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THIS DISPOSITION IS NOT
CITABLE AS PRECEDENT OF THE TTAB DEC 29, 97

U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

American Automobile Association, Inc.
v.
Diamond Tours, Inc.

Cancellation No. 22,491

Lawrence E. Laubscher, Jr. of Laubscher & Laubscher for American
Automobile Association, Inc.

John M. Rannells and Steven L. Baker of Baker & Friedman for
Diamond Tours, Inc.

Before Quinn, Hohein and Hairston, Administrative Trademark
Judges.

Opinion by Hohein, Administrative Trademark Judge:

The American Automobile Association, Inc. has petitioned
to cancel the registration owned by Diamond Tours, Inc. for the
service mark "DIAMOND TOURS, INC." for "arranging travel tours and
providing transportation therefor".¹ As grounds for cancellation,

¹ Reg. No. 1,611,579, issued on August 28, 1990 from an application
filed on October 23, 1989, which sets forth a date of first use
anywhere of December 9, 1987 and a date of first use in commerce of
January 7, 1988; affidavit §8 filed. The language "TOURS, INC." is
disclaimed.

petitioner (hereinafter sometimes referred to as "AAA") alleges that it is the owner of registrations for the following marks:

(i) the certification mark "FIVE DIAMOND AWARD," which is registered for "hotel[s], motels, resorts and restaurants";²

(ii) the certification mark "FIVE DIAMOND AWARD" and design, which is registered, as reproduced below,



for "hotels, motels, resorts and restaurants";³

(iii) the certification mark illustrated below,



which is registered for "hotels, motels, resorts, and restaurants";⁴ and

² Reg. No. 1,577,121, issued on January 9, 1990 from an application filed on December 20, 1988, which sets forth dates of first use of 1977; combined affidavit §§8 and 15. The word "AWARD" is disclaimed.

³ Reg. No. 1,579,622, issued on January 23, 1990 from an application filed on December 20, 1988, which sets forth dates of first use of 1977; combined affidavit §§8 and 15. The word "AWARD" is disclaimed.

⁴ Reg. No. 1,769,025, issued on May 4, 1993 from an application filed on August 19, 1992, which sets forth dates of first use of December 1986.

(iv) the service mark depicted below,

which is registered for "hotels, motels,
resorts, and restaurants";⁵

that, for many years, petitioner has published an informational guide which contains listings of properties in geographically limited areas which are rated by diamond symbols; that petitioner "promotes its diamond ratings through its travel agencies to its members"; that "many properties advertise their diamond rating from Petitioner to the general public to such an extent that the diamond ratings are synonymous with Petitioner"; that "[t]he diamond marks used by Petitioner have acquired substantial goodwill, distinctiveness, and secondary meaning in the travel and hotel accommodations field"; that the diamond ratings, which were first used by petitioner in 1977, "serve to identify Petitioner as the source of origin for travel related services, including arranging tours and transportation"; that the travel tour and transportation services provided by respondent are related to the certification and rating services with which petitioner uses its diamond marks; that the respective services of the parties are commonly used by the same class of purchasers; and that "use ... of Registrant's mark for its travel tour and transportation services is likely to confuse and deceive the trade and purchasing

⁵ Reg. No. 1,772,066, issued on May 18, 1993 from an application filed on August 19, 1992, which sets forth dates of first use of February 1977.

public into believing that Registrant's services originate with or are otherwise authorized, licensed, or sponsored by Petitioner."

Respondent, in its answer, has denied the salient allegations of the petition to cancel.

The record includes the pleadings and the file of the involved registration. Petitioner, as its case-in-chief, has submitted the testimony, with exhibits, of its managing director and corporate counsel, James G. Brehm, and has filed a notice of reliance covering various official records of the Patent and Trademark Office ("PTO") and respondent's answers to certain of petitioner's interrogatories.⁶ Respondent, as its case-in-chief,

⁶ Respondent, in its brief, has moved to strike portions of petitioner's evidence. In particular, respondent requests that we "strike/disregard" those of petitioner's registrations and/or applications for its marks for which petitioner assertedly lacks priority, claiming that such evidence lacks any relevance to this proceeding. (Incredibly, we further note, the evidence which respondent seeks to strike includes some of the same evidence which it subsequently introduced, by a notice of reliance, as an admission against interest by petitioner.) While, of course, petitioner cannot fully succeed on its claim of priority and likelihood of confusion absent proof of priority for each of the marks for which it asserts that contemporaneous use of respondent's mark is likely to cause confusion, we will not strike or disregard evidence which, as here, has been properly introduced and is relevant to one or more issues in this case, such as, whether petitioner has priority for its marks and their natural zone of expansion.

