothing, he or she perceives of the term not as an indicator that the goods emanate from a particular source, but rather that the goods are for use in connection with playing the game of wallyball. There is no persuasive evidence to the contrary, nor is there support for applicant's contention that the term has achieved any secondary meaning as a trademark for sport shirts and shorts.

[3] It is easy to appreciate the feelings of applicant's president, Mr. Garcia, who invented wallyball and from the record before us appears to be the prime mover in promoting and popularizing the game. He has obviously invested immense creative energy and personal effort, as well as a substantial amount of money, in devising and promoting the sport. He and the applicant corporation of which he is president would naturally like to exclusively appropriate the name they coined to identify the game. Unfortunately for the applicant, more than just the intention to use a term as a trademark or as a service mark is required. In order for a term to be registrable

as a mark under the Lanham Act the term must be used as a mark, as shown by the specimens. As explained above, the specimens and other materials in the record in this case do not show "WALLYBALL" used in this way.

### Decision

The refusals to register are affirmed.

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### Patent and Trademark Office Trademark Trial and Appeal Board

In re Betz Paperchem, Inc.

Decided Mar. 6, 1984

### TRADEMARKS

#### 1. Registration — Service marks (§67.761)

Test for whether activity is separate service involves ascertaining what applicant's principal activity under mark in question is, that is, sale of service or sale of tangible product, and then determining whether activity embraced by description of services or goods in application is in any material way different kind of economic activity than what any purveyor of principal service or tangible product necessarily provides.

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Appeal from Trademark Examining Attorney.

Application for registration of trademark of Betz Paperchem, Inc., Serial No. 299,236, filed Mar. 2, 1981. From decision refusing registration, applicant appeals. Reversed.

Bruce E. Peacock, Trevese, Pa., for applicant.

Before Frugé, Krugman, and Cissel, Members.

Cissel, Member.

Applicant has applied to register the term "BETZ PAPERCHEM SEMI-BULK CONTROL"<sup>1</sup> for "service programs in-

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<sup>1</sup> The original drawing showed the alleged mark as "PAPERCHEM SEMI-BULK CONTROL." The Examining Attorney in the March 17, 1982 office action required amendment to show the term as "BETZ PAPERCHEM SEMI-BULK CONTROL PROGRAM," which is how it appears on the specimens of record, but applicant's amendment to add only the word "BETZ" to its drawing was accepted without comment by the Examining Attorney. We therefore deem the requirement to include "PROGRAM" to have been waived by the Examining Attorney, although the better practice would have been for him to address the issue directly.

volving the feed, delivery, and storage of liquid chemical products to the pulp and paper industry."<sup>2</sup> Registration was refused by the Examining Attorney based on the allegation that the applicant is not rendering a service within the meaning of the Lanham Act. No statutory basis for the refusal was given in the original refusal, but the Examining Attorney subsequently specified Sections 1 and 45 of the Act, 15 U.S.C. 1051 and 1127. When the refusal was made final applicant instituted this appeal.

Section 1 of the Act begins with the words:

"The owner of a trademark used in commerce may register his trademark under this Act on the principal register hereby established \* \* \*"

Section 45 of the Act defines a service mark as

"A mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others."

The Examining Attorney has taken the position that applicant's activities of automatic ordering, delivering, storing and disposing of containers of liquid chemicals is merely incidental to the sale of applicant's chemicals and does not by itself constitute a service as contemplated by the legislators who enacted the trademark statute.

The applicant disagrees, contending that the activities in which it engages constitute a service, and therefore that the mark it uses to identify these activities is registrable as a service mark.

To determine what the term is actually used to identify we must examine the specimens. In this case the specimens of record are advertising brochures. The cover of the brochure shows photographs and drawings of various industrial equipment associated with paper production. The term sought to be registered appears at the top of the page, with "A major innovation in chemical feed and delivery systems for the pulp & paper industry" printed below. The rest of the brochure illustrates and explains in detail the nature of applicant's activities.

Applicant helps its customers control their inventories and simplifies ordering, receiving, using and disposing of containers of liquid chemical products. Applicant does this by

maintaining a computer data base of customers' requirements, such as what kind of chemicals they need and the rate at which the chemicals are used. Applicant then establishes an automatic delivery schedule that ensures an uninterrupted supply of chemicals without the customer having to order and schedule deliveries.

The required chemicals are delivered in large (300 gallon), stackable tanks. Applicant maintains and repairs the tanks, as well as the associated equipment used to feed the chemicals into the various industrial areas where it is used. This equipment can include pumps, timers and gauges.

As the tanks are emptied, applicant installs new, full ones and removes the empties; cleans, rinses, refills, and returns them as the customer needs them.

The statute does not specify what sort of activity is a service. We do get guidance from case law, however, and the Trademark Manual of Examining Procedure (TMEP) gives us information on the policy followed in the past by the Patent and Trademark Office. TMEP Section 1301.01 sets forth the three basic criteria: (1) a Service is the performance of some activity; (2) the activity must be for the benefit of someone other than the applicant; and (3) the activity must be recognizable as a separate activity, that is, it cannot be merely incidental or necessary to applicant's larger business.

In the case at hand there is no doubt that applicant's actions in providing inventory control, cleaning, inspecting, and refilling tanks, delivering tanks, and maintaining and repairing tanks and related equipment constitute an activity performed for the benefit of its customers. The Examining Attorney does not contest this. He argues that applicant's rendering of these activities is basically only incidental to applicant's main business activity, the sale of the liquid chemicals. For the reasons which follow we disagree.

[1] The test for whether an activity is a separate service was clearly enunciated in the case of *In re Landmark Communications, Inc.*, 204 USPQ 693 (TTAB 1979). At p. 695 Board Member Kera states that \* \* \* "we should first ascertain what is an applicant's principal activity under the mark in question, i.e., the sale of a service or the sale of a tangible product, and then determine whether the activity embraced by the description of services or goods in the application is in any material way a different kind of economic activity than what any purveyor of the principal service or tangible product necessarily

<sup>2</sup> Serial No. 299,236, filed March 2, 1981, first use on February 12, 1981 claimed.

provides." In that case the principal activity of applicant was that of publishing and selling newspapers. The services identified in the application were "educational and entertainment services" comprising the dissemination of information by means of a newspaper section. The specimens showed that the term sought to be registered was used as the title of a section of applicant's newspaper. In holding that applicant sold goods, not services, the Board found applicant's activities to be "indispensable components of newspapers."

Application of this analysis to the instant case yields a different result. That the primary business of the applicant now before us is the sale of liquid chemicals is not in dispute. The application identifies applicant's "service programs" and specifies that they involve the feed, delivery and storage of the chemicals.

We hold that this activity, as set forth in the identification of services clause in the application and as further demonstrated by the advertising brochures of record, is a different kind of activity than what an ordinary purveyor of such chemicals necessarily provides. The specimens show that these chemicals are ordinarily sold in standard industrial 55-gallon drums. Industrial buyers simply order the drums and shipment is arranged. That is the extent of an ordinary sales transaction involving goods of this nature. Under various laws customers are usually burdened with meeting by themselves the stringent requirements concerning cleaning and disposal of used chemical containers.

Applicant's activities, as described earlier in this opinion, extend far beyond the routine sale of liquid chemicals. The larger size of applicant's containers is not determinative, but the fact that no capital investment is required for the drums, tanks and pads is a clear benefit for applicant's customers. Moreover, the inventory control services, maintenance and repair services, and container disposal activities are certainly not parts of an ordinary sale of liquid chemicals to pulp and paper producers. These are services performed for the benefit of applicant's customers, separable and distinct from the sale of the goods. Because the specimens show the term sought to be registered used to identify these activities, we hold that use of the term as a service mark has been demonstrated.

Other case law supports this conclusion. The case at hand is consistent with *In re John Breuner Company*, 136 USPQ 94 (TTAB 1963), where making credit available to customers of a retail store was held to be a

service within the meaning of the Act because the extension of credit was neither mandatory nor usual in the operation of such a business.

The case of *In re Onion Research Incorporated*, 187 USPQ 485 (CCPA 1975) is relied upon by the Examining Attorney, but is easily distinguished. It actually supports the position taken by the applicant. That case dealt with a guarantee by the seller of goods to repair or replace defective merchandise. The court held that a guarantee to repair or replace one's own goods is an activity normally associated with the sale of such goods, thus subjecting the issue to the same analysis set forth in the *Landmark Communications, Inc.* case, *supra*.

We think the specific language used in the application could have been more direct in describing applicant's services. In its brief applicant identifies the services in clear terms that leave no doubt as to what its activities for clients are: "1) providing inventory control 2) cleaning, inspecting, and rinsing tanks; and 3) maintaining tanks and feed equipment in operative condition." If this language originally had been adopted together with terms identifying the field of commerce as the liquid chemicals business for the pulp and paper industry, the case might have been easier for the Examining Attorney to resolve in favor of the applicant. By using the somewhat less specific term "service programs" applicant did not communicate the precise nature of its activities as clearly as it could have. The Examining Attorney has not objected to how the services are described in the application, however, so this issue not before us for decision. The Examining Attorney refused registration on the grounds that applicant was not using the term sought to be registered as a service mark. As stated above, the refusal was improper.

### Decision

The refusal to register is reversed.

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2001 WL 873280 (Trademark Tr. & App. Bd.)

THIS DISPOSITION IS NOT CITABLE AS PRECEDENT OF THE T.T.A.B.

Trademark Trial and Appeal Board

Patent and Trademark Office (P.T.O.)

IN RE BTIO EDUCATIONAL PRODUCTS, INC., BY CHANGE OF NAME FROM BABY THINK IT OVER, INC. <sup>1</sup>

Serial No. 75/712,224

August 1, 2001

\***1** [Michael S. Sherrill](#) of Sherrill Law Offices for BTIO Educational Products, Inc., by change of name from Baby Think It Over, Inc.

[Florentina Blandu](#), Trademark Examining Attorney

Law Office 112

(Janice O'Lear, Managing Attorney).

Before Simms, Chapman and [Rogers](#)

Administrative Trademark Judges.

Opinion by Chapman

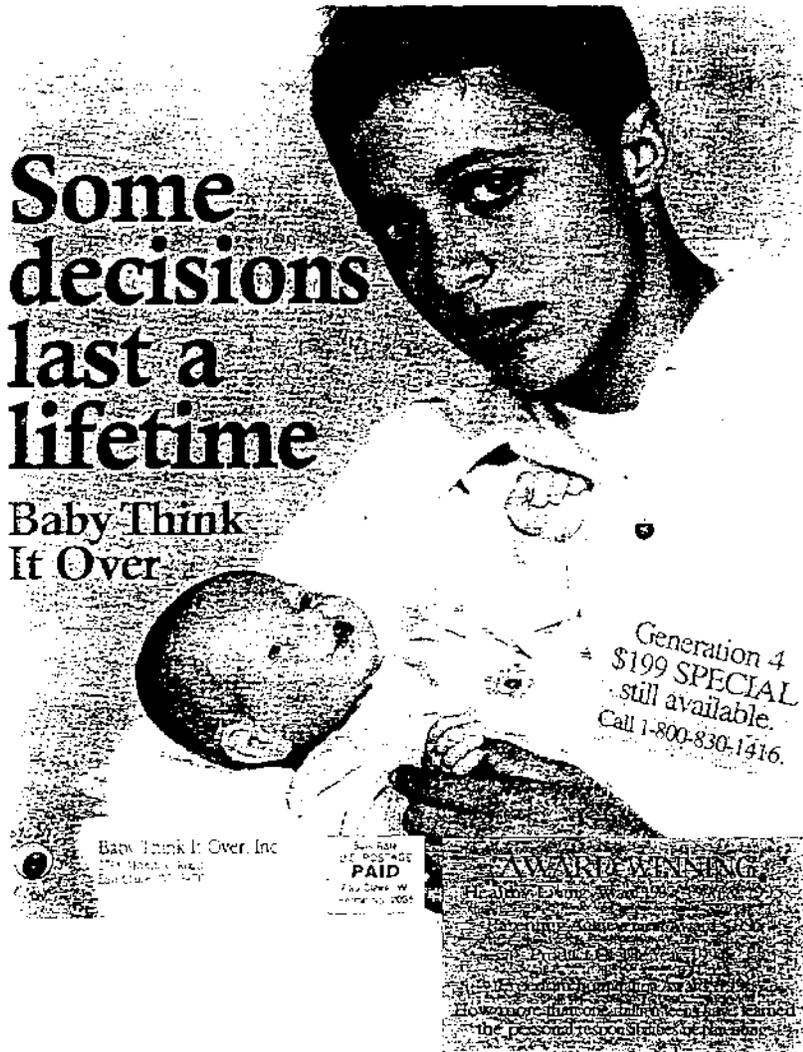
Administrative Trademark Judge:

Applicant filed, on May 17, 1999, an application to register the mark SOME DECISIONS LAST A LIFETIME on the Principal Register for “educational dolls and printed instructional materials for use with the dolls, all sold as a unit” in International Class 28. Applicant bases its application on Section 1(a) of the Trademark Act, claiming a date of first use in commerce of August 14, 1996. <sup>2</sup>

Registration has been finally refused in the application because applicant has failed to submit specimens acceptable to the Examining Attorney. Specifically, the Examining Attorney asserts that the specimens submitted by applicant do not show use of the mark on or in connection with the identified goods as required by [Trademark Rule 2.56](#). <sup>3</sup>

Applicant has appealed, and briefs have been filed. Applicant did not request an oral hearing.

The specimens submitted by applicant are photocopies of the front page and the back page of applicant's February 1999 catalog, the mark SOME DECISIONS LAST A LIFETIME appears on the back page. A photocopy of applicant's specimen is reproduced below (in reduced form):



Applicant has not submitted any substitute specimens.

However, with its brief on appeal, applicant submitted a photocopy of its entire February 1999 catalog, stating that it was “to provide complete information in this case” and “to assist the Board’s understanding of the case.” (Brief, p. 4). The Examining Attorney objected to the additional evidence submitted with applicant’s brief, and she requested that the evidence be excluded.

The record in an application should be complete prior to the filing of an appeal, and additional evidence filed after appeal will be given no consideration by the Board. See [Trademark Rule 2.142\(d\)](#), and TBMP §1207.01. Inasmuch as the additional material was filed after the appeal, and the Examining Attorney objected thereto, applicant’s additional evidence is untimely pursuant to [Trademark Rule 2.142\(d\)](#). Accordingly, the catalog (other than the front and back pages which were previously made of record) attached to applicant’s appeal brief does not form part of the record on appeal and has not been considered in making our decision.<sup>4</sup>

Turning to the merits of the appeal, the sole issue before us is whether the specimens submitted with the application are acceptable specimens of use of the mark SOME DECISIONS LAST A LIFETIME for the goods set forth in the application.

\*2 The dissent disagrees with our statement of the issue on appeal, and construes the issue as whether applicant’s slogan functions as, or would be perceived as, a mark, not whether the specimens are acceptable proof of trademark use. We note, however, that the Examining Attorney and applicant discuss sufficiency of specimen cases at length, not cases dealing with

the question whether a slogan would be perceived as a mark. Moreover, we note that the Examining Attorney accepted the specimens in the file for applicant's services but refused those for applicant's goods. If, as the dissent argues, the Examining Attorney's position is that applicant's slogan does not function as a mark, the specimens for the services would not have been accepted, for they present the slogan in a virtually identical display as the specimens for the goods. The dissent urges that we presume a certain correctness of Examining Attorney decision-making. In fact, we do exactly that by considering only the basis for refusal the Examining Attorney has chosen to articulate.<sup>5</sup>

Applicant contends that pursuant to the case of [Lands' End Inc. v. Manbeck](#), 797 F. Supp. 511, 24 USPQ2d 1314 (E.D. Va. 1992), and TMEP §905.06(a), the Examining Attorney should accept as a proper specimen any catalog (a display associated with the goods), provided that it includes (i) a picture of the goods, (ii) the mark sufficiently near the picture of the goods to associate the mark with the goods, and (iii) information necessary to order the goods. Applicant concludes that applying this criteria, the back page of its catalog is an acceptable specimen.

While agreeing with applicant's statement of the law in the [Lands' End](#) case, the Examining Attorney disagrees that applicant's specimens meet those requirements. Specifically, the Examining Attorney contends that applicant's use of its mark “appears to be a slogan that the applicant is using in advertisements and not as wording to identify the goods in question (the doll)” (Final Office action, p. 2); that the specimen does not clearly indicate that applicant offers dolls for sale under the mark SOME DECISIONS LAST A LIFETIME, but rather the manner of use of the applied-for mark is that “of a slogan and the doll appears as a visual aid intended to give greater weight to the slogan in question” (brief, p. 4); that there is much verbiage appearing on the page, all of it in close proximity to the slogan SOME DECISIONS LAST A LIFETIME; and that consumers will not perceive the wording SOME DECISIONS LAST A LIFETIME as a source indicator for dolls. Further, while the specimens include a telephone number for ordering the goods, the Examining Attorney finds the lack of information on the cost of the doll<sup>6</sup>, or the page number where specific information on the pictured goods could be found inside the catalog unacceptable. In conclusion, the Examining Attorney finds this situation more analogous to the case of [In re MediaShare Corp.](#), 43 USPQ2d 1304 (TTAB 1997) (wherein asserted “fact sheet” brochures or “catalog pages” were found to be mere advertising and unacceptable specimens).

\*3 We emphasize that, despite references in the file which might suggest otherwise, the Examining Attorney has not refused registration on the basis that the applied-for mark fails to function as a trademark under the Trademark Act.<sup>7</sup> Rather, the sole issue before us on appeal is whether the specimens submitted with the application are acceptable under the Court's decision in [Lands' End](#) interpreting the Trademark Act, as applicant contends, or are unacceptable advertising as in the Board's decision in the [MediaShare](#) case. Cf., for example, [In re Walker-Home Petroleum, Inc.](#), 229 USPQ 773 (TTAB 1985).

Section 1 of the Trademark Act, as well as [Trademark Rule 2.56](#), require that prior to registration applicant submit a specimen showing the mark as used on or in connection with the goods in commerce. [Trademark Rule 2.56\(a\)](#) reads as follows:

An application under section 1(a) of the Act, an amendment to allege use under §2.76, and a statement of use under §2.88 must each include one specimen showing the mark as used on or in connection with the goods, or in the sale of advertising of the services in commerce.

Following the 1992 decision of the United States District Court for the Eastern District of Virginia in the [Lands' End](#) case, supra, the USPTO revised the section of the Trademark Manual of Examining Procedure (TMEP) dealing with catalogs as specimens.

TMEP §905.06(a) reads, in relevant part, as follows:<sup>8</sup>

In accordance with this [the [Lands' End](#)] decision, examining attorneys should accept any catalog or similar specimen as a display associated with the goods, provided that (1) it includes a picture of the relevant goods, (2) it includes the mark sufficiently near the picture of the goods to associate the mark with the goods, and (3) it includes information necessary to order the goods. Any form of advertising which satisfies these criteria should be construed as a display associated with the goods.

We agree with applicant that the last page from its catalog showing the mark SOME DECISIONS LAST A LIFETIME meets the criteria set forth above. The specimen clearly pictures a doll being held by a teenage boy. We believe the purchasing public would certainly notice the doll, and there is no requirement in the Lands' End case or the TMEP that the specimen must picture every separate doll offered for sale. That is, even if applicant offers several different types or models of dolls, each separate one need not be pictured in order for the specimen to be an acceptable display associated with the goods.<sup>9</sup>

The mark appears sufficiently near the pictured doll to associate the mark with the goods. The Examining Attorney acknowledges in her brief (p. 4) that the specimens would be acceptable if the question were the proximity of the marks BABY THINK IT OVER and/or GENERATION 4 for dolls. The applied for mark SOME DECISIONS LAST A LIFETIME appears in very large type on the left side of the page approximately one inch from the doll's head, whereas, GENERATION 4 appears in smaller type approximately 2 inches from the doll's head. Applicant has achieved sufficient proximity of the mark and the picture of the goods for the purchasing public to associate the mark with the goods.

\*4 The specimen clearly includes a telephone number for ordering applicant's products. The Examining Attorney's concern that the specimen sets forth the cost of only one model of the doll, and does not set forth the page number inside the catalog where the specific models and associated price information may be found is simply not required by the Trademark Act or the Lands' End case.

We readily acknowledge that the facts of this case are not precisely the same as those in the Lands' End case. For example, in the Court case, the catalog displayed several different goods per page, each with a picture and a description of the item, whereas in the case now before us, applicant's mark is depicted on the back page with only one featured item for sale appearing on the same page. However, as explained earlier herein, the only refusal before this Board is based on the requirement for acceptable specimens, not an assertion that the applied-for mark fails to function as a trademark, as used on the specimen. If our decision is an extension of the Lands' End decision at all, it is not a dramatic extension, but rather is a slight extension which is clearly in keeping with the spirit of the Lands' End case, and the policy stated in the TMEP regarding catalog pages as specimens for goods. See [In re Hydron Technologies Inc.](#), 51 USPQ2d 1531 (TTAB 1999).

