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THIS DISPOSITION IS NOT
CITABLE AS PRECEDENT OF THE TTAB

APRIL 24, 98

U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Penguin Books Ltd.
v.
Rainer Eberhard dba
Penguin Computer Consultants

Opposition No. 82,098
to application Serial No. 73/807,685
filed on June 19, 1989

Rainer Eberhard dba
Penguin Computer Consultants
v.
Penguin Books Ltd.

Cancellation No. 19,780

Arne M. Olson of Olson & Hierl for Penguin Books Ltd.

James E. Eakin of Graham & James LLP for Rainer Eberhard dba
Penguin Computer Consultants.

Before Simms, Cissel and Hanak, Administrative Trademark
Judges.

Opinion by Simms, Administrative Trademark Judge:

Penguin Books Ltd. (opposer or "Penguin"), a
corporation of the United Kingdom, has opposed the

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application of Rainer Eberhard doing business as Penguin Computer Consultants (applicant or "Eberhard") to register the mark shown below



for computer programs and instruction manuals therefor sold together as a unit for maintenance management.¹ In the notice of opposition, opposer asserts that for more than 40 years it has sold books, printed publications, computer programs, audiotapes, videotapes and related material under the marks PENGUIN and a penguin design; that it owns registrations for these marks for books, prints and publications; and that applicant's mark so resembles opposer's previously used and registered marks as to be likely to cause confusion, to cause mistake or to deceive. In his answer, applicant has admitted that opposer adopted its marks for books prior to applicant's use, but denied the other essentials allegations of the notice of opposition.

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After the opposition proceeding was commenced, applicant filed a petition to cancel one of opposer's unpleaded registrations (Registration No. 1,448,207, issued July 21, 1987) for the mark PENGUIN for pre-recorded computer programs. In the petition for cancellation, applicant asserts that since 1983 he has offered under the mark PENGUIN and design a maintenance and inspection software program suitable for entities with a large inventory of equipment; that opposer has asserted four registrations against applicant in Opposition No. 82,098 (one of these has now been cancelled under Section 8 of the Trademark Act, 15 USC §1058), the '207 registration being asserted against applicant in opposer's motion for summary judgment; and that the Board allowed applicant to seek cancellation of the registration herein sought to be cancelled.² In the petition for cancellation, applicant

¹ Application Serial No. 73/807,685, filed June 19, 1989, claiming use in commerce since November 1, 1983.

² In the March 19, 1991 decision on opposer's motion for summary judgment, the Board determined that there were no genuine issues as to opposer's standing or its priority. We also held that the marks of the parties convey similar commercial impressions, applicant's design mark being perceived as a penguin, a pictorial representation of opposer's word mark PENGUIN. We also held that applicant's computer programs would be encompassed within the broad description in opposer's registration. The Board allowed applicant time in which to submit a counterclaim in which to seek a restriction of opposer's Registration No. 1,448,207, and applicant did so, by separate petition for cancellation. Accordingly, the Board denied opposer's motion for summary judgment and consolidated the opposition and the separate cancellation proceeding brought by applicant.

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charges that opposer's registered mark has been "abandoned" because the registered mark has never been used in connection with computer programs and manuals for maintenance management (applicant's goods). In this regard, applicant asserts that the description of goods in opposer's registration is overly broad and opposer's specific computer programs are not enumerated as now required by Office policy. Applicant asserts that if opposer is permitted to retain its broad registration, then applicant will be barred from obtaining a registration of his mark for his specifically identified computer programs for maintenance management. Applicant, therefore, seeks partial cancellation of opposer's registration. See Section 18 of the Trademark Act, 15 USC §1068. Opposer, in an answer to the petition for partial cancellation, denied the essential allegations of the petition but admitted that its registration will bar registration to applicant.

The opposition and cancellation proceedings were consolidated by the Board on October 2, 1991.

The Record

This record consists of testimony (and exhibits) submitted by both parties; discovery responses, including portions of a discovery deposition, status and title copies of four registrations, copies of portions of printed

publications, and copies of electronic versions of articles from printed publications, all relied upon by opposer's notices of reliance; portions of telephone directories, portions of a discovery deposition (as well as exhibits) submitted by applicant; and the application and registration files. The parties have submitted briefs and an oral hearing was held.

Opposer's registrations include the word mark PENGUIN as well as the design (shown below)



for books.³ Opposer, as indicated, also owns a registration covering the mark PENGUIN for pre-recorded computer programs, the registration which applicant is seeking to cancel in part or restrict.