Respondent also moves, on the basis of the hearsay objection it interposed at trial, that we "strike and/or disregard ... Mr. Brehm's testimony regarding [petitioner's] alleged use of the diamond rating system prior to 1992," the year in which Mr. Brehm joined petitioner and assumed his present duties. While respondent is indeed correct that Mr. Brehm testified, on cross-examination, that the sole basis for his knowledge of petitioner's continuous use of its diamond rating system since 1977 was "conversations I've had with persons in our marketing and inspections departments who have been employed by AAA since 1977 or prior thereto" (Brehm dep. at 56), it is plain from the transcript that his knowledge was also based upon information contained in published articles (in particular, petitioner's exhibits 3, 4 and 10) which were extracted from petitioner's archived business records. Inasmuch as such information is considered to fall within the hearsay exception provided by Fed. R. Evid. 803(6) of records kept

has furnished the testimony, with exhibits, of its president and sole shareholder, Thomas Ferraro, and has submitted several notices of reliance relating to a variety of PTO official records and petitioner's responses to certain of respondent's discovery requests.⁷ However, after completion (except for the submission of a supplemental notice of reliance) of respondent's testimony period, petitioner withdrew as an exhibit the copy of its pleaded registration for its five diamond design service mark, choosing

in the course of regularly conducted business activities, we decline to strike the testimony of Mr. Brehm based thereon.

Accordingly, respondent's motion to strike portions of petitioner's evidence is denied.

⁷ Petitioner, in its main brief, has reiterated the objection it made at trial that respondent is estopped from introducing the documents which constitute exhibits 1 through 37 to Mr. Ferraro's deposition due to their late production. Specifically, petitioner asserts that respondent is precluded from introducing such evidence inasmuch as it falls within the subject matter covered by certain of petitioner's document production requests but was "not produced until the night before and the day of the Ferraro deposition, despite the attempts of Petitioner's counsel to work out an agreement regarding ... production". However, as petitioner acknowledges in its main brief and as respondent points out in its brief, respondent not only raised timely objections to certain of the document production requests on the grounds that they were overly broad and unduly burdensome, but also asserted a blanket objection to all of such requests on the basis that they required respondent to produce documents at the offices of petitioner's counsel. Respondent, without waiver of its objections, further indicated in response, however, that representative documents responsive to petitioner's document production requests would be produced and that since, "[f]or the most part, those documents are kept at the offices of Registrant," they would be available for inspection and copying "where kept upon proper notice at a mutually convenient date and time." We find that respondent's objections are well taken and note, in particular, that respondent's sole obligation under Trademark Rule 2.120(d)(2) was to produce the requested documents "at the place where the documents ... are usually kept," unless the parties had agreed otherwise or the Board, upon motion, had ordered. Although petitioner's attorney, in a subsequent letter to respondent's counsel, suggested that if the requested documents were not voluminous, copies thereof should simply be provided by the latter to the former, there is no indication that respondent's counsel agreed thereto and the Board has not ordered such production pursuant to a motion to compel. Consequently, petitioner's objection to the admissibility of the exhibits to Mr. Ferraro's deposition is overruled and we have given consideration to such exhibits.

to rely solely upon its common law rights in the mark.⁸ Briefs were filed⁹ and an oral hearing, attended by counsel for the parties, was held.

Priority is not in issue as to petitioner's pleaded "FIVE DIAMOND AWARD" and "FIVE DIAMOND AWARD" and design certification marks since, in addition to petitioner's establishing by the testimony of its witness that its registrations therefor are subsisting and owned by petitioner, the record shows that the filing dates of the applications which matured into such registrations are earlier than the filing date of the application which resulted in respondent's involved registration for its "DIAMOND TOURS, INC." mark. Petitioner, as respondent concedes in its brief, therefore has priority vis-à-vis such marks. See, e.g., *Hilson Research Inc. v. Society for Human Resource Management*, 27 USPQ2d 1423, 1428-29 (TTAB 1993) at n. 13; and *American Standard Inc. v. AQM Corp.*, 208 USPQ 840, 841-42 (TTAB 1980). Priority is in issue, however, with respect to some of the other marks upon which petitioner relies and, as to those marks for which petitioner has demonstrated priority, there is the issue of whether respondent's "DIAMOND TOURS, INC." mark, when used in connection with its services of arranging

⁸ Petitioner, in order not to delay this proceeding, elected to take such action after it discovered that the PTO had mistakenly issued Reg. No. 1,772,066 as a service mark registration when, in fact, petitioner had applied to register the subject five diamond design as a certification mark.