The MediaShare case, where applicant's goods were identified as “computer software for publishing information on a computer network and instructional manuals therefor, sold together as a unit,” and the specimens were held to be mere advertising material is distinguishable from the case now before us. For example, in that case applicant's “fact sheet” showed three computer screen displays, yet the Board found none of these “appears to constitute or include a picture of applicant's ‘PB.WEB’ computer software, whether in use or otherwise.” MediaShare, supra at 1306. Thus, the specimens in that case failed to meet the second requirement of the Lands' End case.

To the extent we have any doubt on the question of whether applicant's use of the mark SOME DECISIONS LAST A LIFETIME on the back page of its catalog constitutes an acceptable display associated with the goods, we resolve that doubt in favor of applicant.

**Decision:** The refusal to register based on a requirement for acceptable specimens is reversed.

## DISSENTING OPINION

\*5 Simms

Administrative Trademark Judge

Because I agree with the Examining Attorney that applicant has not demonstrated trademark use of the slogan sought to be registered and that customers will not view applicant's slogan as a means of identifying and distinguishing the source of applicant's dolls, I would affirm the requirement for specimens which show use of the asserted mark as a trademark.



and distinguish its goods, as in the *Lands' End* case. The majority parses the Examining Attorney's refusal here to state that the Examining Attorney is not arguing that the slogan presented for registration does not function as a mark. However, I believe that is precisely what the Examining Attorney is saying. The Examining Attorney states that the asserted mark is merely a slogan that applicant is using in its catalog and is not wording which identifies and distinguishes applicant's dolls. See Final Refusal, 2. The Examining Attorney contends, in my view correctly, that consumers will not perceive the slogan as a trademark for applicant's dolls. It is difficult for me to believe that consumers would perceive the informational or promotional phrase "Some decisions last a lifetime" on the *last* page of applicant's mail-order catalog as a trademark identifying and distinguishing applicant's dolls, especially in view of the use of applicant's obvious trademark BABY THINK IT OVER and its trade name on the same page. *Cf.*, for example, *Hoover Co. v. Royal Appliance Mfg. Co.*, 238 F.3d 1357, 57 USPQ2d 1720 (Fed. Cir. 2001) (slogan used in close proximity to party's principal trademark not likely to be perceived as a trademark). One wonders if the majority would reach the same decision it does here if, instead of the asserted mark SOME DECISIONS LAST A LIFETIME, applicant instead were using simply the statement "ORDER THIS DOLL TODAY."

\*6 Under the guise of the *Lands' End* case, the majority here sanctions the registration of a slogan which is not used as a trademark. Applicant's slogan is not obviously a trademark but is more in the nature of an informational or advertising phrase. While shown in relatively close proximity to one of applicant's dolls, this slogan is on the last page of applicant's mail-order catalog and is, significantly, used nowhere else in the catalog. In addition, as shown above, other slogans of a similar nature are used on other pages in the catalog. Therefore, I agree with the Examining Attorney that consumers would not perceive the slogan shown on only one page of applicant's catalog as a mark for the doll pictured on that page.<sup>10</sup>

Finally, the majority, citing no authority, states that on the issue of acceptable specimens, doubt should be resolved in favor of applicant. It is to be noted that the court in the *Lands' End* case indicated that the issue of whether displays associated with the goods are acceptable as trademark use is a factual question. Where questions of fact have been presented, the Board has on occasion entertained a presumption of correctness of an Examining Attorney's judgment. See, for example, *In re Tilcon Warren, Inc.*, 221 USPQ 86 (TTAB 1984) (whether matter presented for registration functioned as a mark was a question of fact concerning which the judgment of the Examining Attorney is entitled to a presumption of correctness); and *In re Keyes Fiber Company*, 217 USPQ 730, 734 (TTAB 1983) (where the asserted mark consisted of subject matter not ordinarily perceived as a trademark, the Examining Attorney's evaluation that it was not entitled to registration was a presumption which had to be overcome by persuasive evidence to the contrary) and cases cited therein.

We should only register slogans that perform the function of a mark, and not pretend that other informational or promotional slogans function as marks when they are used prominently with the goods with which they are sought to be registered. I would affirm the refusal that the specimens do not show use of the slogan as a mark for dolls.

#### Footnotes

- 1 Applicant's change of name was recorded with the Assignment Branch of this Office in January 2001 at Reel 2219, Frame 0195.
- 2 The application also included services, specifically, "providing information in the fields of infant care simulation programs and pregnancy deterrence by means of a global computer network" in International Class 42. Registration was initially refused for both classes based on the Examining Attorney's requirement for acceptable specimens. However, the Examining Attorney withdrew the refusal as to the International Class 42 services. Applicant then filed a request to divide out that class and Serial No. 75/980,029 was created for International Class 42. (Serial No. 75/980,029 was published for opposition on March 27, 2001.)
- 3 In her brief on the case the Examining Attorney cited [Trademark Rule 2.58](#) and TMEP §1301.04, both of which refer to specimens of use for service marks. Moreover, [Trademark Rule 2.58](#) was removed and reserved by Final Rule notice appearing in the September 28, 1999 [Official Gazette](#), with an effective date of October 30, 1999. The relevant provision of the Trademark Rules of Practice is found in [Trademark Rule 2.56](#). (The Examining Attorney had cited [Trademark Rule 2.56](#) and TMEP §905 in the first Office action.)
- 4 To the extent applicant's purpose in filing the complete catalog was to prove that its specimen truly is the back cover of its catalog, the submission was not necessary, as the Examining Attorney has not disputed this point.

- 5 Likewise, we have acknowledged the correctness of the Examining Attorney's argument for exclusion of applicant's catalog as the subject of an untimely proffer. The dissent, without pointing to any error in the Examining Attorney's position, nonetheless freely considers this untimely evidence.
- 6 In fact, the specimen clearly indicates that at least one model of applicant's dolls is available at a "special" price of \$199. It is unclear whether the pictured model is the particular model available at this price.
- 7 Thus, we do not wonder, as does the dissent, about whether applicant's slogan, or other slogans, could properly be refused registration as failing to function as marks.
- 8 The Court specifically stated "[t]he question for determination here is whether Lands' End's use of the term 'KETCH' in the manner described above in its retail catalog constitutes a use of 'displays associated' with the goods satisfying the use in commerce provision in 15 U.S.C. §1127," and the Court found that it did.
- 9 We do not, as the dissent implies, countenance registration under Lands' End of a mark for widely varying goods appearing anywhere in a catalog. Rather, we simply acknowledge that an item in a catalog may be available in different colors or sizes or with slight variations not significant enough to utilize a photograph of every variation, when these differences can be noted in the catalog's description of the goods.
- 10 Without authority, the majority states that applicant's specimens need not picture every doll offered for sale under its asserted mark. Aside from the fact that this issue does not appear to be raised by the arguments of the attorneys, this statement would appear to be at odds with *Lands' End*, which held that the catalog presented a display associated with the goods by the use of the mark KETCH next to a picture and the description of the goods. The court did not state or imply that this mark functioned as a trademark for other goods not pictured near the mark. In fact, the clear implication is to the contrary, the court stating that the mark KETCH helped distinguish the product next to which it was pictured from others.

2001 WL 873280 (Trademark Tr. & App. Bd.)

2002 WL 376688 (Trademark Tr. & App. Bd.)

THIS DISPOSITION IS NOT CITABLE AS PRECEDENT OF THE T.T.A.B

Trademark Trial and Appeal Board

Patent and Trademark Office (P.T.O.)

IN RE CALDWELL TANKS, INC.

Serial No. 75/672,039

March 8, 2002

\***1** [Jack A. Wheat](#) and [Jamie K. Neal](#) of Stites & Harbison for Caldwell Tanks, Inc.

Megan Sweeney, Trademark Examining Attorney

Law Office 115

([Tomas Vlcek](#), Managing Attorney)<sup>1</sup>

Before [Seeherman](#), Bottorff and [Rogers](#)

Administrative Trademark Judges

Opinion by [Seeherman](#)

Administrative Trademark Judge

Caldwell Tanks, Inc. has appealed from the final refusal of the Trademark Examining Attorney to register STAC-4 and design, as shown below, as a service mark for “construction of elevated tanks.”<sup>2</sup>



Registration has been refused pursuant to Sections 1, 2, 3 and 45 of the Trademark Act, [15 U.S.C. 1051](#), [1052](#), [1053](#) and [1127](#), on the ground that the proposed mark identifies a system, rather than being used as a service mark to identify the source of the identified services.

The appeal has been fully briefed; an oral hearing was not requested.

In order to determine whether STAC-4 and design functions as a mark for applicant's identified services of “construction of elevated tanks,” we must look at the specimens and other advertising material submitted by applicant. [In re Produits Chimiques Ugine Kuhlmann Societe Anonyme](#), 190 USPQ 305 (TTAB 1976). Further, because applicant's services are offered to a specialized audience, we must consider the specimens and other literature in light of this audience.

Applicant has explained that its identified services, “construction of elevated tanks,” refer to the construction of water towers. These water towers are a composite elevated tank in which a metal water tank is placed atop a cement silo type tower. Applicant has explained that construction of the water tower is its service, and the references in the specimens to the manner of construction identify not only a process, but the service as well.

The specimens prominently feature the trademark STAC-4 and design, under which is the explanation “Specified Tolerance for Architectural Construction.” A caption under the words “STAC-4 by Caldwell Tanks” states “A Superior Jump Form System for the Construction of Composite Elevated Water Tanks” and the text below that heading includes the following:

Designed to meet construction tolerances for plumb, roundness, and leveling in composite elevated tank shafts, STAC-4 allows Caldwell's construction personnel control of the concrete pour by limiting the form height to four feet. ...

STAC-4's diameter specific forms utilize reusable wall spacers, eliminating potential bulging of forms as well as the plug holes cause by alternative systems' ties. ... Finally, STAC-4's unique rustication pattern hides all horizontal and vertical construction joints, further enhancing the appearance of the tank shaft.

\*2 On the obverse side of the brochure specimen, under a prominent display of STAC-4 and design, is the following text:

Caldwell's STAC-4 jump form system provides greater control of concrete construction tolerances in the erection of composite elevated tank shafts. Utilizing three, four-foot high, steel forms, STAC-4 meets or exceeds all ACI 371R-97 guidelines for the analysis, design and construction of concrete pedestal water towers while delivering a smooth geometric appearance.

This page of the brochure also has a column captioned “Advantages of the STAC-4 system” which lists various benefits, including, “unique rustication pattern hides vertical and horizontal form joints”; “designed specifically for composite elevated tanks”; and “constructed solely by Caldwell personnel.”

Although both applicant and the Examining Attorney have cited various cases dealing with whether the name of a process can function as a mark, these cases are so fact specific, in terms of whether the particular specimens show trademark or service mark use, that they are of little help in our analysis herein. They do, however, stand for the following legal propositions: if a term is used only as the name of a process it does not function as a mark, [In re Universal Oil Products Company, 476 F.2d 653, 177 USPQ 456 \(CCPA 1973\)](#); a term can be the name of a process and still function as a mark for services, [In re Produits Chimiques Ugine Kuhlmann, supra](#); and the fact that the word “process” is used in connection with the term does not ipso facto mean that it designates a process and not more. [In re Stafford Printers, Inc., 153 USPQ 428 \(TTAB 1967\)](#).

After reviewing the applicant's specimens we find that STAC-4 and design is used as a service mark for the construction of elevated tanks. Although the specimens use the mark, in part, in conjunction with the phrase “jump form system,” the word “system,” like “process,” does not automatically prevent a term from functioning as a mark. Here, the construction system is such an intrinsic part of the construction service that consumers will view STAC-4 and design, as used on the specimens, not merely as the name of the system, but as a mark for the service.

Decision: The refusal of registration is reversed.

#### Footnotes

- 1 The Examining Attorney who wrote the brief was not the attorney who examined the application.
- 2 Application Serial No. 75/672,039, filed March 29, 1999, and asserting first use and first use in commerce December 3, 1998.

2002 WL 376688 (Trademark Tr. & App. Bd.)

showing that "DARTY" is in fact a surname, was derived from applicant's own principals, currently serves as a surname (albeit rare) for individuals and families in a number of American cities, and exhibits no definitional significance beyond that of a surname. Under these circumstances, the Board is persuaded that the Examining Attorney's exercise of judgment in this case was proper and should be sustained.

### Decision

The refusal to register is affirmed.

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### Patent and Trademark Office Trademark Trial and Appeal Board

In re Hughes Aircraft Company

Decided Apr. 30, 1984

### TRADEMARKS

#### 1. Registration — In general (§67.731)

Trademark Act does not preclude registration of mark where there is possibility of confusion as to source or origin, only where confusion is likely.

#### 2. Class of goods — Particular cases — Not similar (§67.2071)

Use of "Photox" for service of forming oxide layers on semiconductor material, and for photoconductive zinc oxides, is not likely to cause confusion.

#### 3. Registration — Service marks (§67.761)

Term used merely to identify process does not perform function of service mark, but term used to identify both process and service rendered in connection therewith constitutes service mark within meaning of Trademark Act; question of whether or not term used as name of process also functions as service mark must be determined by examining specimens of record along with any other material made of record by applicant during prosecution of case; this will allow determination of commercial impression created by term as used by applicant; requirement that mark must be used in sale or advertising of services to be registered as service mark is clear and specif-

ic; it is not met by evidence that only shows use of mark as name of process and that company is in business of rendering services generally, even though advertising of services appears in same brochure in which name of process is used; minimum requirement is some direct association between offer of services and mark sought to be registered therefor.

Appeal from Trademark Examining Attorney.

Application for registration of service mark of Hughes Aircraft Company, Serial No. 355,094, filed Mar. 17, 1982. From decision refusing registration, applicant appeals. Affirmed in part.

John E. Benoit, and Benoit, Smith & Laughlin, both of Arlington, Va., for applicant.

Before Rice, Krugman, and Cissel, Members.

Krugman, Member.

An application has been filed by Hughes Aircraft Company to register "PHOTOX" as a service mark for treating the products of others by means of photochemical vapor deposition for the purpose of forming oxide layers on semiconductor material, semiconductor devices and integrated circuits, optical and electrooptical materials, and optical and electrooptical components.<sup>1</sup>

Registration has been refused by the Trademark Examining Attorney on two grounds. Registration has been refused under Section 2(d) of the Trademark Act on the ground that applicant's mark so resembles the previously registered mark "PHOTOX" for photoconductive zinc oxides<sup>2</sup> as to be likely, when applied to applicant's services, to cause confusion, mistake or to deceive. Registration has also been refused on the ground that the subject matter for registration, as used on the specimens of record as well as on the additional material filed by applicant during the prosecution of this application, identifies a process rather than a service and is thus unregistrable under Sections 3 and 45 of the Act.

Applicant has appealed, asserting that the goods covered in the cited registration, photoconductive zinc oxides, are far removed from the services rendered by applicant under the

<sup>1</sup> Application Serial No. 355,094 filed March 17, 1982.

<sup>2</sup> Registration No. 743,630 issued January 15, 1963. Renewed.

"PHOTOX" mark; that applicant performs a service in the nature of depositing, on substrates provided by its customers, a protection, that is, a reflective coating or insulating layer in a semiconductor device in order to provide electrical stability within that device; that registrant's photoconductive zinc oxides are used to coat paper and provide an image medium in an indirect electrophotographic copier; that while zinc oxide has uses in industries other than the photocopying industry, none of the materials listed in applicant's description of services is used in conjunction with zinc oxide and applicant's services apply to completely different substrate materials than does registrant's product. Therefore, applicant concludes, the prospective customers of applicant's services and of registrant's product are completely different. With respect to the refusal of registration on the ground that "PHOTOX" identifies a process rather than a service, applicant argues that the term identifies both a process and a service; and that the use of "PHOTOX" as a service mark to identify applicant's services as well as a process needed to perform these services is evidenced by the specimens of record as well as by other materials submitted during the course of the prosecution of this application.

Turning first to the refusal of registration under Section 2(d) of the Act, since the respective marks are identical, the only issue to be determined is whether use of the identical mark on the respective services and goods would be likely to cause confusion as to source or origin. In this regard, applicant's services, as defined in the application, are specialized services relating to deposition techniques in the field of semiconductor materials and electrooptical materials. As explained in U.S. Patent No. 4,371,587 entitled a "low temperature process for depositing oxide layers by photochemical vapor deposition," the manufacture of semiconductor devices frequently requires that a protective layer be formed to protect the surface of the substrate. Applicant provides a new and improved process for depositing a layer of an oxide of a chosen material on the surface of a selected substrate by low-temperature photochemical vapor deposition. This coating of oxide serves to protect the material coated and guard against damage.

[1,2] We are persuaded by applicant's argument that it is unlikely that those recipients of applicant's services as defined in the application would encounter "PHOTOX" photoconductive zinc oxides in the normal course of business nor would purchasers of registrant's photoconductive zinc oxides be likely to encounter applicant's services rendered under

the mark. The Examining Attorney's argument that manufacturers of products in the photography and photocopying industries would come into contact with both applicant's and registrant's marks is, in our view, unlikely and speculative. While some awareness of the respective goods and services sold under the marks by the same portion of the consuming public is certainly conceivable, the Trademark Act does not preclude registration of a mark where there is a possibility of confusion as to source or origin, only where such confusion is likely. We are further persuaded by applicant's argument that while the identification of services in the application refers to the coating of optical and electrooptical components, the function of photoconductive zinc oxides in the coating of paper in order to provide an image producing surface is so remote in purpose from applicant's activities that confusion as to source is highly unlikely. In short, we conclude that the activities described in applicant's application are designed for purposes far removed from the purposes of registrant's goods; that the consumers to whom applicant's services would be marketed are different from those consumers of registrant's goods and that while it is possible that some consumers may come into contact with both applicant's services and registrant's goods marketed under the identical mark, it is unlikely that this would happen and, therefore, no likelihood of source confusion exists herein, for purposes of Section 2(d) of the Act.

[3] Turning next to the refusal on the ground that "PHOTOX" is not used to identify a service, it is settled that while a term used merely to identify a process does not perform the function of a service mark, a term used to identify both a process and the services rendered in connection therewith constitutes a service mark within the meaning of the Trademark Act. See *In re Produits Chimiques Ugine Kuhlmann Societe Anonyme*, 190 USPQ 305 (TTAB 1976) and cases cited therein. The question of whether or not a term used as the name of a process also functions as a service mark must be determined by examining the specimens of record along with any other material made of record by applicant during the prosecution of this case. This will allow a determination of the commercial impression created by the term as used by applicant. In this regard, the following guidelines have been set forth to be considered in determining whether a term used as the name of a process also functions as a service mark.

\*\*\* The requirement (of the statute) that a mark must be 'used in the sale or advertising of services' to be registered as a

service mark is clear and specific. We think it is not met by evidence which only shows use of the mark as the name of a process and that the company is in the business of rendering services generally, even though the advertising of the services appears in the same brochure in which the name of the process is used. The minimum requirement is some direct association between the offer of services and the mark sought to be registered therefor \*\*\*."

See: In re Universal Oil Products Company, 476 F.2d 653, 177 USPQ 456 (CCPA 1973).

In the present case, applicant's one page specimen advertising sheet refers to "A new photochemical vapor deposition process \*\*\*." The subject matter for registration is mentioned twice in the advertisement as follows: "The Hughes PHOTOX process deposits silicon dioxide and other oxide dielectrics on semiconductor devices, and coats temperature-sensitive electro-optical components \*\*\*. The PHOTOX process is available for non-exclusive licenses \*\*\*." In addition to the advertising sheet specimens, applicant has submitted a number of other materials. A promotional brochure entitled "VECTORS" published by applicant includes a promotional article entitled "PHOTO FINISH." The text of this article notes that "... Hughes PHOTOX process softly wafts protective oxides across pristine semiconductor surfaces. The benign process derives its name from its function to photochemically deposit oxides onto microelectric or infrared materials." The text continues as follows: "Unlike the blast furnace-type atmosphere of thermal chemical vapor deposition, PHOTOX takes place in a tolerable environment \*\*\*. In the PHOTOX process, ultraviolet light strikes the gas inside the vacuum chamber, causing a change in its chemical structure \*\*\*. And application of the PHOTOX process extends beyond microelectronics \*\*\*." The article also includes a number of illustrations. One illustration of a technician is accompanied by the following caption: "Hughes PHOTOX process protects temperature sensitive microelectronic and electro-optical components." Another illustration of a microcircuit is accompanied by the following caption: "Multilayer integrated circuits can coexist without shorting on a single chip because the benign "PHOTOX" process deposits insulating film without damage to layer surfaces \*\*\*." A third illustration of infrared detectors also includes a caption which notes that "\*\*\* The cool PHOTOX process gently deposits a protective layer without impairing the detector material. Hughes is offering the new process for licensing arrangements."