³ Registration No. 561,636, issued July 15, 1952, twice renewed; and Registration No. 557,417, issued April 8, 1952, twice renewed.

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According to Mr. Michael Jacobs, a senior vice president of Penguin Books USA, a related company to opposer, over 4,000 different books are available under the PENGUIN mark, with 1992 sales under that mark of \$38 million and advertising of \$2 million. According to Mr. Jacobs' testimony deposition, 10, "the Penguin trademark is the most recognizable book trademark in trade publishing." Thousands of other titles under other marks or "imprints" of opposer refer to "Penguin Books" on the copyright notice page. He also testified that Penguin Books USA has been selling books about computers since around 1970 (Exhibit 15, p. 44, being the latest listing), that it has licensed a number of books to be published in electronic format, that opposer itself has in the past sold software based on its books, such as by placing the works of Shakespeare on software (1984 through 1985 or 1986), that some bookstores to which it sells books also sell software (Waldenbooks being the largest), that these bookstores sell management and planning software (Jacobs, 27) and that Penguin Books USA also sells books to computer stores. Penguin Books USA advertises in newspapers, magazines, on the radio and by way of point-of-sale materials. The penguin design also appears on its point-of-sale materials.

When asked about Penguin Books USA entering into the software field, Mr. Jacobs stated, at 53:

A I think it's an area that we could greatly expand our business into if we did it correctly.

Q Why do you say that?

A Because, as I said before, I think the technology is now right for us to expand; I think the electronic book and the licensing that we are doing in that area is one good example of that. And we feel that the crossover between book purchasers and software purchasers is a natural crossover, and they are much the same person in many instances.

He also testified, at 79, that there "is certainly a strategy as to how we will move forward into electronic publishing."

Opposer's director of electronic publishing (formerly the assistant director of subsidiary rights), Ms Julie Hansen, testified that opposer has been licensing the electronic publication of its books to software publishers since 1992, and that 20 books have now been licensed. When asked about the status of electronic publishing, she stated that this area was one of rapid growth.

A Within the past two years or maybe even year and a half, as it started really getting exciting. As a result, we have seen a very big growth in interest from electronic publishers in our books and interest among the staff is growing, too...

...Penguin is becoming more involved in electronic publishing. Our licensing is the start. We are examining joint rela-

tionships with software publishers. We are preparing and using digital means of production, including for the design of our covers. So that when we choose to publish ourselves in electronic media, we have the resources ready to do that.

Hansen, 8, 13-14. Opposer has arrangements with such software companies as Microsoft Corporation, Apple, Voyager and Compton's New Media.

The record also includes the testimony of Mr. Robert Stein, an owner of The Voyager Company, an electronic publisher in such forms as videodisks, interactive computer software, floppy disks and CD-ROMs. He has been in the publishing business for 20 years. He also testified that Penguin Books is one of the best known names in the publishing industry (Stein, 11)⁴ and that his company has begun to license books from opposer to publish in electronic book format. The packaging indicates that these editions are done by arrangement with a division of opposer. When asked if he thought it was likely that opposer would get into "software," he stated "inevitable" and that it would be a "natural expansion." (Stein, 16, 17)

A The world of publishing is moving very quickly to work in electronic media, and there is no major publishing company in the world that isn't getting into it.

⁴ See also Hansen, 16 ("It's probably one of the most widely recognized book publishing logos.")

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He also offered the opinion that he thought there would be confusion as to source when "people" saw applicant's goods under the mark.

A Well, to start with, the name Penguin is known throughout the world as a publisher and the natural thought would be, if something is published in the name of Penguin, then it comes from Penguin Books; the second being the logo of the penguin is universally recognized as being Penguin Books.

I don't think there would be any doubt in somebody's mind.

Stein, 18. See also Mellin, 16, and Jacobs, 55-56, where the witnesses also opine that confusion would be likely.

Mr. Michael Mellin, publisher of the Reference and Electronic Publishing division of Random House, testified that Random House and other publishers are involved in electronic publishing either directly or through license, including the best-selling electronic encyclopedia and dictionary. Most of the activity in the area of electronic publishing has been as a result of licensing to software publishers for electronic publication. Mellin, 31-32. Mr. Mellin has spoken on the topic of how electronic publishing is transforming the publishing industry. He testified that Penguin Books is "[a]mong the best-known names in book publishing." Mellin, 13.

With the printed publications and electronic versions thereof, opposer has shown that advertisements for

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applicant's goods as well as reviews of books published by opposer have appeared in some of the same computer or trade magazines. This material also shows that some of the novels which opposer publishes are used as themes for three-dimensional computer games and that books published by opposer will be available from on-line computer services. By this information, opposer is attempting to show a connection between books and software, the expansion of its business from publishing to software and that books are available in a software format.