⁹ Inasmuch as good cause therefor has been shown, the uncontested request filed by respondent for a third extension of time to file its brief is approved. Trademark Rule 2.127(a).

travel tours and providing transportation therefor, is likely to cause confusion with one or more of such marks of petitioner.

According to the record, petitioner is a Connecticut not-for-profit corporation and, as such, has no stockholders. Instead, petitioner is composed of its member automobile clubs, of which there are approximately 115 covering the United States and Canada. All but three of the affiliated automobile clubs are independently owned corporations; the remaining three clubs are wholly owned by petitioner and are referred to by it as its "divisions". The clubs and divisions have their own individual members. Collectively, membership therein totals approximately 35 million in the United States.

Petitioner's certificate of incorporation and bylaws provide that its affiliated clubs and divisions may use various marks which it owns in accordance with the rules and regulations governing their use which have been promulgated by petitioner's board of directors. Among other things, such provisions direct member clubs to report any unauthorized use of petitioner's marks to the office of its general counsel, which is headed by Mr. Brehm and is responsible for policing petitioner's marks and taking appropriate action to stop unauthorized use thereof.

In early 1977, petitioner adopted and has continuously used a rating system, consisting of from one to five diamond symbols, for certifying that hotels, motels, resorts and restaurants which serve the traveling public meet certain standards of cleanliness, staff professionalism, promptness, courtesy, food quality and reservation capabilities. Mr. Brehm,

testifying from his knowledge of petitioner's business activities and archived records, stated in particular that:

The diamond rating system is a system AAA uses to evaluate hotels, motels, and other accommodations, as well as restaurants. AAA employs several dozen field inspectors who go throughout the country each year, inspect accommodations and restaurants, determine whether they meet AAA's minimum criteria to be approved by AAA and if so, establish a rating for that accommodation or restaurant.

Since 1977, the rating system we have used is a system of one to five diamonds. One diamond being the lowest rating, five diamonds being the highest. We've used that five-diamond rating system continuously since 1977.

(Brehm dep. at 14-15.)

Previously, petitioner had employed a simple "good, fine, excellent type of rating system." (Id. at 16.) Diamonds were selected as the symbols for its revised rating system since, not only was 1977 the 75th or diamond anniversary of petitioner's founding in 1902, but petitioner wanted "the notion of quality that is associated with diamonds" to attach to the facilities which passed its certification inspections. (Id. at 15.) As to the actual generation of the diamond ratings assigned to specific properties, Mr. Brehm noted that:

It is a cooperative effort between [AAA] headquarters and the clubs, that is, in most states the inspections are done by field inspectors employed by headquarters, the national organization. There are a few states, notably California, in which field inspectors employed by the local club do the inspections. But regardless of whether the inspector is employed by the national organization or by the club, they use the

same guidelines and criteria in establishing the ratings.

(Id. at 16.)

The implementation of its diamond rating system was first publicized by petitioner in the March 1977 issue of its AAA News Review, a publication which petitioner distributed to its member clubs, and in the first quarter 1977 edition of HostMark, another of petitioner's publications which was distributed to its member clubs and approved properties (i.e., those accommodations and restaurants which have been rated). The diamond ratings assigned to various approved properties and an explanation of the diamond symbols used in petitioner's rating system have been set forth in petitioner's TourBook publications since 1977. Such publications, which list by state or states all properties that have been approved by petitioner, are provided free of charge to all AAA members nationwide. Petitioner's diamond rating system and associated ratings for various properties also appear in its TravelBook publications, which cover properties in regions outside of the United States and Canada and are available for free to all AAA members at any club office, and in its PetBook publications, which describe accommodations which permit pets and is available for a fee to members of petitioner nationwide. Other publications issued by petitioner, such as the Four Diamond Days newsletter, which it sends to member clubs to encourage them to conduct promotional events in recognition of those properties which have been awarded a four diamond rating, and the AAA Interchange magazine, which it

distributes to its employees and member clubs, also publicize petitioner's diamond rating system and, in particular, the two highest categories thereof.