Applicant has also made of record a June 12, 1981 letter from applicant, an August 26, 1981 purchase order, a December 16, 1981 transmittal letter and a January 13, 1982 invoice. The subject of the June 12, 1981 letter is the "Firm Fixed Price Quotation for Photox Deposition on Custom Furnished Wafers." Applicant indicates in the letter that it "\*\*\* is pleased to submit this \$ (deleted) Firm Fixed price quotation for Photox deposition of sixteen (16) customer furnished wafers as follows." Under the heading "Scope of Work," the letter notes that "Hughes Aircraft Company will conduct Photox deposition on sixteen (16) customer-furnished wafers \*\*\*. We request (deleted) wafer cleaning methods prior to Photox deposition. After cleaning, a deposit of Photox Oxide will be applied on all the wafers in a series of four (4) runs." The purchase order, transmittal letter and invoice refer variously to the subject matter for registration as "Photox oxide" and "the Photox method."

It is the view of the Board that, as used in the specimens of record as well as in the other material introduced by applicant, the term "PHOTOX" is used only in connection with applicant's deposition process or method. There is no direct association between applicant's offer of services and the term "PHOTOX," as required by the Court in *In re Universal Oil Products Company*, supra. While we have no doubt that applicant is performing the service of treating the products of others, the record before us shows that if anything, it is the mark "HUGHES" which is used to identify applicant's services.

Under the circumstances, the Board fully agrees with the Examining Attorney that the term "PHOTOX," as used in the specimens of record and in the other materials of record, serves only to identify a process but not a service and hence is not registrable.

### Decision

The refusal of registration under Section 2(d) of the Act is reversed. The refusal of registration on the ground that the subject matter for registration does not function as a service mark to identify applicant's services but, rather, identifies a process, is affirmed.

23 U.S.P.Q.2d 1315 (Trademark Tr. & App. Bd.), 1992 WL 169149

Trademark Trial and Appeal Board

Patent and Trademark Office (P.T.O.)

IN RE METRIPLEX, INC.

Serial No. 73/836, 597

May 5, 1992

\*1 Jerry Cohen of Perkins Smith and Cohen for applicant.

[Craig D. Taylor](#), Senior Examining Attorney

Law Office 12

([Deborah S. Cohn](#), Managing Attorney)

Before Rice, [Seeherman](#) and Hanak

Members

Opinion by [Seeherman](#)

Member

Metriplex, Inc. has applied to register the mark GLOBAL GATEWAY for the service of “transmission of data in various fields (commercial as well as personal) to subscribers to the service by means of information entry software, radio data transmission and portable terminal interface with such subscribers.”<sup>1</sup> Registration has been refused by the Examining Attorney on the basis that the specimens submitted by applicant are unacceptable as evidence of actual service-mark use because they do not refer to the services identified in the application.

Applicant has appealed.

The specimens at issue (reproduced below) are, according to applicant's declaration, an example of a computer screen display that appears on a computer terminal in the course of applicant's rendering of the service. Applicant states that this screen is observed by potential subscribers in the course of demonstrations of applicant's services, and by customers who encounter the screen on the terminal as the service is being rendered.

#### TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

We reverse the refusal to register. The gravamen of the Examining Attorney's complaint about the specimens is that they do not make reference to the service identified in the application, specifically, they do not indicate that GLOBAL GATEWAY is used in connection with the transmission of data to subscribers. The only authority the Examining Attorney has cited in support of his position is [Intermed Communication, Inc. v. Chaney, 197 USPQ 501, 507 \(TTAB 1977\)](#). However, that inter partes proceeding involved the question of whether the applicant had made use of its service mark prior to filing its application, and the Board found that use of the mark in a progress report which, in effect, announced future plans to use a mark, did not constitute service mark use. Thus, we do not view the language in that case--“A specimen which shows an alleged mark but which makes no reference to the services offered or performed thereunder is not evidence of service mark use”--as requiring that specimens must, in all cases, contain a statement as to the nature of the services in order to be acceptable.

The Trademark Manual of Examining Procedure, Section 1301.04, makes clear that, because by its very nature a service mark can be used in a wide variety of ways, the types of specimens which may be submitted as evidence of use are varied. Some of the specimens which the Board has found to be acceptable are a photograph of chain-link fences, where the mark sought to be registered consisted of alternately colored strands of wire arranged in the fencing, for the service of renting chain-link fences,

In re Eagle Fence Rentals, Inc., 231 USPQ 228 (TTAB 1986); and a photograph of a person wearing a bird costume, where the asserted mark was a design of that bird costume, for entertainment services, namely personal appearances, clowning, antics, dance routines and charity benefits, In re Red Robin Enterprises, Inc., 222 USPQ 911 (TTAB 1984). Although the specimens in these cases did not refer explicitly to the services identified in the respective applications, they were found to show use of the mark in the rendering, i.e., sale, of the services.

\*2 In the same way, the specimens herein show use of the mark in the sale of the services. As applicant explained in its declaration, the specimens show the mark as it appears on a computer terminal in the course of applicant's rendering of the service. There is no question that purchasers and users of the service would recognize GLOBAL GATEWAY, as it appears on the computer screen specimens, as a mark identifying the data transmission services which are accessed via the computer terminal. Thus, the printouts constitute specimens of the mark as used in the sale of the services. [Trademark Rule 2.58\(a\)](#).

It appears to us that the Examining Attorney may have been misled by the language in the Trademark Manual of Examining Procedure that "letterhead stationery or business cards bearing the mark may be accepted if the services are clearly indicated thereon." Section 1301.04. Normally, because of the intangible nature of services, it is not possible to affix a mark to them, as can be done in the case of goods. As a result, Section 45 of the Trademark Act defines service mark use as occurring when a mark "is used or displayed in the sale or advertising of services and the services are rendered in commerce...." In most cases, the specimens submitted to evidence service mark use are advertising materials. Letterhead stationery and business cards are deemed to fall into the category of advertising matter if they contain a reference to the services.

Here, however, as in the cases noted above, we have a situation where the services are rendered through the means of a tangible item, namely, a computer terminal, so that the mark can appear on the computer screen, and the specimens show such use. Because the specimens show use of the mark in the rendering or selling of applicant's services, not in the advertising thereof, the requirements specific to specimens which are advertising are not applicable.

Decision: The refusal of registration is reversed.

J. E. Rice

E. J. Seeherman

E. W. Hanak

Members, Trademark Trial and Appeal Board

#### Footnotes

- 1 Application Serial No. 73/836, 597, filed November 6, 1989 and asserting first use and first use in commerce as early as July 31, 1989. It is noted that, in the Examining Attorney's brief, he has recited the identification of services somewhat differently from the language quoted above. However, since the quoted language is taken from applicant's response filed May 16, 1991, and the Examining Attorney's Office Action following that response stated that "the amended recitation of services is acceptable," we have treated this as the actual identification.

23 U.S.P.Q.2d 1315 (Trademark Tr. & App. Bd.), 1992 WL 169149

THIS OPINION IS NOT  
CITABLE AS PRECEDENT  
OF THE TTAB

Mailed: July 14, 2006

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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In re PrintCo., Inc.

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Serial No. 78155673

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Miriam D. Trudell of Sheridan Ross P.C. for PrintCo., Inc.

Paul Fahrenkopf, Trademark Examining Attorney,  
Law Office 101 (Ronald R. Sussman, Managing Attorney).

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Before Grendel, Walsh and Cataldo, Administrative Trademark  
Judges.

Opinion by Cataldo, Administrative Trademark Judge:

An application was filed by PrintCo., Inc. to register  
the mark ENKLAVVOICE in standard character form on the  
Principal Register for the following services, as amended:

advertising and marketing services for others,  
namely providing a website which permits users to  
create, populate, authorize and manage databases  
of sales data and information, marketing data and  
information, product specifications; product  
pricing, catalog data, and related sales and  
marketing content; providing a website that  
allows users to organize, aggregate and summarize  
databases of sales and marketing data,

advertising text and advertising images and graphics and administer content approval.”<sup>1</sup>

The trademark examining attorney initially rejected the specimen submitted with applicant’s statement of use on the ground that it fails to indicate use of the mark as a service mark in connection with the recited services.

When the examining attorney made final the requirement that applicant submit an acceptable specimen of use, applicant appealed. Applicant and the examining attorney filed main briefs and applicant filed a reply brief.<sup>2</sup> An oral hearing was not requested.

Applicant asserts that its specimen of use “consists of two pages from Applicant’s website, which advertises and describes Applicant’s services;” (Applicant’s brief, p. 1) that, specifically, applicant’s specimen displays its ENKLAVVOICE mark and indicates that the services may be used to “[c]reate, populate, approve and manage a digital warehouse of sales and marketing information. ENCLAVVOICE aggregates all forms of text, data, and images and administers content approvals.” (Applicant’s brief, p. 2,

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<sup>1</sup> Application Serial No. 78155673, filed August 19, 2002, based on applicant’s allegation of a bona fide intent to use the mark in commerce under Section 1(b) of the Trademark Act.

<sup>2</sup> The instant application was reassigned to the above noted examining attorney subsequent to the briefing of the matter currently under consideration on appeal.

quoting from specimen) Applicant explains that it provides access to its Internet website to allow customers to subscribe to the ENKLAVVOICE service to create their own advertisements; but that applicant does not provide its customers with software in any form. Applicant argues that its specimen provides information about its recited services; that it is not necessary for its specimens to specifically indicate that its services are web based; that, nonetheless its specimen informs potential customers that its services are provided via an Internet website; and that, as a result of the foregoing, its specimen is sufficient to indicate use of its ENKLAVVOICE mark as a service mark in connection with its recited services. Applicant argues in addition that the same advertisement submitted with its statement of use previously has been accepted as a specimen of use for applicant's other marks appearing thereupon.

The examining attorney maintains that applicant's specimen displays its proposed mark "in a list of features of an 'enterprise content management and cross-media publishing system' dubbed 'enklavTDW;'" (Examining attorney's brief, p. 3) that each of the "enklav" prefixed terms listed in applicant's specimen, including "enklavVOICE," merely identifies a feature of the

"enklavTDW" system; that "use of the mark to distinguish this feature of the applicant's overall system from other features does not serve to identify and distinguish the provision of a website...;" (Examining attorney's brief, p. 4) and that, as a result, applicant's mark appears to identify a featured element of a publishing system. The examining attorney argues that it is unclear from its specimen whether applicant is offering a product or a service; that it is further unclear how a consumer would engage applicant in the provision of any service; that in addition, there appears to be no explanation of applicant's services beyond the information featured on its Internet website; and that potential customers would need to undertake additional actions, such as contacting applicant or downloading a brochure, in order to understand the services offered by applicant. The examining attorney argues that, as a result, even though the submitted specimen displays applicant's proposed mark, it fails to demonstrate use of ENKLAVVOICE as a service mark in connection with the recited services.

Applicant contends in reply that its specimens clearly indicate that a potential customer can contact applicant for a demonstration of the services; that its specimen is an Internet advertisement, visible to anyone with Internet

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access; and that the specimen indicates that applicant's services are available through a hosted, secure Internet portal. Finally, applicant argues that its specimens offer a description of the services immediately following its mark; and that, as a result, its specimens offer a direct association between its ENKLAVVOICE mark and the services identified thereby.

Trademark Rule 2.88 provides, in part, that a statement of use must include one specimen showing the mark as used on or in connection with the sale or advertising of the goods or services in commerce. See 37 C.F.R. §2.88(b)(2). Trademark Rule 2.56(b)(2) specifies that a "service mark specimen must show the mark as actually used in the sale or advertising of the services." See 37 C.F.R. §2.56(b)(2). Section 45 of the Trademark Act provides, in part, that a service mark is used in commerce "when it is used or displayed in the sale or advertising of services and the services are rendered in commerce...." See 15 U.S.C. §1127.

To be an acceptable specimen of use of the mark in the sale or advertising of the identified services, there must be a direct association between the mark sought to be registered and the services specified in the application, and there must be sufficient reference to the services in

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the specimens to create this association. See *In re Monograms America Inc.*, 51 USPQ 1317 (TTAB 1999). It is not enough that the term alleged to constitute the mark be used in the sale or advertising; there must also be a direct association between the term and the services. See *In re Compagnie Nationale Air France*, 265 F.2d 938, 121 USPQ 460 (CCPA 1959); *In re Johnson Controls Inc.*, 33 USPQ2d 1318 (TTAB 1994); and *Peopleware Systems, Inc. v. Peopleware, Inc.*, 226 USPQ 320 (TTAB 1985). See also *In re Adair*, 45 USPQ2d 1211 (TTAB 1997). The mark must be used in such a manner that it would be readily perceived as identifying the source of such services. *In re Advertising & Marketing Development, Inc.*, 821 F.2d 614 2 USPQ2d 2010 (Fed. Cir. 1987); and *In re Metrotech*, 33 USPQ2d 1049 (Com'r Pats. 1993). See also TMEP §1301.04 (4th ed. Rev. 2005).

Thus, the issue before us is whether the specimen of record creates a direct association between applicant's ENKLAVVOICE mark and the services specified in the application. The determination of whether applicant's specimen shows the ENKLAVVOICE mark in connection with the sale or advertising of these services necessarily requires a consideration of the specimen.

The original specimen submitted for applicant's

services, reproduced below, is a web page from applicant's website on the Internet.



- Industry focus
- products & services
- spotlight
- success stories
- approach



**Products & Services: Total Digital Workflow**

< **enklavTDW** is an enterprise content management and cross-media publishing system that radically improves creation and distribution of marketing content and deliverables for print, electronic and web media.

EnklavTDW helps marketing teams aggregate, organize, authorize and publish content on demand. Images and text can be re-expressed through customized templates for a variety of media. Using approved content from the asset manager assures that pricing, product images and descriptions, legal boilerplates, and logos are all published consistently in your sales kits, catalogs, direct mail, brochures and web pages.

EnklavTDW facilitates collaborative project execution between content and brand authorities, designers, brand channels and vendors. With EnklavTDW, companies will increase productivity, lower production costs, compress schedules, manage quality and consistency and eliminate redundant tasks in publishing to multiple media ... all through a hosted, secure web portal designed to match your brand. The result is more nimble and targeted communication to your marketplace.



How did we help save money?

We worked with a manufacturer to streamline their process...[read more](#)

< **enklavVISION Digital Asset Manager** – Search, view and download image and graphic assets and order services like re-touching, separations and file distribution through preferred vendors.

< **enklavVOICE Content Management** – Create, populate, approve and manage a digital warehouse of sales and marketing information. EnklavVoice aggregates all forms of text, data, and images and administers content approvals.

< **enklavpublisher Cross-Media Publishing** – Developing consistent marketing materials requires the re-expression of content into many media formats. EnklavPublisher collects text and graphics from the content database and flows it into templates defined by the brand authority.

< **enklavmerchant Channel Commerce Application** – Sales channels need brand-approved marketing programs for local tactical initiatives. EnklavMerchant enables online customization of marketing programs by dealers, franchisees, sales reps and distributed creative groups.

[Contact us](#) now for a demo or to download a brochure.

Our primary reviewing court has held that a "service" is "the performance of labor for the benefit of another." See *In re Canadian Pacific Ltd.*, 754 F.2d 992, 224 USPQ 971 (Fed. Cir. 1985). The recited services involved herein clearly are a "service" under this definition, and we will presume that applicant in fact renders such services. However, the issue in this case is not whether applicant's activities constitute "services," or whether applicant in fact provides those services. Rather, the issue is whether the specimens of record demonstrate use of the mark as a service mark for those services.

As noted above, Trademark Rule 2.56(b)(2) provides that "[a] service mark specimen must show the mark as actually used in the sale or advertising of the services." When appropriate, the Board has been fairly flexible in accepting service mark specimens. See *In re Ralph Mantia Inc.*, 54 USPQ2d 1284 (TTAB 2000); and *In re Metriplex Inc.*, 23 USPQ2d 1315 (TTAB 1992).

In this case, we first find that the specimen submitted by applicant with its statement of use displays its ENKLAVVOICE mark. Inasmuch as applicant applied for its mark in standard character form, the mark as it appears in stylized form in its specimen of use is considered to

agree with the mark as it appears in its drawing.<sup>3</sup> See 37 C.F.R. §252(a). See TBMP also TBMP §807.03(e). We further find that applicant's specimens are advertisements because they show the requisite direct association between the mark and the activities described thereafter. Cf. *In re Adair, supra*; and *In re Johnson Controls, Inc., supra*.

Specifically, the specimen indicates in a paragraph immediately following the mark that a customer may utilize ENKLAVVOICE to "[c]reate, populate, approve and manage a digital warehouse of sales and marketing information," and, further, that ENKLAVVOICE "aggregates all forms of text, data, and images and administers content approvals." As noted above, applicant's recited services include advertising and marketing services for others, namely, providing a website that permits or allows users to perform many of the activities described in its specimen. A customer or potential customer viewing applicant's specimen would readily perceive the ENKLAVVOICE mark as identifying the source of applicant's website that allows users to engage the advertising and marketing services described therein. As a result, applicant's specimen creates a

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<sup>3</sup> Effective November 2, 2003, subsequent to the filing date of the involved application, Trademark Rule 2.52, 37 C.F.R. §2.52, was amended to replace the term "typed" drawing with "standard character" drawing.

**Ser No. 78155673**

direct association between the ENKLAVVOICE mark and applicant's recited services. Contrary to the examining attorney's contentions, we find that the website does not merely describe features of a larger system, but rather describes, *inter alia*, the recited services available by means of its website under the applied-for mark. Thus, we conclude that the specimen of record is adequate to support the use of the mark in connection with the identified services.

Decision: The refusal to register on the ground that the specimen is unacceptable evidence of service mark use in connection with the identified services is reversed.

Supreme Court perceives them to be in its analysis . . . . This latitude extends to the Supreme Court's restatement of the issue or issues and the manner in which the answers are to be given. . . .

*Martinez v. Rodriguez*, 394 F.2d 156, 159 n.6 (5th Cir. 1968). The entire record in this case, together with copies of the briefs of the parties, is transmitted herewith.

### III.

We CERTIFY the state law question of whether a non-resident is subject to personal jurisdiction under O.C.G.A. § 9-10-91(2) when he improperly discloses another non-resident's trade secret to a federal agency at its Georgia office. We WITHHOLD any decision about the district court's dismissal of the case for want of personal jurisdiction. QUESTION CERTIFIED.

#### U.S. Patent and Trademark Office Trademark Trial and Appeal Board

In re Ralph Mantia Inc.

Serial No. 74/657,328

Decided February 25, 2000

Released March 22, 2000

#### TRADEMARKS AND UNFAIR TRADE PRACTICES

##### 1. Registration and its effects — Federal registration — Procedure, form, and content — Specimens (§315.0303.02)

Specimens filed with application to register trademark for design services are acceptable evidence of service mark use, since Trademark Manual of Examining Procedure §1301.04 does not require that specimens such as letterhead stationery, envelopes, and business cards indicate specific nature of applicant's services, since it is sufficient that word "design" appears on specimens, and it is not necessary that specific field of design, namely, commercial art, also appear thereon, and since word "design" alone is sufficient to create in minds of purchasers association between mark and applicant's commercial art services.

Appeal from refusal of application for registration of service mark (Andrew P. Baxley, examining attorney; Mary Frances Bruce, managing attorney).

Intent-to-use application of Ralph Mantia Inc., d/b/a. Ze Design, for registration of

service mark for commercial art design services. Applicant appeals from examiner's requirement that applicant submit substitute specimens showing use of mark for identified services, as well as affidavit or declaration in support of substitute specimens. Reversed.

B. Joseph Schaeff, of Killworth, Gottman, Hagan & Schaeff, Dayton, Ohio, for Ralph Mantia Inc.

Before Quinn, Hairston and Walters, administrative trademark judges.

**Hairston, administrative trademark judge.**

Ralph Mantia, Inc., doing business as Ze Design, seeks to register the mark set forth below for "commercial art design services." The intent-to-use application was filed on April 7, 1995. The word "design" has been disclaimed apart from the mark as shown.



On September 24, 1996 applicant filed a statement of use pursuant to Trademark Rule 2.88 wherein he states that "[t]he mark is used on letterhead [stationery], in advertising literature, business cards and other ways common in the industry." Applicant submitted as specimens letterhead stationery, an envelope and a business card.