This record, including discovery relied upon by opposer, shows that applicant's computer software bearing the mark sought to be registered has been sold since at least 1983. The software, at least the KING PENGUIN version, is designed for inventory management of smaller companies. Applicant's program creates schedules of work to be done to a plant facility and to equipment. Applicant's customers include the maintenance departments and managers as well as purchasing agents of smaller manufacturing companies, hospitals, school districts and utilities. Applicant promotes his goods through computer magazines and trade journals and at trade shows. The programs are not normally sold through retail stores. Sales in recent years have been around \$100,000 with advertising expenses around

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\$40,000. See applicant's Supplemental Response to opposer's Interrogatory No. 14. Total sales have exceeded \$700,000, and total advertising expenses are greater than \$300,000. Eberhard test. dep., 23, 25.

Mr. Eberhard was aware of opposer and novels published by it and has conceded that opposer's marks are "very well" known. Eberhard disc. dep., 72. Mr. Eberhard has also acknowledged that some companies publish books and manuals as well as software. According to Mr. Eberhard, there have been no instances of actual confusion and not even any inquiries made with respect to the relationship or the source of applicant's goods vis-à-vis opposer and opposer's goods (Eberhard disc. dep., 100).

The directory listings from 19 telephone directories have been offered by applicant to show third-party "use" of the Penguin name by other companies.⁵

⁵ Opposer has objected to this evidence on the ground that it does not show actual use of this name by others. Opposer is, of course, correct that these white pages listings of companies with the word Penguin in their names do not show actual use in the marketplace of these trade names and company names. These listing are of limited probative value because they do not demonstrate that these businesses actually exist or that the public is aware of them. See *Helene Curtis Industries Inc. v. Suave Shoe Corp.*, 13 USPQ2d 1618, 1622 (TTAB 1989) and *In re Hub Distributing, Inc.*, 218 USPQ 284, 285 (TTAB 1983). However, they are admitted for what they show on their face. We should note, however, that the use of the name "Penguin" in connection with various companies whose businesses are as diverse as a laundry business, a yogurt retailer, a café, a heating and air conditioning company, a company that sells pools and spas, and a

Finally, applicant relies upon the testimony of its expert, Dr. Peter Goldie, the president of a CD-ROM publisher who is an expert in the field of electronic publishing on CD-ROM. Among other things, he testified that opposer is not in the computer software field and does not perform electronic publishing on CD-ROM.

Opposer has objected to this testimony on two bases-- insufficient notice as well as the fact that Dr. Goldie was not identified as an expert in any supplemental response to opposer's interrogatories. Opposer asserts that it only knew about applicant's expert witness the day before the deposition was taken despite an outstanding interrogatory request that such information be provided under Fed. R. Civ. P. 26(b)(4), and despite applicant's representation that he would provide a supplemental response when a decision was made with respect to whether applicant was going to call an expert witness. Opposer also objected on this basis at the deposition. In response, applicant maintains that he gave opposer notice as early as possible. Moreover, during the deposition, applicant's attorney agreed to give opposer access to the witness to remedy any potential problem, including allowing opposer another opportunity in which to cross-examine applicant's expert witness.

sporting goods company, do not show that opposer's registered

Under the circumstances, we exercise our discretion to consider this testimony. In view of the nature of the testimony presented, we do not believe that the relatively short notice was prejudicial to opposer. Also, the fact that applicant offered to make this witness available at a future date lessened any possible prejudice to opposer.

Arguments of the Parties

Opposer argues that some of the issues herein have already been determined by the Board pursuant to opposer's motion for summary judgment. These include opposer's standing, opposer's priority and the similarity of the marks. With respect to opposer's computer programs and applicant's computer programs, opposer maintains that the goods are related in that both parties publish software. Opposer also argues that the evidence reveals that applicant has sold some of its computer programs through retailers such as Computerland, and that both bookstores and computer stores sell books as well as software. Also, opposer argues that the evidence shows that applicant's advertisements and reviews of opposer's computer-related books have appeared in some of the same computer magazines.

Opposer argues that PENGUIN is the most famous mark in publishing and that, in view of the fame of opposer's mark,

mark PENGUIN is weak for its goods.