Petitioner advertises the properties which have received its four and five diamond ratings through the issuance of brochures and press releases, such as those pertaining to its annual awards dinners for properties which have achieved a five diamond status. Such events are in turn publicized to its members and the general public by their frequent coverage in national newspapers. In 1994, which is the only year for which expenditures were given, petitioner spent \$394,062 to promote its four and five diamond rating awards program. In addition, the properties which petitioner refers to as "official appointments," in that they are licensed by petitioner to use its certification marks, are authorized to display and otherwise advertise their diamond rating, such as in their yellow pages ads.

A June 1991 survey of petitioner's members regarding their awareness and use of its diamond rating system concluded that "nearly all" of those questioned indicated that they utilize petitioner's TourBook publications "in planning trips and that they use the diamond rating system to select hotels and motels." (Id. at 33.) Also, as a result of the survey, petitioner has used the mark "DIAMOND DESTINATIONS" since about November 1991 to refer to certain travel packages offered by petitioner and its clubs and divisions. According to Mr. Brehm, petitioner "decided to capitalize on the fame of the diamond rating system by

structuring tour packages to various destinations which are popular among AAA members and calling those tour packages Diamond Destinations". (Id. at 34.) Such packages, which include only those properties which have received one of petitioner's diamond ratings, also feature tickets to local attractions as well as, in some cases, discounts on restaurants and/or other types of entertainment. Currently, tour package offerings include the cities of Boston, Orlando, Phoenix, San Diego and Williamsburg.

All of petitioner's clubs have their own travel agencies which serve members of the general public as well as club members. However, in the case of petitioner's "DIAMOND DESTINATIONS" tour packages, it is optional with each club's travel agency as to whether such packages are restricted to club members or whether members of the general public are also eligible. Promotion of petitioner's "DIAMOND DESTINATIONS" tour packages is done through brochures distributed to potential customers by its club travel agencies; by articles appearing in its Travel News publication, which petitioner sends to the personnel at such agencies; and in bulletins, which petitioner issues to such personnel in order to update information on its tour packages.

Although petitioner has filed an application to register its "DIAMOND DESTINATIONS" mark for services identified as "arranging travel tour packages,"¹⁰ the application has been refused registration in light of respondent's mark and currently

¹⁰ Ser. No. 74/233,491, filed on December 26, 1991, which alleges dates of first use of September 5, 1991.

is suspended pending the outcome of this proceeding. Petitioner, in fact, commenced this case after submitting the following argument, based upon a list of third-party registrations and its prior registrations for its "FIVE DIAMOND AWARD" and "FIVE DIAMOND AWARD" and design certification marks, which failed to convince the Examining Attorney that confusion was not likely:

[T]here are a number of prior marks containing the term diamond, [and thus] the field is rather crowded. Bearing in mind that marks are to be viewed in their entirety, it becomes clear that no prior marks ... should bar registration.

The trademark attorney contends that DIAMOND is the salient feature of the marks in issue. Yet such a view ignores the other portions of the respective marks, namely TOURS, INC. ... and DESTINATIONS. To focus on the common word of the marks is not the proper analysis. It is well settled that marks are to be considered in their entirety and not broken up into their component parts. Furthermore, a disclaimer does not remove the disclaimed matter from the mark so that the mark must still be regarded as a whole, including the disclaimed matter, in evaluating similarity to other marks.

When regarding the marks as a whole, it is apparent that they differ in sound, appearance, and meaning. This, taken together with the number of other "diamond" marks on the register, establishes that there is no likelihood of confusion.

Petitioner, "[i]n the last two or three years," additionally "has begun to promote the service provided by its employees to AAA members as five diamond quality service." (Id. at 41.) Petitioner selected the mark "FIVE-DIAMOND" for use in

connection therewith¹¹ because it wished "to relate the level of service provided by AAA employees to that provided by five diamond hotels or restaurants." (Id.) Petitioner, furthermore, plans to begin using the mark "DIAMOND CLASS" to refer to the "official appointments" properties which license the use of its diamond rating system in their promotional efforts.¹² Petitioner decided upon such action so as "to take advantage of the fame and recognition that the diamond symbol has acquired among AAA members and the public in general." (Id. at 42.)