The Trademark Examining Attorney, in an Office Action mailed March 28, 1997, stated that:

The specimens do not show use of the mark for any services identified in the statement of use. Specimens are unacceptable if they do not show use of the service mark in relation to the identified service. The specimens must show use of the mark "in the sale or advertising of services." (citations omitted).

The Examining Attorney then required that applicant submit specimens showing use of the mark for the identified services. Also, applicant was required to submit an affidavit or declaration in support of the substitute specimens.

Applicant, in its September 30, 1997 response to the Office Action, argued that the specimens were acceptable because "[they] all prominently feature the word 'design.'" However, to further assist in the examination, applicant submitted as "supplemental" specimens printouts from applicant's web site and a post card.

The Examining Attorney, in an Office Action mailed February 12, 1998, stated that, while the later-filed specimens appeared to be acceptable in that they showed use of the mark in relation to the identified services, they were "substitute" rather than "supplemental" specimens and, therefore, an affidavit of declaration supporting the specimens was necessary. The Examining Attor-

ney made final the requirement for an appropriate affidavit/declaration.

Applicant, on August 17, 1998, filed an appeal and request for reconsideration. In its request for reconsideration, applicant argued that the original specimens were indeed acceptable and that along with the later-filed specimens, there could be no doubt that applicant renders commercial art design services.

The Examining Attorney, in an Office action mailed December 30, 1998, continued to maintain that the original specimens were unacceptable and that an affidavit/declaration in support of the later-filed specimens was necessary.

Both applicant and the Examining Attorney have filed briefs in connection with the appeal, but no oral hearing was requested.

We turn first to the issue of whether the specimens filed with the application are acceptable. The relevant portions of applicant's letterhead, envelope and business card are reproduced below.

#### Letterhead



#### Envelope



#### Business Card Front/Back



In support of his position that the specimens are unacceptable, the Examining Attorney relies on TMEP Section 1301.04 which states, in relevant part, that:

Letterhead stationary or business cards bearing the mark may be accepted if the services are clearly indicated thereon. (emphasis added) . . . However, letterhead or business cards which bear only the mark and a company name and address are not adequate specimens (unless the mark itself has a descriptive portion which identifies the service), because such items are not evidence that the mark is used in the sale or advertising of the particular services recited in the application. (citations omitted)

The Examining Attorney contends that the nature of applicant's services are not clearly indicated on the specimens filed with the application and, thus, the specimens are unacceptable. In particular, the Examining Attorney argues that:

Although design services of some sort are indicated by the specimens, the examining attorney submits that one must inquire further to determine the field or industry in which the applicant renders its design services. Based on the specimens of record, the examining attorney submits that one could not determine without further inquiry whether the applicant designs commercial art, computer software, clothing, architecture, landscaping, etc.

(Brief, p. 5)

Applicant, however, contends that neither the Lanham Act nor the Trademark Rules require that specimens such as letterhead stationary specifically spell out the type of services rendered. Applicant argues that it is enough that the letterhead stationary, envelope and business card contain the word "design" because that is applicant's business.

[1] In this case, we agree with applicant that the specimens filed with its application are acceptable evidence of service mark use. We do not view TMEP Section 1301.04 as requiring that specimens such as letterhead stationary and the like indicate the specific nature of an applicant's services. Stated differently, in this case, it is enough that the word "design" appears on applicant's letterhead stationary, envelope and business card. It is not necessary that the specific field of design, i.e., commercial art, also appear thereon. Here, the word "design" alone is sufficient to create in the minds of purchasers an association between the mark and applicant's commercial art services.

Without deciding the question of whether the later-filed specimens are substitute or supplemental specimens, we nonetheless note that the Examining Attorney has indicated that these additional materials demonstrate that applicant renders commercial art design services. We agree with this finding inasmuch as the wording "a creative graphic design studio" appears thereon. Thus, there is no question that applicant renders the particular services identified in its application.

*Decision:* The refusal to register is reversed.

**U.S. District Court  
Southern District of New York**

Paquette v. Twentieth Century Fox Film Corp.

No. 99 Civ. 10592 (JSM)

Decided February 29, 2000

**COPYRIGHTS**

1. Elements of copyright — Federal preemption — In general (§205.0801)

**TRADEMARKS AND UNFAIR TRADE PRACTICES**

- Infringement; conflicts between marks — Passing off (§335.07)**

Plaintiffs' Lanham Act claim is not impermissible attempt to convert copyright claim into claim for false designation of origin, since reproduction of work with false representation as to its creator may support finding of false designation of origin if defendant failed to credit original creator, and since trier of fact in present case could find that it is misleading to represent defendant writer as creator of television program at issue without giving adequate recognition to role that plaintiffs played in its creation.

2. Infringement; conflicts between marks — Passing off (§335.07)

Defendants' contention that "created by" credit given defendant writer on television program is required by contract between defendant film company and Writers Guild of America (WGA) does not provide defense to plaintiffs' claim for false designation of origin under Lanham Act, since plaintiffs are not members of WGA and are not bound by its contract, and since, if listing of credits violates plaintiffs' rights under Lanham Act,

pute, nor is it controlling on the issue of likelihood of confusion.

In view of the foregoing, we find no likelihood of confusion as to source from the contemporaneous use of the respective marks on the services and conclude that the opposition must fail.

Decision: The opposition is dismissed.

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**Patent and Trademark Office  
Trademark Trial and Appeal Board**

In re Red Robin Enterprises, Inc.

Decided June 22, 1984

**TRADEMARKS**

**1. Marks and names subject to ownership  
— Form and substance (§67.513)**

Particular costume design might function as service mark for individual or firm that provides entertainment services, regardless of whether services are performed by individuals wearing distinctively designed costume; there is no reason why costume design cannot function as service mark and, in addition, cannot so function while being worn by individual who is either soliciting or advertising such services or actually performing them.

**2. Applications to register — Form and content (§67.135)**

Photographs are proper as specimens for mark actually being used in three-dimensional form.

**3. Marks and names subject to ownership  
— Service marks (§67.525)**

Service mark must be used in sale or advertising of services; performance of entertainment services may properly be viewed as element of "sale" thereof within meaning of Trademark Act.

**4. Marks and names subject to ownership  
— In general (§67.501)**

Fact that mark has been registered for other products is prima facie evidence that it is capable of recognition as trademark and therefore of being regarded as indication of origin.

**5. Applications to register — Form and content (§67.135)**

**Drawings (§67.30)**

Photographs of applicant's costume mark on garbed performer or model, with evidence of prior registration for collateral use, are adequate service mark specimens notwithstanding that while in use costume serves as critical component or element of entertainment services provided by applicant as well as identification of applicant's source of such entertainment services.

**6. Pleading and practice in Patent Office  
— In general (§67.671)**

Proper method for introducing third-party registrations into evidence in ex parte proceeding is by filing copies of registrations.

**7. Pleading and practice in Patent Office  
— In general (§67.671)**

Each case must be decided on its own facts.

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Appeal from Trademark Examining Attorney.

Application for registration of service mark of Red Robin Enterprises, Inc., Serial No. 321,236, filed July 29, 1981. From decision refusing registration, applicant appeals. Reversed.

Seed, Berry, Vernon & Bayham, Seattle, Wash., for applicant.

Before Skoler, Rice, and Krugman, Members.

Skoler, Member.

This is an appeal from the refusal of the Trademark Examining Attorney to register a design of a bird costume as portrayed by the following application drawing:



for entertainment services, namely personal appearances, clowning, antics, dance routines and charity benefits (Serial No. 321,236 filed

July 29, 1981, and alleging first use in August of 1980).

The ground for refusal is that the design shows only the service provided and does not function as a designation of origin which would identify applicant as a source of the named entertainment services and distinguish them from similar services provided by others.

It is not entirely clear to the Board whether the refusal was premised on the assumption that (i) a costume worn by an entertainer could not, in that manner, function as a service mark, or (ii) the applicant's specimen of use (a photograph of a person wearing a costume of the design sought to be registered) was an improper specimen which portrayed only an entertainer in action (or, more appropriately in this case, garbed and ready for action) and failed to show employment of the costume design as a service mark within the definitional parameters of Section 45 of the Trademark Act, i.e., in the context of "the sale or advertising of services to identify the services of one person and distinguish them from services of others."<sup>1</sup> Accordingly, the Board will consider the general registrability of the mark before us (noting that we have not had occasion to deal with registration of costume marks in previous decisions) and also the adequacy of applicant's submitted specimen of use.

In reaching his conclusion as to non-registrability, the Examining Attorney relied heavily on the state court case of KGB, Inc. v. Giannoulas, 211 USPQ 285 (Cal. App., 4th Dist., 1980), a breach of contract, unfair competition, and service mark infringement case in which a radio station sought to enjoin a former employee from performing as a clown dressed in a chicken costume. The trial court issued the requested injunction to cover not only the particular costume design (with KGB logo) that the clown wore when performing as an employee, but also to proscribe appearance in any kind of chicken costume. The appellate court, in its opinion, actually upheld the injunction to the extent that it

prohibited performance in the KGB chicken costume ("we \*\*\* recognize KGB's probable rights in that particular design")<sup>2</sup> but refused to bar the terminated employee from performing in other chicken costumes, declaring among other things that "a person appearing in a chicken costume cannot be a service mark" and that "to be entitled to such [service mark] protection, the mark must be stationary and unchanging." 211 USPQ at 291.

[1] We need not disagree with the court's apparent conclusion in the KGB case that "chicken costumes" per se are generic or functional entertainment devices that no entity should be able to monopolize, in order to nevertheless conclude that a particular costume design (as, for example, in that case, the KGB version with logo) might very well function as a service mark for an individual or firm which provides entertainment services, this regardless of whether the services are performed by individuals wearing the distinctively designed costume. That is, we see no reason why a costume design cannot function as a service mark and, in addition, cannot so function while being worn by an individual who is either soliciting or advertising such services or actually performing them.<sup>3</sup> In either case, if the costume in question is sufficiently distinctive (and we believe applicant's costume with its "RR" logo and other unique features meets this requirement), it can and will serve to indicate the sponsorship or source of such services. That was the clear conclusion in Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 201 USPQ 740 (S.D.N.Y. 1979), an infringement action where the court stated:

It is true, of course, that the Dallas Cheerleaders uniform serves the function of clothing to cover the body in such a way as to permit the cheerleading and dance routines to be performed. However, the specific elements of the uniform — their color, design, and ornamentation — are distinctive and arbitrary and thus susceptible of becoming a valid trademark and service mark. Cf. Mogen David Corp., 328 F.2d 925, 140 USPQ 575 (C.C.P.A. 1964): Application of World's Finest Chocolate, Inc.,

<sup>1</sup> In the Examiner's response to a reconsideration request in which the refusal was explicitly made final "on the ground that the design merely shows the service itself and does not identify the origin of the service" (Office action, August 19, 1983), the Examining Attorney specifically withdrew previous Examiner findings of defective specimens and requests for substitute specimens (office actions, December 9, 1981, and October 6, 1982). Nevertheless, the Examining Attorney continued to maintain in his brief that the specimens of record "simply do not support registrability of the bird costume in connection with the services claimed."

<sup>2</sup> 211 USPQ at 289.

<sup>3</sup> The concept of a mark for a product based on the shape or design of the product itself is, of course, not unknown to the trademark law. See *In re Morton-Norwich Products, Inc.*, 213 USPQ 9, 12 (CCPA 1982). This is the case with configuration marks in which the shape of a product or its container is the mark itself and in which the configuration functions to identify both source and product at the same time.

474 F.2d 1012, 177 USPQ 205 (C.C.P.A. 1973); *Fotomat Corp. v. Cochran*, 437 F. Supp. 1231, 194 USPQ 128 (D. Kansas 1977). The specific uniform selected and used by plaintiff is only one of many which can be used for cheerleaders. [201 USPQ at 746]

and went on to find a valid common law service mark for entertainment services in the Dallas cheerleaders costume design which had been misappropriated by the defendant.<sup>4</sup>

The foregoing principles are consistent with a number of holdings of the Board and its reviewing courts to the effect that marks can serve the dual purpose of identifying source and serving as an integral and necessary component of the goods or services to which applied. See, e.g., *In re DC Comics, Inc.*, 215 USPQ 394 (CCPA 1982) (drawings of fictional comic characters held to function as trademarks for toy doll figurines of such characters); *In re Penthouse International Ltd.*, 195 USPQ 698 (CCPA 1977) (design of key may serve as trademark for jewelry, although jewelry product itself includes three-dimensional portrayals of mark); *In re Paramount Pictures Corp.*, 213 USPQ 1111 (TTAB 1982) (television character names determined to serve as a trademark although used and presented as major ornamentation for the decalcomania goods involved); *In re Florida Cypress Gardens, Inc.*, 208 USPQ 288 (TTAB 1980) (designation consisting of name of clown is registrable for entertainment services despite fact that name also identifies a fictitious character played by performers in applicant's shows).

[2] As regards the question of whether applicant's specimen of use (a photograph of a person modeling the bird costume design for which registration is here sought) is an acceptable specimen,<sup>5</sup> the Examining Attor-

ney appears to take the view that a photograph of a person posing in the costume (in what appears to be a locker or dressing room or a passageway) shows only the service itself. This is strange, since the lack of an audience or some other performance context (e.g. stage, parade, party presentation) makes it clear that the service itself is not being performed or portrayed in the specimen nor do we think that the presence or absence of an "action" background for the specimen photograph would be a material distinction or factor in evaluation of the specimen. We note, in any event, applicant's statement that entertainment services were performed using its bird costume/logo design "moments after the submitted [specimen] photograph was taken."

Applicant has consistently maintained that the service itself is not the costume per se but rather an actor's performance of dances, comic routines or other entertainment activities while garbed in that costume. We must agree. Further, the application avers that the costume design is used in the "sale or advertising of services rendered in interstate commerce" and recites the manner of such use, i.e., as a costume worn on the person. In essence, the specimen portrays a form of use of the service mark as an animate pictorial "sign."<sup>6</sup> That it does not, on its face, reveal employment of this sign in an actual sale or advertising context is in our view not fatal just as a specimen label or garment tag would not, on its face, need to show actual affixation or packaging use in connection with the goods on which used.<sup>7</sup>

<sup>6</sup> In this regard, we note that the design and specimen do not reveal any parts of a person or performer but show, exclusively, the costume, i.e., shoes, socks, pants, blouse, comic claws, comic face mask, and top hat.

<sup>7</sup> The problem of a specimen that comprised an important part of the product or service itself was addressed by the Court of Customs and Patent Appeals in *In re Penthouse International Ltd.*, supra, where the court criticized the Patent and Trademark Office's rejection of bracelets to which three-dimensional emblems of applicant's "key" mark were affixed as acceptable specimens, stating:

"It is to be remembered that the present case arises only because of the particular specimens submitted by Penthouse. Had Penthouse submitted a box label, bearing the same mark and useful on boxes containing the pendant actually submitted, there would have apparently been no refusal to register. The capacity of a mark to indicate origin is not destroyed because the mark appears as a charm on a bracelet instead of as a symbol on the box which contains the bracelet." [195 USPQ at 701]. Cf. *In re Paramount Pictures Corp.*, supra, at 1114-15 (disapproving notion that specimens consisting of other than the

<sup>4</sup> The court's finding was premised on acquired distinctiveness of the Dallas Cowboys cheerleader costume whereas in this case, applicant has presumed that its chicken costume design with "RR" logo is inherently distinctive (as indeed it seems to be) and the Examining Attorney has raised no issue of descriptiveness which would generate an inquiry or the need for a showing as to acquired distinctiveness. Cf. *DeCosta v. Columbia Broadcasting System, Inc.*, 186 USPQ 302, 314 (1st Cir. 1975) (finding valid common law service marks in, among other things, a cowboy costume design used for non-profit appearances at rodeos and other public events in sufficiently distinctive form that proof of secondary meaning was not deemed essential).

<sup>5</sup> It has not been suggested that the fact that the specimen is a photograph is a problem. It is accepted that photographs are proper as specimens for a mark actually being used in three-dimensional form as is the case here. Trademark Manual of Examining Procedure, Sec. 1301.08(b).

[3] We are, of course, mindful of the statutory mandate that a service mark must be "used in the sale or advertising of services." While the record is not clear as to all uses, other than use during the performance of entertainment services, to which the mark has been put, the rendition of such services, we believe, properly be viewed as an element of the "sale" thereof within the meaning of the Act and we so construe the "service mark" definition in Section 45.<sup>8</sup>

[4] With respect to whether the costume, so employed, would be perceived as a service mark (and not merely as a comic character), especially in light of the scanty details as to use revealed by the record, we believe this was a legitimate and important issue for the Examining Attorney to raise. However, we conclude that this problem is obviated by applicant's evidence of its ownership of a pre-existing registration of the identical mark for restaurant services, (Reg. No. 1,234,998 issued April 12, 1983), thereby demonstrating, on the facts of this case, that the mark's distinctive features would be perceived as more than a mere ornamental design. See in re Paramount Pictures, Inc., supra at p. 1114 and In re Penthouse International, Ltd., supra, at 700. As the court stated in the Penthouse case, "That the mark has been registered for other products is prima facie evidence that it is capable of recognition as a trademark and therefore of being regarded as an indication of origin."

[5] For the foregoing reasons, we rule that the photographs of applicant's costume mark on a garbed performer or model, as submitted in this case and with evidence of prior registration for a collateral use, are adequate service mark specimens notwithstanding that while in use, the costume serves as a critical component or element of the entertainment services provided by applicant (clowning, an-

tics, dancing) as well as an identification of applicant. (Red Robin Enterprises) as the source of such entertainment services.

### Decision

[6, 7] The refusal to register is reversed and the mark shall be passed for publication.<sup>9</sup>

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### Patent and Trademark Office Trademark Trial and Appeal Board

In re Bankers Finance Investment  
Management Corp.

Decided June 19, 1984

### TRADEMARKS

#### 1. Marks and names subject to ownership — Descriptive — Misdescriptive or not descriptive — Particular marks (§67.5078)

"Bankers Finance" is not merely descriptive of services of providing and obtaining funds for depository institutions through purchase, sale, or brokering of financial assets and instruments.

#### 2. In general (§67.01)

Uniform treatment under Trademark Act Section 2(e)(1) of similar marks used on simi-

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T-shirt decals there involved would be a requisite for registrability).

In the Board's view, the foregoing analysis is applicable not only to trademarks but is also pertinent to service marks where the mark (e.g., a costume design as in the case at bar) serves both source identification and service provision functions.

<sup>8</sup> In "unilateral contract" type engagements, where the services agreement is based on an invitation followed by acceptance and delivery via the actual performance itself (a not uncommon form of offer-acceptance arrangement for at least the charity engagements in applicant's description of services), the performance would clearly be part of the "sale" of applicant's entertainment services, both in practical and in strict legal terms.

<sup>9</sup> The applicant, with its reconsideration request, submitted a list of costume mark registrations for entertainment services (over 50, most of these football uniform designs) and copies of Official Gazette excerpts indicating publication for opposition and registration of a few of these marks. The proper method for introducing third-party registrations into evidence in a proceeding such as this is by the filing of copies of the registrations. See: In re Duofold, 184 USPQ 638 (TTAB 1974). (Applicant did in fact submit a copy of its existing registration of the same "RR" bird costume design for restaurant services, namely, Registration No. 1,234,988.) In any event, in this particular case even copies of the registrations themselves would not have had much significance with respect to the issues before us unless applicant had also submitted copies of the specimens which served as a basis for the registrations. As noted by the Examining Attorney, each case must be determined on its own facts.

2007 WL 1580019 (Trademark Tr. & App. Bd.)

THIS OPINION IS NOT A PRECEDENT OF THE TTAB

Trademark Trial and Appeal Board

Patent and Trademark Office (P.T.O.)