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likelihood of confusion is greater because of the propensity of consumers to associate a new mark with opposer's familiar mark. Opposer also maintains that applicant's customers are not computer savvy. In this regard, opposer points to Mr. Eberhard's testimony, at 77, where he stated that his customers "basically fire up the system, run the system, turn it off and go home. They don't know much about what's going on." Opposer argues that any doubt as to the issue of the likelihood of confusion should be resolved in favor of it as the prior registrant. In conclusion, opposer argues that someone seeing applicant's penguin design mark on applicant's computer programs would assume that that software is sponsored or approved by opposer.

Aside from arguing that opposer's penguin design mark and applicant's mark differ in various ways, applicant argues that, according to this record, opposer sells only eight computer-related books and that any use of opposer's marks relating to "computer programs" has been, as noted above, in connection with a Shakespeare study series produced by opposer. Subsequently, opposer licensed rights to the electronic publication of some of opposer's products, but the name "Penguin" only appeared on the copyright notice pages of such electronic versions. Essentially, it is applicant's position that there has been and will be no

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likelihood of confusion when opposer's marks are used in connection with its goods, which are sold at retail, and applicant's customized DOS-based software designed for specialized applications and costing between \$1,500 and \$5,000.⁶ Further, applicant argues that his goods are rarely sold through retail computer stores, where the programs are only ordered on behalf of a particular customer, but are primarily sold by means of direct mail orders or by phone or fax. Also, applicant contends that, while his goods are accessible to computer novices, his computer software is expensive and not purchased on impulse. His purchasers are, by and large, engineers and maintenance managers.

Applicant also argues that there have been no instances of actual confusion despite ten years' contemporaneous use. Also, applicant points out that any fame residing in the mark PENGUIN is for books and books alone, and not with respect to computer-related books or computer programs.

With respect to his counterclaim to restrict opposer's registration '207, applicant argues that this record reveals use by opposer in connection with "computer programs" only on a few Shakespeare study tapes sold in the mid-1980s

⁶ The record does reflect, as applicant acknowledges, that it sells a "disabled" kit for evaluation purposes priced around \$150.

usable on now-obsolete personal computers. Accordingly, while in his counterclaim applicant sought only to eliminate applicant's specific goods from opposer's registration, the facts later developed during this proceeding are argued to warrant a different limitation - - "computer programs consisting of literature and educational databases for retrieval on electronic media." Applicant's brief, 17. In the alternative, applicant argues for cancellation of the registration in its entirety for non-use constituting abandonment. In this regard, it is applicant's position that opposer's lack of use on computer programs since 1985 or 1986 should lead to the entire cancellation of opposer's registration. Further, opposer's recent activities in the field of electronic publishing do not rise to the level of "intent to resume," according to applicant. Applicant also maintains that he has priority of use because he began using his design mark in early 1983, before opposer's first use in connection with its "computer programs."

In a reply, opposer argues that total cancellation of its '207 registration is inappropriate and untimely, as is applicant's new proposed restriction. In this regard, opposer argues that applicant never raised these issues until his brief on the case. Opposer argues that it proceeded to trial on the basis of the proposed restriction

in applicant's original petition or counterclaim for cancellation. If opposer had known of this issue, opposer argues, its trial testimony and evidence would have included evidence of its continuing intent to publish software under its marks. Opposer argues that it had no intention to abandon the registration covering computer programs. With respect to the issue of priority, opposer argues that, in view of its registrations, this is not an issue that was tried by the parties. Also, opposer points out that the Board, in ruling upon opposer's motion for summary judgment, noted that priority was not an issue herein.

Opinion

First, with respect to applicant's arguments concerning his priority of use of the mark for computer programs, a registration of a subsequent-user opposer is sufficient to deny registration to applicant if there is likelihood of confusion. *King Candy Company v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108, 110 (CCPA 1974). While there is a pending petition or counterclaim to restrict the scope of goods in that registration, there is no pleaded collateral attack on the validity of that registration. Moreover, opposer is the owner of other unchallenged subsisting registrations.

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Turning then to the issue of likelihood of confusion, we believe that there is a striking similarity between opposer's registered design mark for books and applicant's mark. With respect to opposer's word mark PENGUIN, we believe what the Board stated in reviewing opposer's motion for summary judgment is noteworthy.

There is no genuine issue that opposer's Registration No. 1,448,207 for pre-recorded computer programs is for the word mark PENGUIN. Nor is there any genuine issue that applicant's mark comprises a penguin design. Applicant refers to his mark as a penguin design throughout his papers, and has stated in his affidavit that the mark is normally used with the phrase "Penguin Computer Consultants." As a result, the design would be perceived as a penguin, and as such is the pictorial representation of opposer's word mark. Accordingly, we find that both marks convey the same commercial impression.