Plain copies of petitioner's pleaded registrations for its certification marks are of record and, as noted previously, Mr. Brehm's testimony establishes that such registrations are subsisting and owned by petitioner. Petitioner also has introduced plain copies of its registrations for (i) the certification mark "AAA FIVE DIAMOND AWARD" and design, which is registered, as shown below,

¹¹ While petitioner, by a notice of reliance, also submitted a plain copy of Reg. No. 1,908,907, which issued to it on August 1, 1995 from an application filed on June 2, 1994, for the mark "FIVE-DIAMOND" for "training services, namely, providing instructions in customer relations and customer services by means of courses and seminars," no testimony was presented concerning the current status of and title to such registration, although Mr. Brehm did state that the April 27, 1988 dates of first use set forth therein for the mark are correct.

¹² Petitioner, in addition, has pending an intent-to-use application, Ser. No. 74/565,576, filed on August 25, 1994, for the mark "DIAMOND CLASS" for "promoting lodging locations and restaurant services by preparing and placing distinctive advertising signage and listings in travel guides for others," which was published on August 25, 1995 and received a notice of allowance on November 21, 1995.

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for "hotels, motels, resorts, and restaurants,"¹³ and (ii) the

¹³ Reg. No. 1,709,022, issued on August 18, 1992 from an application filed on March 22, 1991, which sets forth dates of first use of November 9, 1990. The word "AWARD" is disclaimed.

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certification mark "AAA FOUR DIAMOND AWARD" and design, which is likewise registered, as reproduced below,

for "hotels, motels, resorts, and restaurants".¹⁴ While Mr. Brehm testified that such marks, like its pleaded certification marks, are in use and that the registrations thereof are subsisting and owned by petitioner, the record shows that the filing dates of the applications which matured into such registrations are subsequent to the filing date of the application which resulted in respondent's involved registration for its "DIAMOND TOURS, INC." mark. Moreover, there is nothing which indicates that the certification marks "AAA FIVE DIAMOND AWARD" and design and "AAA FOUR DIAMOND AWARD" and design were in use, in the registered format, by petitioner prior to the use, as discussed later in this opinion, by respondent of its mark.

Other than respondent's use of its mark for its services, petitioner concedes that it is not aware of any use of the term "DIAMOND" either as a mark or a rating system for travel services. Petitioner, in fact, insists that it had never even heard of respondent until respondent's involved registration was

¹⁴ Reg. No. 1,714,558, issued on September 8, 1992 from an application filed on March 22, 1991, which sets forth dates of first use of November 9, 1990. The word "AWARD" is disclaimed.

cited as a bar to petitioner's application to register its "DIAMOND DESTINATIONS" mark. Petitioner admits, moreover, that it is unaware of any incidents of actual confusion; specifically, petitioner knows of no instances in which a AAA member or member of the general public has mistakenly thought that the services respondent provides under its "DIAMOND TOURS, INC." mark were instead provided by petitioner. Furthermore, petitioner concedes that it does not own any hotels, motels, resorts or restaurants, nor does it provide any hotel, motel, resort or restaurant services.

Respondent "is a tour operator" which, in particular, "is in the business of arranging travel package tours." (Ferraro dep. at 6.) Respondent, through telemarketing, began offering its services in late 1987 and, in June 1988, arranged and provided transportation for its first packaged travel tour, which it conducted under the mark "DIAMOND TOURS, INC." Such tour, like the vast majority (at least 90 percent) of those which it has continuously conducted under its mark, consisted principally of a group tour of Atlantic City, New Jersey casinos with overnight hotel accommodations at the nearby Hampton Inn.¹⁵ According to Mr. Ferraro, it is his understanding that, while such hotel has received a diamond rating from petitioner, he does not know what that rating is but, in any event, he does know that

¹⁵ Mr. Ferraro is a shareholder in the corporation which owns such hotel.

the hotel's rating is not used in the promotion of respondent's tour packages.