IN RE RENAISSANCE ENERGY, LLC

SERIAL 78084358

May 25, 2007

\*1 [Garrett M. Weber](#) of Lindquist & Vennum P.L.L.P. for Renaissance Energy, LLC

[Laura G. Kovalsky](#), Trademark Examining Attorney

Law Office 110

([Chris A. F. Pedersen](#), Managing Attorney)

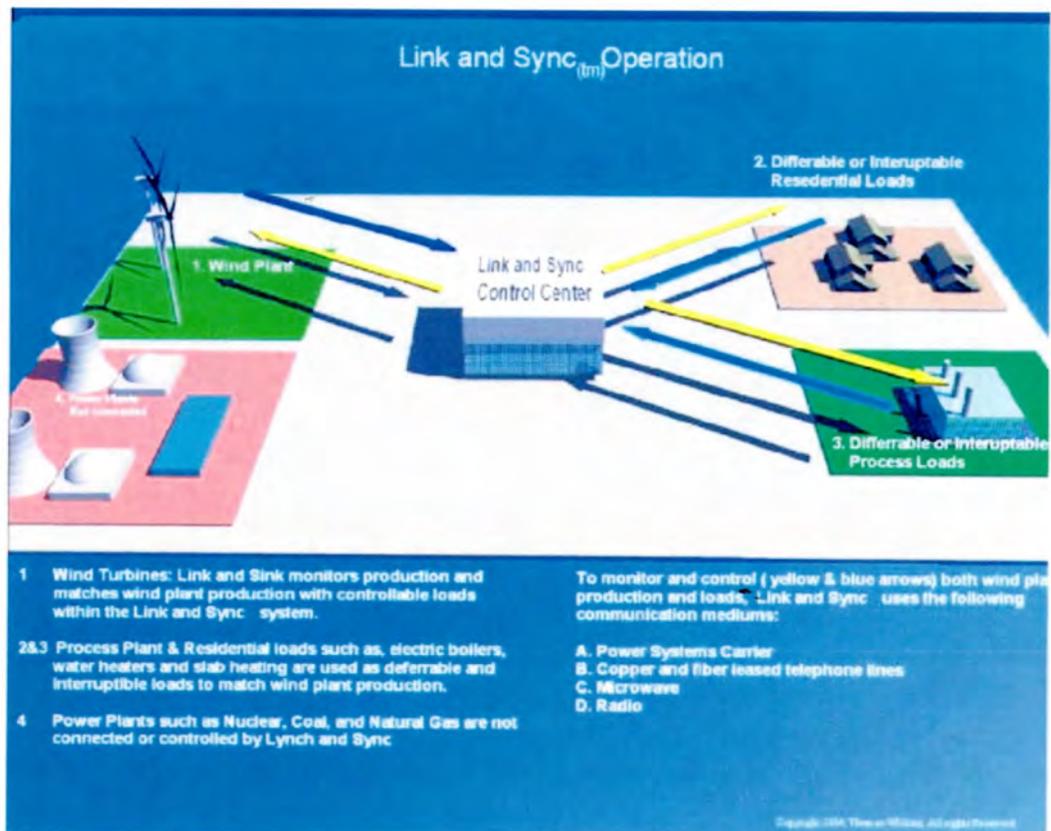
Before [Drost](#), [Taylor](#) and [Bergsman](#)

Administrative Trademark Judges

Opinion by [Bergsman](#)

Administrative Trademark Judge:

Renaissance Energy, LLC filed an intent-to-use application for the mark LINK & SYNC, in standard character form, for services ultimately identified as “energy usage management, namely, monitoring of load and generation of electricity.”<sup>1</sup> On June 10, 2005, applicant filed a Statement of Use, claiming March 16, 2004 as its date of first use anywhere and first use in commerce. As its specimen of use, applicant submitted the following excerpt from a sales presentation:



Registration was refused on the ground that LINK & SYNC fails to function as a service mark. Sections 1, 2, 3, and 45 of the Lanham Act, [15 U.S.C. § 1051](#), [1052](#), [1053](#) and [1127](#). The examining attorney contends that as displayed on the specimen, LINK AND SYNC merely identifies a process or system, and would not be perceived as a service mark. In addition, the examining attorney noted that the mark sought to be registered, LINK & SYNC, differed from the mark as shown on the specimen, LINK AND SYNC.

In response to the refusal, applicant submitted a substitute specimen comprising an excerpt from an Executive Summary from what appears to be a business plan or sales presentation. The substitute specimen references the “LINK & SYNC technology” and the “LINK & SYNC solution.”

When the refusal was made final, applicant appealed. Both applicant and the examining attorney filed briefs. For the reasons set forth below, we reverse the refusal to register contingent upon the receipt of a substitute drawing displaying the mark as LINK AND SYNC.<sup>2</sup>

Section 1 of the Lanham Act, [15 U.S.C. § 1051](#), provides that “The owner of a trademark used in commerce may request registration of its trademark on the principal register hereby established ...”

Section 45 of the Lanham Act, [15 U.S.C. § 1127](#), defines a service mark as “any word, name, symbol, or device, or any combination thereof ... to identify and distinguish the services or one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown.”

While the Lanham Act does not define a service, the following criteria have evolved for determining what constitutes a service: (1) a service must be a real activity; (2) a service must be performed to the order of, or for the benefit of, someone other than the applicant; and (3) the activity performed must be qualitatively different from anything necessarily done in connection with the sale of the applicant's goods or the performance of another service. TMEP §1301.01(a)(4)<sup>th</sup> ed. April 2005). *See also In re Canadian Pacific Limited*, 754 F.2d 992, 224 USPQ 971, 973 (Fed. Cir. 1985); *In re Betz Paperchem, Inc.*, 222 USPQ 89, 90 (TTAB 1984).

\*2 In the case *sub judice*, there is no issue that applicant is rendering energy usage management. The examining attorney does not contest this. The examining attorney argues that the specimens do not show LINK AND SYNC or LINK & SYNC used as a service mark. The first specimen merely “diagrams the process of the ‘Link and Sync Control Center’” and the substitute specimen references the “Link & Sync Technology.” The examining attorney contends that in neither case, do the specimens show LINK & SYNC or LINK AND SYNC used to identify a service.

To determine whether LINK AND SYNC or LINK & SYNC function as service marks, we must examine the specimens. *In re Hughes Aircraft Co.*, 222 USPQ 265, 264 (TTAB 1984); *In re Betz Paperchem, Inc.*, *supra*. In this regard, the CCPA developed the following approach for determining whether a term used as the name of a process also functions as a service mark:

The requirement [of the Lanham Act] that a mark must be “used in the sale or advertising of services” to be registered as a service mark is clear and specific. We think it is not met by evidence which only shows use of the mark as the name of a process and that the company is in the business of rendering services generally, even though the advertising of services appears in the same brochure in which the name of the process is used. The minimum requirement is some direct association between the offer of services and the mark sought to be registered therefore.

*In re Universal Oil Products Company*, 476 F.2d 653, 177 USPQ 456, 457 (CCPA 1973).

With reference to the original specimen (shown above), LINK AND SYNC is displayed as “Link and Sync (tm) Operation” in a sales presentation. The word “Operation” means “the state of being operative or functional,”<sup>3</sup> “a business,”<sup>4</sup> or “a course

or procedure of productive or industrial activity.”<sup>5</sup> The commercial impression created by the specimen is a “Link and Sync” activity or service. If we substituted the word “Services” for “Operation” (*i.e.*, “Link and Sync (tm) Services”), the commercial impression engendered by the mark would be the same (*i.e.*, Link and Sync Business or Link and Sync Activity”). In addition, because of the position, prominence, and size of “Link and Sync,” it will be understood to be a service mark.

“Link and Sync” is directly associated with the energy management services as evidenced by the text in the lower right-hand side of the specimen. That text reads as follows:

To monitor and control ... both wind plant production and loads, Link and Sync [services] uses the following communication mediums:

A. Power Systems Carrier

B. Copper and fiber leased telephone lines

\*3 C. Microwave

D. Radio

In view of the foregoing, we find that the original specimen shows service mark use of “Link and Sync.” On the other hand, the Executive Summary submitted as a substitute specimen does not evidence service mark use. In the Executive Summary, “Link & Sync” identifies the method or process for energy management as shown by the use of the term “Link & Sync technology.” The relevant portion of the Executive Summary is set forth below (emphasis added):

The Company's core objective is to optimize the amount of generation that can be interconnected to the delivery system, that generation will be reliably scheduled and delivered to the target customer using the newly developed **Link & Sync** technology. Renaissance Energy developed **Link & Sync** technology.

By using **Link & Sync** technology, which is a certified and tested application, Renaissance Energy can reliably maintain linkage of dedicated generation to dedicated load ...

Renaissance Energy's unique development and integration of **Link & Sync** technology brings to realization the core objectives with a minimal amount of added infrastructure.... With **Link & Sync** technology, Renaissance Energy provides its customers a competitive advantage in linking wind generation through the transmission and distribution system to the point of wind energy use.

By providing the **Link & Sync** solution for power producers, utilities, and most importantly consumers, Renaissance Energy makes wind generation appear dispatchable (*sic*). This dispatchability is at the core of the **Link & Sync** technology and will be a real breakthrough for the electrical and energy industry.

As used in the Executive Summary, clients and prospective clients would not perceive “Link & Sync” to be a service mark. The word “technology” means “a technological process, invention, method, or the like.”<sup>6</sup> When applicant uses the phrase “Link & Sync technology,” it engenders the commercial impression of the “Link & Sync process.” The same holds true with respect to the use of “Link & Sync solution.” The word “solution” means “a particular instance or method of solving; an explanation or answer”<sup>7</sup> or “the method or process of solving a problem.”<sup>8</sup> When applicant uses the phrase “Link & Sync solution,” it, too, engenders the commercial impression of the “Link & Sync process.” Accordingly, the Executive Summary is not an acceptable specimen of service mark use.

Decision: The refusal to register the mark is reversed contingent upon applicant filing a new drawing to amend the mark to conform to the mark shown in the original specimen (*i.e.*, LINK AND SYNC). Applicant is allowed thirty days from the mailing date of this decision to file an amended drawing which conforms to the mark as used on the specimen found to display acceptable service mark use.

Footnotes

- 1 Application Serial No. 78084358, filed September 18, 2001.
- 2 Because an ampersand (&) is a symbol for the word “and,” “Link and Sync” and “Link & Sync” are interchangeable. See *In re Finlay Fine Jewelry Corp.*, 41 USPQ2d 1152, 1154 (TTAB 1996)(“NY” and “New York” are interchangeable as having identical meaning). Accord *In re Strathmore Products, Inc.*, 136 USPQ 81, 82 (TTAB 1962)(GLISTEN and GLISS'N have the same meaning because GLISS'N is merely a contraction of the word GLISTEN).
- 3 American Heritage Dictionary of the English Language (4<sup>th</sup> ed. 2006). The Board may take judicial notice of dictionary definitions. *University of Notre Dame du Lac v. J.C. Gourmet Food Imports Co.*, 213 USPQ 594 (TTAB 1982), *aff'd*, 703 F.2d 1372, 217 USPQ 505 (Fed. Cir. 1983).
- 4 Dictionary.com Unabridged (V 1.1) from the Random House Unabridged Dictionary (2006).
- 5 *Id.*
- 6 Dictionary.com Unabridged (V 1.1) from the Random House Unabridged Dictionary (2006).
- 7 *Id.*
- 8 American Heritage Dictionary of the English Language (4<sup>th</sup> ed. 2006).  
2007 WL 1580019 (Trademark Tr. & App. Bd.)

1999 WL 670730 (P.T.O.)

THIS DISPOSITION IS NOT CITABLE AS PRECEDENT OF THE T.T.A.B.

Trademark Trial and Appeal Board

Patent and Trademark Office (P.T.O.)

IN RE SOLUTIONS NOW

Serial No. 74/645,035

August 27, 1999

\*1 [Donald R. Piper, Jr.](#) of Dann, Dorfman, Herrell and Skillman, P.C. for Solutions NOW.

Angela Lykos, Trademark Examining Attorney

Law Office 102

(Thomas Shaw, Managing Attorney).

Before Hanak, [Hohein](#) and Wendel

Administrative Trademark Judges.

Opinion by Hanak

Administrative Trademark Judge:

Solutions NOW (applicant) seeks to register UNBUNDLING for “technical consultation and research in the fields of engineering and product development.” The intent-to-use application was filed on March 7, 1995. Subsequently, applicant filed a statement of use alleging a first use date of January 28, 1996 and submitting three specimens of use.

The Examining Attorney refused registration pursuant to Sections 1, 2, 3 and 45 of the Trademark Act “on the basis that the proposed mark merely identifies a process.” (Examining Attorney’s brief page 1). When the refusal to register was made final, applicant appealed to this Board. Applicant and the Examining Attorney filed briefs. Applicant did not request a hearing.

As the Examining Attorney acknowledges, if “the name of the process is used to identify both the process and the services rendered by means of the process by the proprietor thereof, the designation may be registrable as a service mark.” (Examining Attorney’s brief page 3). This legal proposition was fully explained in [In re Universal Oil Products, 476 F.2d 653, 177 USPQ 456 \(CCPA 1973\)](#).

The key to understanding whether the term UNBUNDLING identifies (1) only a process and is thus not registrable, or (2) identifies a service or a service and a process and is thus registrable must be determined by reviewing applicant’s specimens of use. In pertinent part, applicant’s specimens read as follows:

Solutions NOW ... has designed and developed a new process to help military scientists use their knowledge and experience to create new strength in the commercial economy. ... The first of these heretofore missing links is a way to identify the know-how of the individual military technologist ... The interview uncovers the individual subject’s way of knowing ... rather than the components of an invention or the military task on which the person worked. In this way the process of UNBUNDLING (SM) focuses on the individual technologist.

Applicant has made of record evidence showing that it has marketed its services to private corporations as well as to various components of the United States military, such as the Office of Naval Research.

We find that the specimens of use demonstrate that applicant is rendering a specific service under the mark UNBUNDLING. Put quite simply, applicant's services consist of assisting military personnel in transferring their technical knowledge to the civilian field.

We recognize that in its specimens of use, applicant itself has used the word "process." However, applicant could have just as easily used the word "service" in lieu of the word "process." Thus, applicant could have stated in its specimen of use that it "has designed and developed a new service to help military scientists use their knowledge and experience to create new strength in the commercial economy." Likewise, applicant could have said that "in this way the service of UNBUNDLING (SM) focuses on the individual technologist." To focus on applicant's use of the word "process" in lieu of the word "service" incorrectly places form over substance. In any event, we believe that, at a minimum, applicant's mark UNBUNDLING identifies both a process and a service, and thus pursuant to Universal Oil Products is registrable as a service mark.

\*2 Decision: The refusal to register is reversed.

E. W. Hanak

G. D. Hohein

H. R. Wendel

Administrative Trademark Judges, Trademark Trial and Appeal Board

1999 WL 670730 (P.T.O.)

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agreement cannot bestow "valid" ownership for purposes of registration. This is a very narrow reading of the Scandinavian case, which has been interpreted as holding that ownership of a trademark in the United States may be based on a present assignment coupled with an exclusive distributorship of a product manufactured abroad even though the distributorship is terminable. Certainly, there is nothing in the decision to indicate that the conclusion reached would have been any different if the exclusive distributorship had been terminable at any time within the twenty year period. In fact, if the examiner's position was the law, the result in the Scandinavian case would have been different since, at the end of the first twenty years, the distributor-assignee could not have renewed for another twenty year period in view of the fact that the distributorship was set to expire within seven years. To follow the examiner to his ultimate illogical conclusion would be to permit registration only to those persons who can guarantee that the mark would be in use for the entire statutory period of registration. When one realizes that only a percentage of the marks registered in the Patent Office remain in use during the entire registration period, the fallacy of the examiner's reasoning becomes readily apparent. The statute, moreover, provides conditions precedent to registration and conditions subsequent such as abandonment, non-use, and the like only as grounds for cancellation of a registration after issuance.<sup>2</sup> The conditions precedent are use and ownership at the time of the filing of the application, and it is apparent that applicant has met both requirements. It is well settled, moreover, with respect to a transfer of property and contract rights that an obligation to reassign on the happening of a condition subsequent does not vitiate the effectiveness or completeness of the present transfer. Section 150 of the Restatement of Contracts sets forth the applicable law as follows:

"An assignment is not ineffective because it is conditional, revocable or voidable by the assignor for lack of consideration or for other reason, or because it is within the provisions of a Statute of Frauds."

It is therefore concluded that appli-

cant, by virtue of its exclusive dealership agreement, is the owner for purposes of registration of the mark "JIFFY-POTS" for peat moss pots in the United States.

#### Decision

The refusal of registration is reversed.

### Patent Office Trademark Trial and Appeal Board

In re STAFFORD PRINTERS, INC.

Decided Apr. 18, 1967

#### TRADEMARKS

##### 1. Marks and names subject to ownership — Service marks (§ 67.525)

##### Words and phrases (§ 70.)

Term "process" can encompass a service; fact that "process" is used in phrase "Printed By STAFFORDBLEND Process" on specimens does not ipso facto mean that arbitrary mark ("Staffordblend") used in conjunction therewith designates a process and not more; "Staffordblend" is registrable as service mark since applicant renders a service of printing, the particular process of printing being performed only by applicant; mark is placed on tags, which are attached to textiles printed by applicant; specimens show use of "Staffordblend" to identify applicant's service.

##### Appeal from Examiner of Trademarks.

Application for registration of service mark of Stafford Printers, Inc., Serial No. 170,353. From decision refusing registration, a p p l i c a n t appeals. Reversed.

PETER L. COSTAS, Hartford, Conn., for applicant.

Before WALDSTREICHER, LEFKOWITZ, and SHRYOCK, Members.

WALDSTREICHER, Member.

An application has been filed to register "STAFFORDBLEND" as a mark for the service of "printing of textiles". Use since January 26, 1963 has been alleged.

Registration has been refused for the reason that the specimens do not evidence use of the subject matter of the

<sup>2</sup> In this regard, it is noteworthy that a registration can be cancelled under Section 3 of the Statute at the end of the sixth year of registration in the absence of a showing of continued use.

application as a mark to identify a service.

Applicant has appealed.

It is the examiner's position, notwithstanding that applicant does in fact render the service claimed, that the term "STAFFORDBLEND" as used on the specimens submitted with the application merely designates a process; and in one of the examiner's letters it is indicated that since provision is made in the Act of 1946 to register service marks and no provision is made to register "process marks", the refusal to register is proper.

For the purpose of convenience the actual tag submitted with the application is hereby reproduced:



PATTERN

QUALITY

COID NO.

YARDS

LOT NO.

The examiner in the examiner's statement indicates that the principal case on the subject appears to be *Ex parte Phillips Petroleum Company*, 100 USPQ 25 (Comr., 1953). Applicant indicates that *In re United Merchants and Manufacturers, Inc.*, 124 USPQ 11 (TT&A Bd., 1959), is directly analogous to the facts in the present case.

The first named case does not hold for the proposition that a "process designation" is inherently unregistrable. In said case the mark sought to be registered identified only a process in connection with which engineering services were furnished, but under the mark "PERCO". The Commissioner stated that "In order to be registrable, a mark must be used in the sale or advertising

of services rendered in commerce to identify and distinguish the services of one person from those of another. Nothing in this record shows any such use of 'Cycloverision'."

The Commissioner's conclusion would indicate that the decision was not based on the mere fact that the term "Process" was used in conjunction with "Cycloverision" and implies that if the term had been used to identify a service it would have been registrable notwithstanding the use of the word "Process".

[1] And what is a process? A process, *inter alia*, is a particular method or system of doing something, producing something or a system used in a manufacturing operation or other technical operation (See: Webster's New International Directory, 3rd Edition, 1965). By its very meaning, the term "process" can encompass a service. That the term "process" is used on the specimen does not *ipso facto* mean that an arbitrary mark used in conjunction therewith designates a process and not more.

In the instant case, applicant renders a service of printing. The particular process of printing is one actually performed by applicant and no one other than applicant. The mark is placed on tags, and the tags are attached to textiles which have been printed by applicant. We hold, therefore, that the specimens do show use of "STAFFORDBLEND" to identify the service rendered by applicant and that said mark does constitute a service mark within the meaning of the Act of 1946. See: *In re United Merchants and Manufacturers, Inc.*, *supra*.

#### Decision

The refusal to register is reversed.

476 F.2d 653

United States Court of Customs and Patent Appeals.

Application of UNIVERSAL  
OIL PRODUCTS COMPANY.Patent Appeal Nos. 8906  
and 8933. | April 19, 1973.

Consolidated appeals from decisions of Patent Office Trademark Trial and Appeal Board affirming examiner's refusal to register marks PACOL and PENEX for services. The Court of Customs and Patent Appeals, Rich, J., held that requirement that a mark must be used in sale or advertising of services to be registered as a service mark is not met by evidence which only shows use of mark as name of a process and that the company is in business of rendering services generally, even though the advertising of the services appears in the same brochure in which the name of the process is used.

Affirmed.

West Headnotes (7)

**[1] Trademarks**

🔑 [Weight and Sufficiency](#)

Record on consolidated appeals from decisions of Patent Office Trademark Trial and Appeal Board affirming examiner's refusal to register marks PACOL and PENEX for services failed to show that these marks had been used in sale or advertising of services. Lanham Trade-Mark Act, §§ 3, 45, [15 U.S.C.A. §§ 1053, 1127](#).

[1 Cases that cite this headnote](#)

**[2] Trademarks**

🔑 [Particular Cases](#)

Requirement that a mark must be used in sale or advertising of services to be registered as a service mark is not met by evidence which only shows use of mark as name of a process and that the company is in business of rendering services generally, even though the advertising of the services appears in the same brochure in which

the name of the process is used. Lanham Trade-Mark Act, §§ 3, 45, [15 U.S.C.A. §§ 1053, 1127](#).