Concerning the similarity of the goods of the parties, we hold that opposer's registration covering a very similar design mark for books precludes registration to applicant for his mark for computer programs for maintenance management. Opposer's registration is broad enough to encompass books of all types, including books on the very subject matter of maintenance management. Aside from this fact, however, there is testimony and evidence that opposer has sold under its registered penguin design mark (as well as under the registered mark PENGUIN) a number of "computer books" or books on various topics dealing with computers.

Suffice it to say that we believe that purchasers familiar with opposer's registered mark used in connection with these kinds of books who then encounter applicant's almost identical mark used in connection with a specific computer program are likely to believe that these goods come from the same source. In this regard, there is testimony of record that computer programs are sold in bookstores as well as computer stores and that books are also sold in computer stores. While applicant has vociferously argued that his computer programs are sold by mail order or over the phone or by fax rather than in retail stores, there is testimony that at least some of applicant's goods have been ordered by retail stores for customers. More important, however, applicant's application is unrestricted as to the channels of trade for his computer programs for maintenance management, and we believe that the types of computer programs in applicant's application may well be sold in computer stores.⁷

With respect to applicant's attempt to restrict opposer's registration to computer programs except computer programs for maintenance management, we agree with opposer that such a proposed restriction would not serve to avoid

⁷ In June 1993, the Board denied as untimely applicant's proposed amendment to the identification of goods to indicate that his computer programs are not for "off-the-shelf" retail sales.

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likelihood of confusion and must be rejected. See Eurostar Inc. v. "Euro-Star" Reitmoden GmbH & Co. KG, 34 USPQ2d 1266 (TTAB 1994). In this regard, we agree with opposer that applicant is trying to carve out a narrow exception for his goods only and that, under applicant's proposed restriction, opposer's registration would still cover computer programs for use by small businesses in connection with all other aspects of their businesses except maintenance management. Such a proposed restriction does not delineate any different users or different channels of trade and does not serve to avoid likelihood of confusion.

Moreover, applicant's requests in his reply brief for either total cancellation of opposer's registration on the ground of abandonment or the new restriction, also proposed therein for the first time, for programs including literature and educational databases, are untimely. It is clear that opposer went to trial on the basis of the proposed restriction set forth in applicant's petition or counterclaim and we believe that, as opposer argues, it would be unfair to it to now determine the propriety of another proposed restriction, let alone total cancellation, not asserted in applicant's pleading. As opposer maintains, evidence of its use of the mark in connection with goods other than those now sought to be placed in opposer's

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registration could have been elicited at trial if opposer had been placed upon notice of this issue. See *Personnel Data Systems Inc. v. Parameter Driven Software, Inc.*, 20 USPQ2d 1863 (TTAB 1991) and *Flow Technology, Inc. v. Picciano*, 18 USPQ2d 1970 (TTAB 1990). If, after applicant's initial counterclaim, he learned through discovery or otherwise of information which would have served as the basis for a further proposed restriction (or for cancellation), he should have promptly moved to amend his counterclaim and to thereby place opposer upon notice.

While applicant has argued that his computer programs are relatively costly and designed for engineers and maintenance managers, such conditions and limitations are also not reflected in the description of goods in applicant's application and must be ignored. *Canadian Imperial Bank of Commerce v. Wells Fargo Bank*, 811 F.2d 1490, 1 USPQ2d 1813, 1816 (Fed. Cir. 1987). Moreover, as we must view this case, opposer's "computer programs" may be sold in the same channels of trade as applicant's computer programs and instruction manuals for maintenance management.

We also find that this record demonstrates the renown of opposer's mark PENGUIN, at least with respect to books. This factor, therefore, has been considered in the determination of likelihood of confusion with respect to

opposer's registrations for books. While we have considered the evidence of record with respect to third-party "uses" of the name "Penguin", we believe that this evidence is of relatively little probative value because it does not detract from the renown of opposer's mark PENGUIN for books.

We have also considered the fact that there have been no instances of actual confusion despite approximately ten years' contemporaneous use of the respective marks, but we attribute such lack of actual confusion to such facts as applicant's actual manner of distribution and sale, which is irrelevant in the absence of a meaningful restriction in his application. We also realize that evidence of actual confusion is difficult to obtain.⁸

⁸ Except as otherwise indicated, we have considered all of the evidence submitted by the parties.

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Decision: The opposition is sustained and registration to applicant is refused. Applicant's counterclaim for partial cancellation is dismissed.

R. L. Simms

R. F. Cissel

E. W. Hanak
Administrative
Trademark Judges,
Trademark Trial and
Appeal Board