**[3] Trademarks**

🔑 [Services and Service Marks in General](#)

Minimum requirement for registration of a service mark is some direct association between the offer of services and the mark sought to be registered therefor. Lanham Trade-Mark Act, §§ 3, 45, [15 U.S.C.A. §§ 1053, 1127](#).

**[4] Trademarks**

🔑 [Particular Goods, Services, or Other Subject Matter](#)

A mark or name used for a process is not registrable as a service mark. Lanham Trade-Mark Act, §§ 3, 45, [15 U.S.C.A. §§ 1053, 1127](#).

**[5] Trademarks**

🔑 [Particular Goods, Services, or Other Subject Matter](#)

A process, per se, is not a "service," for purposes of statute providing for registration of service marks. Lanham Trade-Mark Act, §§ 3, 45, [15 U.S.C.A. §§ 1053, 1127](#).

**[6] Trademarks**

🔑 [Alphabetical Listing](#)

Pacol

**[7] Trademarks**

🔑 [Alphabetical Listing](#)

Penex

**Attorneys and Law Firms**

\*654 John T. Lanahan, Des Plaines, Ill., of record, for appellant; Sidney W. Russell, Arlington, Va., of counsel.

S. Wm. Cochran, Washington, D. C., for the Commissioner of Patents; John W. Dewhirst, Washington, D. C., of counsel.

Before MARKEY, Chief Judge, RICH, BALDWIN and LANE, Judges, and ALMOND, Senior Judge.

### Opinion

RICH, Judge.

These consolidated appeals are from decisions of the Patent Office Trademark Trial and Appeal Board affirming the examiner's refusal to register two word marks for services. We affirm.

No. 8906<sup>1</sup> involves the mark PACOL<sup>2</sup> sought to be registered for "research, development, evaluation, market and economic studies, consultation, design, engineering, and technical services in connection with a process for the dehydrogenation of normal paraffins" in Class 100 and for "construction, installation, operation and servicing for others of a process for the dehydrogenation of normal paraffins" in class 103.

No. 8933<sup>3</sup> involves the mark PENEX<sup>4</sup> sought to be registered for "research, development, evaluation, market and economic studies, consultation, design engineering and technical services for others in connection with an isomerization process."

The applicant, Universal Oil Products Company, is the same in each case and the evidence it supplied to support the applications is in large part identical. The same legal issues are present in the two appeals. The board decision in PENEX was rendered two months after the decision in PACOL and largely relies thereon for support.

Refusal of registration for both marks was on the ground that the specimens did not evidence use thereof to identify *the services* named in the applications. The specimens filed demonstrate that PACOL is used by appellant as the name of a *process* for converting n-paraffins to corresponding n-olefins by direct catalytic dehydrogenation and that PENEX is used as the name of a *process* for the continuous catalytic isomerization of normal pentane and hexane and mixtures thereof. In each case one specimen is a 12-page brochure entitled "UOP Processing Guide" which describes briefly the PACOL and PENEX processes as well as eleven other processes of "UOP." Nowhere in this brochure, however, is there a reference to PACOL or PENEX services. The

back page of the brochure is headed "WHAT'S YOUR PROBLEM?" and contains a column of description under the subheading "UOP's engineering, technical and marketing services are available to help you find the answer." There is no question but that it shows appellant to be in the business of rendering such services. Particularly relied \*655 on are the statement in the subheading, just quoted, and the statements thereunder that

UOP is equipped to design and build any plant incorporating any of its processes and to train refinery personnel for its operation and maintenance. \* \* \*

Additionally, UOP offers economic, marketing, and management services to the petroleum industry-\* \* \*.

The essence of the argument in these appeals is that appellant would have us rule that the use of the marks sought to be registered on processes which, presumably, it licenses others to use, coupled with its rendition of services, constitutes use of PACOL and PENEX as service marks under the law.

[1] [2] [3] Section 3 of the Lanham Act (15 U.S.C. § 1053) provides for the registration of "service marks." Section 45 (15 U.S.C. § 1127) defines "service mark" as "a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others." The Patent Office position is that, so far as the records in these appeals show,<sup>5</sup> neither PACOL nor PENEX has been so used. We see no error in that conclusion. The requirement that a mark must be "used in the sale or advertising of services" to be registered as a service mark is clear and specific. We think it is not met by evidence which only shows use of the mark as the name of a *process* and that the company is in the business of rendering services generally, even though the advertising of the services appears in the same brochure in which the name of the process is used. The minimum requirement is some direct association between the offer of *services* and the mark sought to be registered therefor. See Ex parte *Phillips Petroleum Co.*, 100 USPQ 25 (Com'r. Pats.1953). There is no evidence of such association before us. The advertising of the services is under no mark at all and is in a brochure offering to license or install processes bearing a dozen or more different names.

[4] Appellant would have us hold that "the *association* of services with a name of a process" is sufficient to warrant registration of that name as a service mark. The argument starts from the premise that PACOL and PENEX *are* process names rather than marks associated with services.

The proposition put to us is that the names of processes ought to be registrable as “service marks” under the Lanham Act. The tenuous reasoning in support of this proposition is based on dictum in [In re Radio Corporation of America, 205 F.2d 180, 40 CCPA 1025 \(1953\)](#), where this court, in discussing registration of the slogan “The Music You Want When You Want It,” said:

We believe it equally true that Congress intended a service mark to function in such a fashion as to identify and distinguish those things of an intangible nature, such as services, in contradistinction to the protection already provided for the marks affixed to those things of a tangible nature such as goods and products.

From this statement appellant argues that service mark registration was set up “not for services alone, but for ‘intangible things’,” that a process is an intangible thing, therefore, a mark or name used for a process should be registrable as a service mark.

We reject this argument. Whatever the court in the *Radio Corporation* opinion may have intended, we are sure it was not that every mark used in connection with an intangible is registrable as \*656 a service mark. No such question

was under consideration and the next sentence of the opinion is, “Clearly had Congress intended service marks to apply to *goods or products*, we believe it would have so stated.” (Emphasis ours.) The discussion was whether the slogan was being used on a radio program or to promote the sale of RCA Victor Red Seal Records. The court held it was being used to promote the sale of records-tangible things-and was therefore not registrable as a service mark and affirmed the Patent Office.

[5] It is clear enough to us that a “process,” per se, is not a “service.” A process can be carried out for oneself or for others; it can be licensed to others to carry out for themselves, which appears to be what UOP does. Carrying out a process for others could be rendering a service as, for example, operating a laundry. But that is not the kind of thing UOP does. It helps others to carry out processes but in so doing or in advertising its willingness to do so in the specimens of record it has not associated PACOL or PENEX with its services. Direct association is the minimum it must show.

The decisions of the board in both appeals are affirmed.

Affirmed.

**Parallel Citations**

177 U.S.P.Q. 456

Footnotes

- 1 Opinion below reported at [167 USPQ 245](#).
- 2 Application serial No. 274,562, filed June 22, 1967.
- 3 Opinion below abstracted at [167 USPQ 576](#).
- 4 Application serial No. 302,157, filed July 5, 1968.
- 5 Appellant's brief states that in another application to register PENEX as a service mark a specimen therein includes the statement “Penex and Platforming engineering, technical, and marketing services are available upon request,” and that the application was approved. The Patent Office brief confirms that registration No. 940,145 was issued thereon on Aug. 1, 1972. The solicitor says this merely “highlights the deficiency in the cases on appeal.”

purchaser would be likely to confuse "MINON" with "MENNEN".

[2, 3] There is no dispute between the parties as to differences between the marks in meaning for "MINON" is an arbitrary and coined term and "MENNEN", although with "roots" as a surname, currently possesses no primary meaning other than that as a trademark. The conflict herein lies in a difference of opinion as to whether "MINON" is confusingly similar to "MENNEN" in appearance and/or sound. In support of their respective viewpoints on this question, each party has introduced in evidence testimony by a professor of linguistics and of English, respectively, as an "expert witness" concerning likely pronunciations and visual perceptions of the marks. As could be expected, each "expert witness" supported the position of the party in whose behalf he appeared. In a sense, each witness negated or rebutted the effect of the testimony of the other and thereby provided further credence to the general principle that unlike the case of well-known words in the dictionary, there is no correct pronunciation of an arbitrary term or even of a surname [See: *Yamaha International Corporation v. Stevenson*, 196 USPQ 701 (TT&A Bd., 1977), and cases cited therein, affirmed by the Court of Customs and Patent Appeals in an unpublished decision]; to the long-held view that the opinions of witnesses, including those qualified as expert witnesses, on the question of likelihood of confusion are entitled to little if any weight and should not be substituted for the opinion of the tribunal charged with the responsibility for the ultimate opinion on the question<sup>1</sup> [See: *Jones & Laughlin Steel Corporation v. Jones Engineering Co.*, 130 USPQ 99 (CCPA, 1961); *The Quaker Oats Company v. St. Joe Processing Company, Inc.*, 109 USPQ 390 (CCPA, 1956); and *Venetianaire Corporation of America v. A & P Import Co.*, 163 USPQ 412 (DC NY, 1969)]; and to the accepted fact that, absent a competently designed and executed survey of a cross-section of customers and prospective customers of the products or services involved in any

given proceeding to aid a trier of fact in deciding a question of the type herein involved, the deciding tribunal must make its own subjective evaluation of what the average consumer will perceive the marks to be as he encounters them in the actual or hypothetical [where, as here, applicant is not, as yet, marketing its goods in this country] marketing arena.

[4, 5] Considering the marks "MINON" and "MENNEN" in such light and taking into account that average consumers are not infallible in their recollection of the many trademarks that they are exposed to through the various communications media, much less the spelling thereof, it is our opinion that the marks are similar in appearance and are reasonably susceptible of a similar pronunciation and that therefore purchasers would be likely to assume that applicant's product, when offered, is another "MENNEN" product.

### Decision

The opposition is sustained, and registration to applicant is refused.

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### Patent and Trademark Office Trademark Trial and Appeal Board

Liquacon Corporation  
v. Browning-Ferris Industries, Inc.

Decided May 31, 1979

### TRADEMARKS

#### 1. Evidence — In general (§67.331)

##### Pleading and practice in Patent Office — In general (§67.671)

Evidence such as exhibits introduced under applicable rules of practice during trial period is not ordinarily stricken, but will be considered by Trademark Trial and Appeal Board only if it is relevant and material for purpose submitted.

#### 2. Drawings (§67.30)

##### Pleading and practice in Patent Office — In general (§67.671)

Mark shown on drawing is controlling, not specimens filed with subject application.

#### 3. Opposition — Pleading and practice (§67.589)

It is incumbent upon opposer, as plaintiff, to establish by clear and convincing

<sup>1</sup> This is not to imply that the testimony of expert witnesses may never be of help to the trier of fact in proceedings before the Board, for the basic approach under Rule 704 of the Federal Rules of Evidence which are applicable to this Board [See: *Chicken Delight, Inc. v. Delight Wholesale Co.*, 193 USPQ 175 (TT&A Bd., 1976)] is to encourage opinions by experts where they can be of assistance to the trier of fact to understand evidence or a fact. But, evidence of the type offered here is of no probative value.

evidence that it was first to make "open and notorious" use of mark in conjunction with its services.

**4. Acquisition of marks — In general (§67.071)**

**Acquisition of marks — Character and extent of use — In general (§67.0731)**

Right of ownership in and to mark arises from prior use of mark in connection with particular product or service, and not from prior adoption alone; mark has no existence apart from any product or service, and hence mere adoption of word or symbol does not, without more, confer right of ownership upon its adopter; in any controversy involving ownership of particular mark or priority, right to mark accrues to first party to use mark in trade, and not to first adopter but subsequent user of the term in trade; prior use of designation in connection with product or service in intrastate commerce is sufficient to preclude registration by subsequent user of same or similar mark for like or related goods if confusion is likely to occur, notwithstanding that subsequent user may have been first to enter interstate trade with its product or service so identified.

**5. Acquisition of marks — Character and extent of use — In general (§67.0731)**

**Registration — In general (§67.731)**

Technical trademark or service mark use in commerce is requisite for federal registration, but prior use required to establish rights in and to trade designation need only be in intrastate commerce, and such use need not be in technical trademark or service mark sense; prior open and public use of term as salient feature of trade name in connection with viable business entity, or use in advertising or promoting goods or services, may be sufficient for this purpose; Lanham Act Section 2(d) precludes registration of mark that so resembles mark registered in Patent and Trademark Office, or mark of trade name previously used in U.S. and not abandoned, as to be likely to cause confusion when applied to goods of applicant.

**6. Acquisition of marks — Character and extent of use — In general (§67.0731)**

Prior use of trade name may be sufficient to give rise to superior rights in mark, but mere act of incorporation, in itself, does not establish such priority of use; there must be viable corporation and, as in case of trademark or service mark, "open and

notorious" use of mark calculated to come to attention of customers or prospective customers for corporation's present or prospective offerings.

**7. Acquisition of marks — Character and extent of use — In general (§67.0731)**

**Evidence — Of use (§67.339)**

Certificate from state attesting to change of corporate name is insufficient to establish open and notorious public use of new corporate name in absence of evidence of going business at that time.

**8. Acquisition of marks — Character and extent of use — In general (§67.0731)**

**Evidence — Of use (§67.339)**

Inter-office or internal correspondence and memos, laboratory requests and reports from and to sales personnel, communications to and from state governmental agencies, letters, and the like, that are not directed to customers or potential customers, do not constitute open and notorious use upon which rights in and to mark can accrue.

**9. Acquisition of marks — Character and extent of use — In general (§67.0731)**

**Evidence — Of use (§67.339)**

Oral testimony, in situations where documentary evidence may be insufficient or unavailable, may be sufficient to establish both prior and continuous use of designation, providing that testimony is by witness personally conversant with facts, and that it is clear, convincing, consistent, and sufficiently circumstantial to convince trier of fact of its probative value.

**10. Acquisition of marks — Character and extent of use — In general (§67.0731)**

First adopter of mark who does not acquire or possess capacity to market goods or services for which mark is intended must give way to later adopter but prior user of mark in connection with marketable product or service.

**11. Opposition — Pleading and practice (§67.589)**

Opposer has burden of establishing prior rights in mark by clear and convincing evidence, and any doubt must necessarily be resolved against opposer.

**12. Acquisition of marks — Character and extent of use — In general (§67.0731)**

**Marks and names subject to ownership — Service marks (67.525)**

Designation may be used to identify both process and services rendered under process, and critical question is whether mark was in use as service mark to identify services as distinguished from process, *per se*, at time subject application was filed.

Trademark opposition No. 58,871, by Liquacon Corporation, against Browning-Ferris Industries, Inc., application, Serial No. 65,442, filed Oct. 9, 1975. Opposition dismissed.

Howson & Howson, Philadelphia, Pa., for Liquacon Corporation.

Pravel, Wilson & Gambrell, Houston, Tex., for Browning-Ferris Industries, Inc.

Before Lefkowitz, Fowler, and Kera, Members.

Lefkowitz, Member.

An application has been filed by Browning-Ferris Industries, Inc. to register the notation "LIQWACON" as a service mark for liquid waste processing and disposal services, namely, collecting industrial liquid wastes and converting the liquid wastes to solid material for disposal. Use of the mark by a wholly-owned subsidiary company, Browning-Ferris Industries Chemical Services, Inc. since at least as early as November 1974 has been claimed.

Registration has been opposed by Liquacon Corporation, which alleges use, since prior to November 1974, of the notation "LIQWACON" as the significant feature of its trade and corporate name as well as a service mark in its business of liquid waste processing and disposal services, the same services for which applicant seeks registration; and that

"By reason of the identity of the marks and the nature of the services, customers and prospective customers will assume that the service offered by Applicant under its alleged service mark are performed by Opposer or under its sponsorship or license, and thereby damage Opposer through the likelihood of confusion, and mistake and deception of purchasers in trade. . . ."

In its answer, applicant has denied the essential averments in the opposition relative to opposer's asserted activities under the

mark "LIQWACON" and, in particular, has specifically denied that opposer has acquired rights in the mark "LIQWACON" which are superior to those possessed by applicant therein. Absent superior rights, applicant urges that opposer cannot be damaged by the registration sought.

[1] The record consists of the pleadings, applicant's application file, answers by opposer to specific interrogatories propounded by applicant, and trial testimony in behalf of each party.<sup>1</sup> Both parties have briefed the issue joined by the pleadings<sup>2</sup> and articulated their respective viewpoints at the oral hearing conducted for the purpose.

[2, 3] The record shows, and it is not disputed by the parties, that they are engaged in rendering substantially identical services, namely, collecting industrial liquid wastes and converting the liquid wastes to solid materials for disposal, and that these services are offered and sold under the substantially identical term "LIQWACON" [the specimens filed with the subject application show the mark as "LiqWaCon", but the mark shown on the drawing which is controlling herein is the typewritten word "LIQWACON" signifying no claim as to a specific form or styling. See: Rule 2.51(d)]. In view of the identity of services and marks, there can be no question but that confusion in the trade, to which such services are directed, as to the source of the services or mistake as to the actual services themselves is reasonably likely to occur. Thus, the question here is which of the parties possess prior or superior rights in the "LIQWACON" designation. In this regard, since opposer is

<sup>1</sup> Opposer has objected to the admission in evidence and consideration of a number of exhibits offered by applicant during the taking of the deposition of its witnesses on the basis that they are not relevant and do not support the witnesses' testimony that a chemical formation process was carried out under the "Liquacon" name. However, evidence such as this introduced in evidence under the applicable rules of practice during a trial period is not ordinarily stricken. But, as in the case of all evidence submitted by a party, it will be considered by the Board only if it is relevant and material for the purpose submitted. Thus, these exhibits will be detailed as a part of applicant's record only insofar as they are relevant to the issue before us.

<sup>2</sup> Applicant, in its brief, has raised a question as to the timeliness of opposer's opening brief. Opposer's brief was, in fact, a few days late in being filed in this Office. But, applicant's objection thereto at this time is somewhat belated, and since the Board is desirous of obtaining the views of the parties on the issues before it, opposer's brief has been considered herein.

the plaintiff, it has been incumbent upon it to establish by clear and convincing evidence that it was the first to make an "open and notorious" use of the mark "LIQWACON" in conjunction with its services.

The following principles of trademark law are believed applicable to a determination of the outcome of this case depending, of course, on an evaluation of the facts adduced by each party and the application or appropriateness thereto of these principles.

[4, 5] A right of ownership in and to a mark arises from prior use of the mark in connection with a particular product or service and not from prior adoption alone. A mark has no existence apart from any product or service, and hence the mere adoption of a word or symbol does not without more confer upon the adopter thereof the right of ownership. See: *United Drug Co. v. Theodore Rectanus*, 248 U.S. 90 (1918). Thus, in any controversy involving the ownership of a particular mark or priority therein, the right thereto accrues to the party first to use the mark in trade and not to the first adopter but subsequent user of the term in trade. And rights in and to a trademark may arise out of intrastate use and are in no way dependent upon interstate use. See: *McCaughey v. Malt Diastase Co.*, 4 F.2d 944 (CA DC, 1925); *Joseph H. Meyer Bros. v. Interatlantic Trading Corp.*, 89 USPQ 440 (Comr., 1951); and *R. J. Moran Co. v. Gordon*, 101 USPQ 206 (Comr., 1954). That is, prior use of a designation in connection with a product or service in intrastate commerce is sufficient to preclude the registration by a subsequent user of the same or a similar mark for like or related goods if confusion in trade is likely to occur notwithstanding that the subsequent user may have been the first to enter interstate commerce with its product or service so identified. See: *Steer Inn Systems, Inc. v. Laughner's Drive-In, Inc.*, 16D USPQ 626 (CCPA, 1969). Moreover, while technical trademark or service mark use in commerce is a requisite for federal registration,<sup>3</sup> the prior use required

to establish rights in and to a trade designation need only be in intrastate commerce, and such use need not be in a technical trademark or service mark sense. A prior open and public use of a term as a salient feature of a trade name in connection with a viable business entity or use in advertising or promoting goods or services may be sufficient for this purpose.<sup>4</sup> This "non-technical use" or "use analogous to technical use" has been defined as encompassing, *inter alia*, use in advertising, use as a grade mark or as a process, *per se*, use as the distinguishing feature of a name, and any other use of a designation in a manner calculated to attract the attention of potential customers or customers in the applicable field of trade and to create thereby an association of the term, an exclusive one, with the product or service of a single, albeit anonymous, source. See: *John Wood Manufacturing Co. v. Serval, Inc.*, 25 USPQ 488 (CCPA, 1935); *Lever Brothers Company v. Nobio Products, Inc.*, 41 USPQ 677 (CCPA, 1939); *Farrington Manufacturing Company v. LeFebure Corporation*, 120 USPQ 93 (Comr., 1959); *Alfred Electronics v. Alford Manufacturing Company*, 142 USPQ 168 (CCPA, 1964); and *The Jim Dandy Company v. Martha White Foods, Inc.*, 173 USPQ 673 (CCPA, 1972). Thus, the tacking on of non-technical uses [trade name] to technical trademark or service mark use has been permitted in determining the question of ownership of marks and in determining registrability thereof in situations involving claims of secondary meaning. See: *In re Texaco Inc.*, 143 USPQ 364 (TT&A Bd., 1964); *Alfred Electronics v. Alford Manufacturing Company*, *supra*, *Midwest Homes, Inc. v. Midwest Houses, Inc.*, 120 USPQ 406 (Comr., 1959); *Daltronic, Inc. v. H. L. Dalis, Inc.*, 158 USPQ 475 (TT&A Bd., 1968); *Holiday Magic, Inc. v. Holiday, Inc.*, 177 USPQ 572 (CCPA, 1973); and *Dynamet Technology, Inc. v. Dynamet Inc.*, 201 USPQ 129 (CCPA, 1979).

In sum, rights in and to a trade designation arise from use and not mere adoption; the use of a mark necessary to bestow a proprietary right therein need not be a technical trademark or service mark use, but must be an "open and notorious" use reaching purchasers or prospective

<sup>3</sup> Section 45 of the statute provides that a mark shall be deemed to be used in commerce "(a) on goods when it is placed in any manner on the goods or their containers or the display associated therewith or on the tags or labels affixed thereto and the goods or are sold or transported in commerce and (b) on services when it is used or displayed in the sale or advertising of services and the services are rendered in more than one state or in this and a foreign country and the person rendering the services is engaged in commerce in connection therewith."

<sup>4</sup> Section 2(d) of the statute precludes the registration of a mark which "so resembles a mark registered in the Patent and Trademark Office or a mark or trade name previously used in the United States and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion or to cause mistake, or to deceive." [Underlining added].

purchasers of the goods or services for which the mark is employed; and the fact that a party first conceived the mark and discussed it and/or used it within an organization or with persons outside of the organization, other than potential customers, in anticipation of and in preparation for a subsequent use in trade does not constitute an "open" use and therefore is insufficient to establish priority of use as of the time of these activities. See: *Selway, Inc. v. Travelers Petroleum, Inc.*, 198 USPQ 271 (CCPA, 1978); *Computer Food Stores Inc. v. Corner Store Franchises, Inc.*, 176 USPQ 535 (TT&A Bd., 1973) and cases cited therein. Considering that the instant case involves the rendering of services by the parties under the "LIQWACON" designation, the following statement from *Computer Food Stores v. Corner Store Franchises*, supra, is further amplification of the nature and type of use of a service mark.

"A service mark is defined in Section 45 of the statute as \* \* \* a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others \* \* \*. Thus, from the very nature of the definition, the type and character of the use of a service mark extends beyond the narrow concept of trademark use of a mark in the accepted manner of affixation to the goods and possibly beyond the concept of a use of the term in a manner analogous to trademark use, and encompasses a broad spectrum of use including business cards, stationery, circulars, direct mailing pieces, advertisements in the various media including radio and television commercials, store signs, and any other method that may be employed in promoting one's service. However, as in the case of 'use analogous to trademark use', in order to establish any rights in a particular mark, such use must be an open and notorious public use directed to the segment of the purchasing public to whom the services are intended, and must be used in a manner sufficient to demonstrate an intention to appropriate the particular word or symbol as an indication of origin for a particular service and to inform or apprise prospective purchasers of the present or future availability of the adopter's service under the mark."

In a recent pronouncement concerning the type of evidence necessary to establish "public use" of a mark, the Court of Customs and Patent Appeals in *Old Swiss House, Inc. v. Anheuser-Busch, Inc.*, 196 USPQ 808 (CCPA, 1978) reversed the

Board's holding that *Anheuser-Busch* was the prior user and owner of the mark "THE OLD SWISS HOUSE, for restaurant services based on the record therein with the following statement pertinent herein:

"The evidence upon which the Board based its decision is set forth at 193 USPQ 504-05. It consists of 12 articles, each published only once, which appeared in various newspapers and trade journals between December 27, 1963 and April 11, 1964, and a single speech, on April 24, 1964, by one of registrant's vice-presidents at a shareholder's meeting. Registrant has pointed to no additional evidence of any significance upon which it may rely; notwithstanding registrant's assertions to the contrary, there is no evidence that the aforementioned speech was printed and distributed to stockholders, or that a sign, which mentioned the name The Old Swiss House was on the construction site at Busch Gardens. The articles mentioned above were, in effect, press releases; in all but one, the mark, THE OLD SWISS HOUSE, was buried in the body of the articles. This, in our view, is not the type of public exposure of a mark that would be expected to have any significant impact on the purchasing public."

[6] Finally, while prior use of a trade name may be sufficient to give rise to superior rights in a mark, the mere act of incorporation, in itself, does not establish such priority of use. There must be a viable corporation and, as in the case of a trademark or service mark, "open and notorious" use thereof calculated to come to the attention of customers and prospective customers for the corporation's present or prospective offerings. See: *The Geo. Washington Mint, Inc. v. The Washington Mint, Inc.*, 176 USPQ 251 (DC NY, 1972); *Bellanca Aircraft Corporation v. Bellanca Aircraft Engineering, Inc.*, 190 USPQ 158 (TT&A Bd., 1976).

With these principles as background, it is now appropriate to consider the record adduced by the parties herein.

Opposer's record consists of the testimony of the president of opposer corporation and the founder of opposer's predecessor company, currently a director of opposer corporation, and a number of documentary exhibits.

According to this record, Richard Welch conceived the idea of developing a company to engage in treating and disposing of liquid waste. Sometime in 1973, Liquid Waste Conversion Company was organized for this

purpose under the auspices and direction of Welch as president, who engaged in organizing the corporation, conducting marketing studies, financial planning, and other activities necessary to place the corporation on a viable footing. During the summer of 1973, Yarway Corporation, a capital equipment supplier with aspirations to participate in the industrial service business, started negotiating with the Liquid Waste Conversion Corporation to acquire a majority interest therein. After Welch's first contact with Yarway, an interim agreement was apparently entered into between Yarway and the Liquid Waste Conversion Corporation, during which time the latter corporation, through Welch, conducted marketing evaluation and testing studies relating to waste disposal with the aim of evaluating his concept and developing plans for a waste treatment plant. In conjunction with these activities, Welch collected waste samples for testing and evaluation from Micro-Etch of New Haven, Connecticut, Hubbard Hale of Waterbury, Connecticut, and Superior Plating of Fairfield, Connecticut, in or about October 1973 as a cross-section of different types of wastes to determine what wastes were available and suitable for treatment by his concept or process in the proposed plant to be erected in Connecticut. The one to five gallon samples of the wastes of these companies were taken primarily to test the process being used to treat wastes and to wastes that would not be susceptible for treatment. It was a corporate policy not to accept wastes that could not be successfully treated. There is testimony by Welch on cross-examination to the effect that, prior to picking up these samples, he had "talked to these people several times" and "promoted the Liqwacon's concept and our method of treatment and handling waste. Then only after they agreed, yes, we'd like you to treat our waste if you're able to, after that I went back and got the samples".

Since Liquid Waste Conversion Corporation did not possess a laboratory, Welch transported the samples by car to Drexel University in Philadelphia, Pennsylvania, for the purpose of conducting the waste treatment evaluation.

On or about this same time, the fall of 1973, "LIQWACON" was adopted as a proposed corporate name and service mark and, under the auspices of Yarway Corporation,<sup>5</sup> a Patent and Trademark Office search, a state registration search, and a directory search were conducted.<sup>3</sup> In a letter,

<sup>5</sup> By this time, Yarway Corporation had apparently acquired an ownership interest in Liquid Waste Conversion Corporation.

dated November 5, 1973, the mark "LIQWACON" was cleared by counsel for use and registration in connection with services and equipment for waste conversion [opposer did not seek to obtain a federal or state registration for "LIQWACON"]. Both of opposer's witnesses have testified that the term "LIQWACON" was used informally for discussion purposes in reference to the Liquid Waste Corporation within the organization and in conversation with Drexel University personnel conducting the evaluation studies. The report or evaluation of the samples was reported to Yarway Corporation under the date of February 4, 1974 and included a "Capital Equipment Preliminary Cost Estimate" for Liqwacon Corporation apparently covering the equipment needed to start the intended waste processing or treatment plant. Welch assertedly verbally reported back the results of the waste treatment tests to the companies that supplied the samples because plans were underway for the establishment of a waste treatment plant, these companies were interested in his organization as a qualified and approved disposal service, he was trying to establish customers prior to the opening of the plant facility, and, in general, "at the time I was visiting a number of companies in Connecticut laying the groundwork, so to speak for Liqwacon".

On April 10, 1974, a letter was written to Welch in care of Liqwacon Corporation by an insurance agent dealing with the corporations's insurance needs in connection with the "initial installation tentatively set for somewhere in Connecticut". On April 30, 1974, the name of Liquid Waste Conversion Corporation was formally changed to Liqwacon Corporation. Opposer thereafter used the corporate name, Liqwacon Corporation, in correspondence and, in turn, received correspondence directed to the corporate name relating to the organization's activities necessary to create a viable corporation and, in particular in this case, the construction and start of a waste treatment plant. This correspondence included letters to and from consulting engineering firms, law firms, the Connecticut Development Authority, the Connecticut Department of Environmental Protection, sewer authorities, and the like, and extended throughout a greater part of 1974. On August 23, 1974, the State of Connecticut granted Liqwacon Corporation the right to "transact business or conduct affairs" in the state. Opposer also made of record a copy of a bill from the Howard Johnson's Motor Lodge in Hartford, Connecticut, dated December 1, 1974 and directed to "Li-

qwacon", covering the stay there of opposer's newly appointed plant manager.

As soon as opposer chose its plant site in Thomaston, Connecticut, and received the necessary permits to proceed with the construction thereof, press releases and interviews with Welch resulted in newspaper articles relating to the "LIQWACON" plant and to the services to be rendered at these facilities. These appeared in newspapers published in Waterbury, Bristol, Hartford, Bridgeport, and Danbury, Connecticut, during the period from March 27 to July 20, 1975. A composite drawing of the plant prepared by opposer's engineers and showing the mark "LIQWACON" prominently displayed thereon was depicted in a number of these articles. According to Welch, a number of reprints of these articles were mailed or handed out to prospective customers in Massachusetts, Connecticut and Rhode Island. Chemical process equipment to be used in the plant for the treatment and disposal of waste was ordered and purchased over a period of months beginning in the spring of 1975, and it was received and installed in or around the summer of 1975.

In September 1975, five thousand copies of a brochure entitled "A Unique Disposal System for Liquid Waste From Metal Finishing" advertising the "LIQWACON" service of Liquacon Corporation were printed and delivered to opposer. This brochure was circulated during the period between October 23, 1975 and December 17, 1975, after the treatment plant had opened. A truck, designed to be used in picking up the waste at a customer's plant, was depicted in this brochure bearing the mark "LIQWACON", but this was merely a mock-up of a truck that had been ordered by opposer. The truck was actually acquired approximately some time in October 1975.

At this point, it is necessary to pause to note that services of the type offered by opposer under the mark "LIQWACON" were directed to those companies that had need for disposal of the liquid wastes resulting from the metal finishing operations. The liquid wastes were picked up by opposer in large tank trucks and transported to its treatment plant where it was analyzed, treated, and disposed of in accordance with the applicable regulations. Opposer, its operations, its plant, and its services identified by the mark "LIQWACON" were the subject of an article that appeared in the November 1975 issue of "Finishers' Management".

On September 19, 1975, Liquacon Corporation submitted a proposal for liquid

waste treatment and disposal to Peterson Steels, Inc. of Windsor, Connecticut, described by Welch as its first customer, and that company submitted its purchase order directed to "LIQWACON" for the treatment and disposal service on September 23, 1975. Welch, on direct, indicated that the first load was picked up before the plant was actually ready for operation because of the desire to secure orders in preparation for the opening and because Peterson Steels overflowed their reservoir tank thereby requiring removal to one of opposer's holding tanks for storage until treatment could be made. Welch conceded on cross examination that, in actuality, the first load of waste from Peterson was not picked up by opposer until October 23, 1975, and that the receipt of such waste was still prior to the actual opening of the plant. It is noted that the order from Peterson Steels contained a reference to a "trial period October 7, 1975 — January 1976".<sup>6</sup>

The "LIQWACON" waste treatment and disposal services were performed for manufacturers located outside of the State of Connecticut in December 1975. Waste was picked up from Revere Copper of New Bedford, Massachusetts on December 10, 17, and 29, 1975 and from Polaroid Corporation of Waltham, Massachusetts on December 18, 1975. These companies were invoiced for these services by opposer on December 24, and December 30, 1975. Opposer had solicited liquid waste treatment business from these companies under the "LIQWACON" designation prior to these dates.

Opposer has used trucks bearing the mark "LIQWACON" to pick up liquid wastes and generally, metal finishing and similar wastes, and performed the "LIQWACON" treatment services at its plant in Thomaston, Connecticut for customers in the States of Maine, New Hampshire, Rhode Island, Massachusetts, New Jersey, and New York as well as in Connecticut since October 1975.

In addition to the use of the corporate name and mark, "LIQWACON", on the trucks which have picked up waste and treatment since some time in October 1975, the term "LIQWACON" has been prominently displayed as a mark and/or as the salient feature of opposer's corporate

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<sup>6</sup> Applicant has made of record a copy of an announcement from opposer that it received on November 7, 1975 [bearing no date] to the effect that "Our Liquacon facility will begin processing industrial wastes in early November".

name on business cards, purchase orders, invoices, stationery, treatment proposals and price quotations, bills of lading, employment applications, buildings, treatment cost appraisal forms, and personnel information sheets. The April 1976 edition of "Wire Journal" contained an article dealing with opposer's operations with reference therein to "LIQWACON" both to identify opposer and its services. The present brochure used by opposer for advertising its "LIQWACON" liquid waste treatment and disposal services was printed and distributed in 1977. In response to interrogatories posed by applicant relating to its advertising expenses under the mark "LIQWACON", opposer indicated that there were no expenditures in this regard in 1973; about twenty-five hundred dollars were spent for promotional purposes in 1974, which were calculated to be ten percent of Welch's salary and expenses; about ten thousand dollars were directed thereto in 1975, with six thousand dollars devoted to the promotional brochure printed and distributed in and after September 1975 and four thousand derived from ten percent of Welch's salary and expenses; approximately eleven thousand dollars in 1976 involving ninety-five hundred dollars for "direct expenses" and fifteen hundred dollars from ten percent of Welch's salary; and fifty-five hundred dollars through June 1977, with a breakdown of twenty-five hundred dollars for "direct expenses" and three thousand dollars computed from ten percent of Welch's expenses and salary.

Applicant has offered the testimony of the general manager of applicant corporation, Browning-Ferris Industries, Incorporated, who is also the president of applicant's wholly-owned subsidiary, Browning-Ferris Industries Chemical Services, Incorporated, holding these positions since November 1972; a Branch manager for Browning-Ferris Industries Chemical Services employed by that company and its predecessor since August 2, 1971; and the Project Manager in Hazardous Waste Systems for opposer in Houston, Texas from January 1, 1977 to date and in another capacity from September 1973 through September 1975; along with a large number of exhibits.

Applicant, in its 1976 Annual Report distributed between November and December 1976 described itself as

"... the largest publicly held company engaged primarily in providing solid and liquid waste collection, processing/recovery and disposal services to commercial, industrial, residential, and

governmental customers throughout the United States and Canada".

Applicant, which is engaged in rendering services in addition to those referred to above as well as in selling certain products, has some twenty-five operating stations across the United States with activity in ten states and with operating licenses to do business in some thirty-four states and Puerto Rico and Canada. However, in the Spring of 1972, applicant [for the remainder of this discussion this term will include both Browning-Ferris Industries, Inc. and its subsidiary, Browning-Ferris Industries Chemical Services, Inc.] was essentially involved in the solid waste collection and disposal business and was interested in expanding its operations in the solidification of liquid wastes. Toward this end, applicant acquired Cesco, Incorporated, which had some know-how and experience in this and related fields, and began to negotiate with Chemfix, Inc. in an effort to acquire said company and their "CHEMFIX" process utilized to treat liquid wastes. As negotiations progressed through 1973 into early 1974, applicant began establishing waste reception centers in Warren, Ohio, Houston, Texas, Pedricktown, New Jersey, and Mobile, Alabama. These reception centers typically were designed to contain two large lagoons that were either of five hundred thousand-gallon or seven hundred and fifty thousand-gallon capacity for receiving liquid wastes collected from applicant's potential customers. After the lagoons were prepared, applicant began collecting waste solicited from businesses through a marketing staff. In March 1974, wastes were being received and chemically treated by Chemfix, Inc. for applicant at the Houston center with the solid waste resulting from the chemical fixation of these liquid wastes being shown to participants of the National Solid Waste Management meeting that was held in Houston during June 1974.

At least as early as May 1974, applicant was actively pursuing the establishment of a reception center at Pedricktown, New Jersey, including making application to the New Jersey State Department of Environmental Protection, Bureau of Solid Waste Management, for the required permits. During the period when applicant was engaged in this licensing procedure, it was permitted to collect wastes at this reception center and, when required, Chemfix, Inc. was called in to perform the solidification process.

As previously alluded to, in soliciting business during this period, applicant's salesmen and personnel used the "CHEM-

FIX" mark, and the solidification process performed on the wastes collected by applicant was accomplished by Chemfix, Inc. In fact, the literature used by applicant's salesmen was prepared by Chemfix, Inc. By the middle of August 1974, difficulties arose in the negotiations and applicant's relationship with Chemfix, Inc., and meetings were held by applicant to discuss the equipment needed to perform the service itself. In September 1974, applicant's Manager of Engineering traveled to applicant's Warren, Ohio facility to look at a piece of equipment [a neutralizer unit] that could be used in this process and subsequently made arrangements for having that equipment brought to Houston, Texas. On September 11, 1974, a capital authorization of fifty thousand dollars was made to bring together equipment necessary to perform chemical fixation at the Houston facility. In addition to the expenditure for bringing the existing neutralizer unit from Warren, Ohio to Houston, the money was used to purchase pumps, hoses, and the other necessary equipment, which was assembled and made operational about the last week in October 1974.

On October 1, 1974, applicant entered into a license agreement with Chemfix, Inc. whereby applicant was able to obtain use of Chemfix's patent and engineering technology relating to the treatment of liquid wastes for application on its own sites. Under the agreement, applicant was precluded from rendering these services on the plant sites of customers or using the mark "CHEM-FIX" to identify such services. As a consequence, on October 24-25, 1974 at a Regional Vice-President's meeting in Lake Charles, Louisiana, the name "LIQWACON" was chosen as the "Name for Chemfix Process". There is testimony by applicant's witnesses that the participants at this meeting, upon arrival back at their stations, notified their sales and other personnel of the changes and that, at least as early as November 1974, the "LIQWACON" mark was employed in soliciting accounts for the solidification of waste services. In the interim, applicant's in-house attorney was informed of the adoption of the new name on October 30, 1974 and advised to "apply for copyright or trademark, whichever is proper" [the subject application, however, was not filed until October 9, 1975]. And in a letter, dated December 3, 1974, the Line Managers of applicant's Waste System and Chemical Services Division were officially advised of the change to "LIQWACON" as well as of the license agreement and the need to refrain from using the "CHEM-FIX" mark.

Assertedly, applicant's sales personnel began using the mark "LIQWACON" to describe the services offered by applicant, although admittedly employing "CHEM-FIX" literature to describe the service until the supply of this literature was exhausted.

Applicant, under the terms of the license, performed its chemical fixation at the Houston Reception Center utilizing the make-shift neutralizer on or about October 25, 1974. This required a notification of site selection to Chemfix, Inc., within thirty days after the first affixation, pursuant to the terms of the agreement. This notice was given in a letter dated November 22, 1974. At the time, the Houston Center had two lagoons, each containing almost seventy-five-thousand gallons that required chemical fixation as a result of applicant's collecting liquid waste for several months prior thereto. It was apparent that this fixation or the soliciting of the wastes were not identified by the "LIQWACON" mark since the mark was not selected until October 25, 1974 and was not made known to personnel until a time thereafter. However, the liquid solidification or chemical fixation activities were continued with this neutralizer until through at least December 1974 or possibly January 1975 in Houston on liquid wastes received during this time as a result of salesmen's contacting customers for applicant's chemical fixation and waste disposal services, apparently under the mark "LIQWACON" since applicant was precluded from using "CHEM-FIX" after October 1, 1974 on fixation services performed at its own sites.

In order for the liquid solidification portion of the "LIQWACON" or even the "CHEM-FIX" services to be performed, there are two necessary ingredients in addition to the liquid waste to be disposed of, namely, sodium silicate and Portland cement. As a consequence, during this first chemical fixation process, applicant, in November and December 1974, purchased significant amounts of sodium silicate and Portland cement from its suppliers on an as-needed basis, because both were required to be added simultaneously to the liquid waste for solidification to take place.

During this same period, customers for the waste disposal services were invoiced for the services performed by applicant. Although the invoices of record, dated during the period from late November 1974 through late January 1975; do not contain any reference to the term "LIQWACON", there is again testimony that these accounts were solicited under the "LIQWACON" mark and services were rendered under the

mark since these services were "LIQWACON" services and applicant was precluded from using "CHEMFIX" to identify these services as it had previously done.

Back in the Pedricktown, New Jersey reception center, applicant solicited a number of companies in the area for the purpose of collecting their liquid wastes to be chemically treated for disposal thereof and was successful toward the end of 1974 in receiving the liquid wastes of at least two customers in the area. The documents submitted to reflect these transactions do not evidence use of the "LIQWACON" designation and, in this regard, there is only the testimony of applicant's Liquid Waste National Sales Manager that the mark would have been used in contacting these accounts. But, chemical solidification never did take place in this center, and, in early 1975, it was determined by applicant that this New Jersey facility would not be a viable center.

During this late 74 and early 1975 period, the witnesses indicated that applicant's salesmen were out contracting for and soliciting new business from potential customers who could use the liquid waste and disposal services offered by applicant under the "LIQWACON" mark. Customers for applicant's services, as in the case of opposer, were those engaged in metal finishing operations producing a liquid inorganic waste suitable for the implementation of the process owned and licensed by Chemfix, Inc. In order to determine the feasibility of utilizing applicant's "LIQWACON" services, applicant's salesmen made an initial evaluation as to whether or not the waste stream would, in fact, be chemically fixable, depending upon whether it was an inorganic or organic waste stream. Based upon this preliminary evaluation, the salesmen would request a gallon sample of the waste which was then shipped to the laboratory in Houston to determine the feasibility of its reacting to a chemical treatment and, specifically, that of applicant. In order to have a waste sample chemically analyzed, a Central Laboratory Request Form was filled out to accompany the sample to the laboratory. Of record are request forms dated during the period from December 18 to 31, 1974 and January 3, 1975. These requests and the reports thereon referred to the "LIQWACON" treatment and the like. Once a customer's waste stream had been determined to be of such a nature that it was suitable for the "LIQWACON" treatment and a price was computed and presented to the prospective customer in a proposal form, if the proposal

was accepted, the liquid wastes would be picked up by vacuum trucks at the customer's plant site and transported to applicant's reception facilities for storage in the lagoon or holding tanks until it could be chemically fixed. Applicant's trucks vary in capacity from fifty barrels to one hundred-thirty barrels, and applicant has approximately one hundred and sixty trucks for this purpose. After the liquid waste is collected, applicant assumes the responsibility for disposal in accordance with prescribed environmental rules and regulations.

As noted above, applicant's witnesses indicated that the salesmen, upon being informed of the new "LIQWACON" designation for applicant's services, began to use the designation in solicitation of liquid waste disposal business and, at times, they were accompanied by the president of opposer's chemical services subsidiary, who indicated that he personally used the mark "LIQWACON" to designate applicant's service and also observed such use by the salesmen.

In addition to the solicitation of business by its salesmen, an official of applicant corporation, at a Hazardous Waste Seminar held in Nashville, Tennessee, on April 2-4, 1975, made an oral presentation to representatives of industry and government on "Hazardous Waste Management Methods, Costs and Disposal Alternatives Now Being Offered by Browning-Ferris Industries Chemical Services, Inc.". In this speech, reference was made to "This Chemical Solidification Process is Trademarked as LIQ-WA-CON™". This presentation was videotaped and the text was bound in a book which was sent to all of the participants. During the course of the seminar, opposer's official had lunch with potential customers and discussed the "LIQWACON" services.

In March 1975, a second chemical fixation was run with the make-shift neutralizer unit at the Houston facility. In May 1975, the neutralizer was moved by flatbed truck from Houston to a reception center in Kansas City, Missouri. Chemical processing of liquid wastes previously collected and stored with the make-shift neutralizer began at Kansas City on or about May 15, 1975. This required a notification of site selection to Chemfix, Inc., according to the October 1, 1974 agreement, and this was accomplished in due time. By around June 7, 1975, both lagoons at this facility were completely processed. Thereafter, the neutralizer unit was cleaned up and shipped back to Warren, Ohio where it was again hooked up for use.

On July 22, 1975, the president of applicant's chemical services division delivered another speech, this time at a "Dataquest Financial Analysts Presentation" entitled "Liquid Waste — A New Market Opportunity" wherein "LIQWACON" was used in the following contexts:

"For instance, at BFI [applicant], we are using our licensed patented chemical process trademarked 'LIQWACON'™ Which Converts Many Liquid Wastes Into Dirt-Like Solids".

and

"We look upon the LIQWACON™ Process, From Our Experience as Providing the Best Answer for Many Inorganic Hazardous Liquid Wastes".

Bound copies of this speech or report were thereafter distributed to those who attended so that they could pass the information on to their interested customers.

A mobile van to take the place of the make-shift neutralizer was completed in or around July 1975 after much effort and planning, and it went into service in October 1975 for "converting industrial liquid wastes into dirt-like solids suitable for land-fill disposal", as set forth in the September 1975 issue of opposer's house organ, "The Sales Scene". The picture in this publication shows the van with a large sign affixed to the side thereof stating "LIQWACON SERVICE, LIQUID WASTES CONVERTED TO SOLIDS". This van, with the sign prominently displayed, has moved along the highways between various locations, including the Houston and Kansas City facilities when chemical fixation was necessary.

Applicant, utilizing its "LIQWACON" van, disposed of gallons of liquid waste for a number of companies, during the months of October and November 1975, and the documents or invoices reflecting these activities all bore a reference to "LIQWACON", per se, or the "LIQWACON TREATMENT" or the "LIQWACON PROCESS".

Finally, an official of applicant corporation, in a speech at the Chemical Show held in Houston, Texas, in 1977, referred to the mark "LIQWACON" in connection with applicant's waste collection and disposal services.

Applicant's record is devoid of any evidence that it engaged, at any time, in any media advertising or prepared and distributed promotional or descriptive literature, other than reprints of speeches,

directed to its "LIQWACON" services and activities. The only reference to descriptive literature of record is that pertaining to the utilization of "CHEMIFIX" literature until the supply thereof was used up.

[7] Turning to the issue of prior or superior rights, the most apparent and striking impression of the record of each party is the absence of documentary evidence of early "public use" of the mark "LIQWACON" and the reliance on the statements of in-house witnesses in support of the respective claims of the parties. Neither party has called a customer or potential customer to corroborate such testimony. Opposer submitted some twenty-six exhibits in support of its testimony. However, of these exhibits, the large majority pertained to correspondence with insurance companies, consulting engineers, state authorities, attorneys, and others as necessary adjuncts to the establishment of its business operations; a motel bill which could hardly be deemed to be a "public use" in connection with the promotion of a business; the report of the Drexel staff which was made directly to opposer and, again, preliminary to the establishment of a plant; the stationery offered by opposer to reflect current use; and the newspaper articles that appeared in the Connecticut papers during the period of March 27 — July 20, 1975, which were not advertisements placed on behalf of opposer, but were merely publicity releases or write-ups reporting that a liquid waste conversion plant facility would be opening in the future — something that did not occur until sometime after October 1975 and possibly between November and December 1975. See: *Old Swiss House, Inc. v. Anheuser-Busch, Inc.*, supra. The exhibits which may serve to demonstrate a "public use" of "LIQWACON" are few and far between and comprise a brochure advertising "LIQWACON" services that was printed in September 1975, but was not distributed until sometime between October 23, 1975 and December 17, 1975, after the plant had opened [opposer employed a mock-up of its intended tank trucks bearing the mark for the purpose of this brochure]; a current brochure advertising "LIQWACON" services distributed since 1977; an article about opposer and its services that appeared in the November 1975 issue of "Finishers' Management"; an article that appeared in "Wire Journal" in the April 1976 issue; a proposal to Peterson Steels, Inc., assertedly, opposer's first customer, dated September 17, 1975, a purchase order from Peterson Steels, dated September 23, 1975, and a bill of lading with a pick-up and delivery date of October

23, 1975, all bearing the "LIQWACON" designation; and invoices to Revere Copper and Polaroid Corporation, dated in December 1975, all bearing the "LIQWACON" mark and referring to pick-up dates earlier in the month. Not to be forgotten is the certificate from the State of Pennsylvania attesting to opposer's change of name from Liquid Waste Conversion Corporation to Liqwacon Corporation on April 30, 1974 which, in the absence of evidence of a going business at that time, is insufficient, per se, to establish an open and notorious public use of the corporate name. See: The Geo. Washington Mint, Inc. v. The Washington Mint, Inc., *supra*.

[8] Applicant's documentary exhibits are likewise deficient in probative value as to early prior public use of "LIQWACON". The large majority of these exhibits comprise inter-office or internal correspondence and memos, laboratory requests and reports from and to sales personnel, communications to and from state governmental agencies, letters to Chemfix Incorporated, and the like, which are not directed to customers or to potential customers of applicant's services, and hence do not constitute an open and notorious use upon which rights in and to a mark can accrue. The exhibits that contain references to "LIQWACON" include a copy of a speech made by the president of applicant's chemical services subsidiary at a "Hazardous Waste Seminar" in Nashville, Tennessee on April 2 - 4, 1975, which was said to be distributed to participants; a copy of opposer's "1976 Annual Report" distributed to stockholders, which contains a statement to the effect that "At some locations, the materials can be treated by LiqWaCon™, a proprietary process for converting liquids to solids enabling final disposal in conventional sanitary landfills"; a copy of a speech by the same aforementioned official in July 22, 1975 on "Land Wastes, A New Market Opportunity" before "Dataquest Financial Analysts", in which reference is made to applicant's "Licensed Patented Chemical Process Trademarked 'LIQWACON™'" ; a photograph of applicant's "LIQWACON" treating van, which did not go into operation until October 1975; a copy of applicant's house organ "The Sales Scene" of September 1975 which refers to the new "LIQWACON" van to go into service in October; and copies of invoices to Phillips Petroleum dated in October and November 1975 containing a reference to the "LIQ-WA-CON TREATMENT".

It is not to be inferred from the above comments that these documents do not play

a role in determining the issue at hand, but it is clear that their probity depends upon the testimony of the respective witnesses and that the result will be determined primarily on said testimony considered in the environment of the times and situations that they relate to.

[9] It is settled that oral testimony in situations such as this one where documentary evidence may be insufficient or unavailable for various reasons may be sufficient to establish both prior and continuous use of a designation providing that the testimony is by a witness or witnesses personally conversant with the facts, and that it is clear, convincing, consistent, and sufficiently circumstantial to convince the trier of fact of the probative value thereof. See: The B. R. Baker Company v. Lebow Brothers, 66 USPQ 232 (CCPA, 1945) and cases cited therein; Elder Manufacturing Company v. International Shoe Company, 92 USPQ 330 (CCPA, 1952); Walter Kidde & Company, Inc. v. Alcon Laboratories, Inc., 162 USPQ 412 (TT&A Bd., 1969); Nettie Rosenstein, Inc. v. Princess Pat, Ltd., 105 USPQ 226 (CCPA, 1955); Volunteer Portland Cement Company v. General Portland Cement Company, 135 USPQ 87 (TT&A Bd., 1962); and Thompson Medical Company, Inc. v. Alberto-Culver Company, 156 USPQ 133 (TT&A Bd., 1967).

There seems to be little doubt but that opposer's two witnesses and applicant's three witnesses were all conversant with the activities of their respective companies in respect to their adoption and use of the "LIQWACON" mark; that their testimony involved personal knowledge of activities for which they were responsible; and that generally their testimony was of a probative nature. However, the "circumstantial" aspect of this testimony is the critical factor in evaluating the testimony. In this regard, the term "circumstantial" must be considered in the context of "circumstantial evidence", which is defined in Black's Law Dictionary, Third Edition (1933) as

"Evidence directed to the attending circumstances, evidence which inferentially proves the principal fact by establishing a condition of surrounding and limiting circumstances, whose existence is a premise from which the existence of the principal fact may be concluded by necessary laws of reasoning".

[10] This concept is necessary because, although ownership in and to a mark extends to the one who first made "open" use thereof to the relevant class of purchasers or prospective purchasers and that a sale of

goods or services is not the sine qua non of a use sufficient to amount to an appropriation of a mark, there nevertheless must be, at the time of such use, the ability to engage in the trade for which the mark is intended whether it be the sale of goods or the sale of services. See: *Blue Bell, Inc. v. Farah Manufacturing Company*, 185 USPQ 1 (CA 5, 1975) and the cases cited therein. Thus, there arose the often-stated remark that "no trade no trademark". Under these circumstances, the first adopter who does not acquire or possess the capacity to market the goods or services for which the mark is intended must give way to a later adopter but prior user thereof in connection with a marketable product or service. See: *United Drug Co. v. Theodore Rectanus*, supra. This is most significant herein because, although opposer was the first to adopt the term "LIQWACON" and use it as a part of its trade name and, at times, as a service mark in internal and external preparations necessary to establish a plant necessary to solidify industrial wastes chemically, admittedly opposer's first customer was Peterson Steels, Inc.; that proposals to and from the company took place in September 1975 so that we can assume that Peterson Steels was familiar with opposer's "LIQWACON" services at or prior to that time; that opposer's trucks designed to collect wastes were not placed into business until October 1975; that the wastes from the Peterson Steels mills were not picked up until October 23, 1975; and that these were not chemically treated until the plant facilities were operational some time thereafter. So, opposer was in no position to render the collection services until October 1975 when the trucks were ready [there is nothing to suggest that other types of trucks were utilized] and to render the chemical solidification services until the plant opened in November or December 1975. And the September 1975 brochure promoting opposer's "LIQWACON" services was not distributed until after October 1975.

Insofar as applicant is concerned, the testimony is clear, consistent, and uncontradicted that prior to October 1, 1974, applicant was rendering a waste collection and disposal service under the "CHEM-FIX" mark with the chemical fixation services being rendered for applicant by Chemfix, Incorporated; that beginning October 1, 1974, applicant was able to render the chemical fixation process of Chemfix, Incorporated at its own installations and under a name other than "CHEM-FIX"; that the name "LIQWACON" was chosen at a meeting held on October 24-25, 1974; that the attendees reported back to their staffs to

utilize the name "LIQWACON" in lieu of "CHEM-FIX" in soliciting customers and that by November 1974, "LIQWACON" was so used; that in a letter, dated, December 3, 1974, all field officers were officially informed of the name change and advised not to use "CHEM-FIX"; that applicant, using a make-shift neutralizer, began its first chemical fixation of wastes in its Houston facility on October 25, 1974 and, considering that the "LIQWACON" was not chosen until that time, it is apparent that the wastes so solidified were solicited under the "CHEM-FIX" name; that this chemical fixation continued into December 1974 on wastes subsequently collected and solicited under the "LIQWACON" designation in view of the prohibition of the October 1, 1974 agreement with Chemfix, Incorporated; that another chemical fixation took place in Houston in March 1975 on wastes solicited under the "LIQWACON" mark, attested to by the witnesses who called on prospective clients with the salesman; that a speech was made by one of opposer's officials during a meeting held April 2 to 4, 1975 in which the mark "LIQWACON" was employed; that chemical processing of liquid wastes collected under the mark "LIQWACON" with the make-shift neutralizer was undertaken at applicant's Kansas City facility on or about May 12, 1975; that applicant's mobile "LIQWACON" treatment van was placed in service in October 1975; and that the van was utilized in the treatment of wastes at times thereafter.

[11] Considering the foregoing chronology of events, it is difficult not to be persuaded by the testimony of applicant's witnesses that, as a result of the October 1, 1974 agreement, applicant had to cease using the mark "CHEM-FIX" and that shortly thereafter it adopted and began to use the mark "LIQWACON" in connection with a waste collection and disposal service which it had previously rendered under the "CHEM-FIX" mark. Applicant had the facilities in Houston, Texas, for this purpose at the time and the testimony, giving credence to the exhibits, is both circumstantial and persuasive of use of "LIQWACON" in connection with a going operation before opposer even secured the necessary plant facilities to render its "LIQWACON" service in the latter part of 1975. If there could be any doubt on this matter, it must be remembered that opposer, as the plaintiff, had the burden of establishing prior rights in "LIQWACON" by clear and convincing evidence and that any doubt must necessarily be resolved against opposer.

Opposer has raised many questions as to applicant's right to register "LIQWACON" on the subject application. Without going into detail therein save for the question as to what does "LIQWACON", as used by applicant, serve to identify, suffice to say the claimed date of first use of November 1974 is within the "ball park" insofar as "LIQWACON" was first used in the sale or advertising of the services and the chemical solidification services performed at Houston shortly after the adoption of the mark; and that the collection services, which obviously would be performed before the chemical solidification service, is so intimately tied to and bargained for with the solidification service that any time interval therebetween is of no moment in a situation such as this.

[12] As to the argument of opposer, namely, that applicant has used "LIQWACON" to identify a process, per se, rather than any services identified thereby, there is no question but that a number of applicant's exhibits contain reference to "LIQWACON PROCESS", "LIQ-WA-CONNED"; "Disposal via LIQ-WA-CON Process", and like expressions. But, it is recognized that a designation may be used to identify both a process and services rendered under the process and that the critical question is whether the mark was in use as a service mark to identify services as distinguished from a process, per se, at the time of the filing of the subject application. See: *In re Produits Chimiques Uguine Kuhlmann Societe Anonyme*, 190 USPQ 305 (TT&A Bd., 1976) and cases cited therein. Here, the subject application was filed on October 9, 1975, and the specimens filed with the application are photographs of the mobile fixation van which bears the notation "LIQWACON SERVICE — LIQUID WASTES CONVERTED TO SOLIDS". The record shows that this van went into service in October 1975. This constitutes service mark use, but considering that the testimony and invoices relating to the collection and treatment of wastes at or about that time suggest that they occurred after the critical October 9, 1975 date, the Trademark Attorney should require applicant to establish that the van was in use by applicant in connection with the claimed services on or prior to October 9, 1975. See: Rule 2.131.

### Decision

The opposition is dismissed, and the application file is remanded to the Trademark Attorney for further action as indicated in the foregoing opinion.

### District Court, N. D. California

Weston Instruments, Inc.  
v. Systron-Donner Corporation

No. C-74-1099

Decided Aug. 16, 1978

### UNFAIR COMPETITION

#### 1. Pleading and practice in courts — Trial (§53.80)

##### Antitrust laws (§68.15)

Question of conspiracy in restraint of trade by accumulation and enforcement of dominant patents in field is common question that predominates over all other questions in case and satisfies first prerequisite of Fed.R.Civ.P. 23(b)(3); that measure of damages resulting from alleged conspiracy may vary among class members does not mean that class action would be inappropriate.

### PATENTS

#### 2. Patent grant — Intent of patent laws (§50.15)

There is no statute in patent area comparable to federal antifraud statute, 15 U.S.C. 78j(b).

Action by Weston Instruments, Inc., against Systron-Donner Corporation, for patent infringement, in which defendant counterclaims against Weston Instruments, Inc., and Schlumberger, Ltd., for antitrust violations, bad faith enforcement of patent, and common law fraud. On defendant's motion to maintain counterclaims as class action. Motion granted in part.

Lars I. Kulleseid, Albert E. Fey, and Fish & Neave, all of New York, N.Y., and Fredric C. Nelson, Joseph A. Darrell, and Thelen, Marrin, Johnson & Bridges, all of San Francisco, Calif., for Weston Instruments, Inc., and Schlumberger, Ltd.

Harold C. Hohbach, Jerry G. Wright, Donald N. MacIntosh, and Flehr, Hohbach, Test, Albritton & Herbert, all of San Francisco, Calif., for Systron-Donner Corporation.

Peckham, District Judge.

Plaintiff Weston filed suit against defendant Systron-Donner on May 23, 1974, alleging infringement of three patents held by the plaintiff: Gilbert Patent No. 3,051,939; Amman Patent No. 3,316,547; and Nagy Patent No. 3,713,136. Systron-