Respondent's tours, which are primarily directed to church, veterans, fraternal order, social club and senior citizens groups and usually last from two to three days, typically involve motor coach transportation to and from destinations in New Jersey, New York and Pennsylvania. However, since about late 1994 or early 1995, respondent in conjunction with Celebrity Cruises has arranged and provided Caribbean cruise trips, which depart from Florida, as well as cruise trips to Bermuda. Since about 1989, respondent has booked and conducted approximately 300 to 400 tours annually.¹⁶ Many of its tours, including an expanding number of destinations in recent years, are the result of repeat business from customers who have taken its Atlantic City, New Jersey tours. Thus, while respondent deals primarily with a customer base drawn from the middle Atlantic and Northeastern states (i.e., Virginia, Maryland, Delaware, Pennsylvania, New Jersey, Connecticut and New York), it intends to expand the geographic reach of its services.

Respondent primarily markets its services by telephone, starting with a call to the leader of a group or organization. Such telemarketing is done in-house by respondent's sole salesperson who, after telling a group leader who respondent is and what it does, inquires about whether the group travels

¹⁶ Although, as noted previously, respondent conducted its first tour in June, 1988, Mr. Ferraro testified that he did not recall how many tours were arranged and provided by respondent in 1988.

together and, if so, what types of trips the group takes.¹⁷ In addition, respondent solicits business through the mailing of advertising flyers and brochures, which feature its "DIAMOND TOURS, INC." mark.¹⁸ Respondent also utilizes its mark on its tour itineraries, stationery, and promotional materials, such as fanny packs and baseball caps, which it gives to group leaders.

Respondent, like petitioner, is unaware of any instances of actual confusion between the use of petitioner's marks, including its diamond rating system, for the certification of hotels, motels, resorts and restaurants and respondent's use of its "DIAMOND TOURS, INC." mark for the services of arranging travel tours and providing transportation therefor. Respondent is also unaware of any incidents of actual confusion between its mark for its services and petitioner's "DIAMOND DESTINATIONS" mark for the services of arranging travel tour packages.

Finally, while respondent has not submitted any evidence of third-party uses of "DIAMOND" terms or diamond symbols as marks or components thereof, respondent has introduced PTO records showing that such terms and/or symbols have been the subjects of numerous registrations for a wide variety of goods and services, including a number of certification marks. Although most of such registrations involve diamond designs used as background elements or vehicles for display of word features

¹⁷ Respondent identifies potential clients by, among other things, contacting municipalities for the telephone numbers of senior citizen centers and through referrals from its existing customers.

¹⁸ As of the February 12, 1996 date of his testimony deposition, Mr. Ferraro stated that respondent has a mailing list of approximately 600

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and pertain to unrelated goods or services, the registrations nevertheless serve like dictionary definitions to demonstrate the laudatory significance of a diamond symbol or the word "DIAMOND" as indicative of high quality or prestige. Moreover, the following marks are particularly pertinent since they cover services or certifications thereof which are the same or closely related to those of the parties in this proceeding: (i) the mark "VACATION BONUS" and design, shown below,

which is registered for arranging travel tours and vacation plans; (ii) the mark "THE GRAY LINE" and design, displayed below,

which is registered for sightseeing services conducted by bus, boat and airplane; (iii) the mark "THE SAFE LINE FLEET" and design, illustrated below,

group-leader customers, which list it generates as the result of previous customer contacts and referrals.

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which is registered for providing transportation services consisting of buses for students and others; (iv) the mark "K" and design, illustrated below,

which is registered for the certification of restaurant, catering and hotel services; and (v) the mark "DIAMOND CLUB and design, reproduced below,

which is registered for hotel, restaurant and bar services.

As noted previously, respondent concedes that petitioner has priority with respect to its pleaded "FIVE DIAMOND AWARD" and "FIVE DIAMOND AWARD" and design certification marks. Respondent also admits in its brief, and the record confirms, that petitioner has priority as to its use, beginning in early 1977, of its diamond rating system of certification marks. Such marks, consisting of from one to five solid or block diamond shapes, have been continuously used by petitioner since long prior to respondent's first actual use, in June 1988, of its "DIAMOND TOURS, INC." mark in connection with providing its packaged travel tour services. Moreover, a five diamond symbol mark with faceted diamonds, identical to the one shown in petitioner's pleaded registration for such a certification mark (see footnote 4), appears in petitioner's HostMark publications,

the distribution of which includes petitioner's approved properties, for the years 1985, 1986 and 1988 as part of the composite certification marks respectively shown below:

Especially when so used in articles which describe hotels and resorts which have won petitioner's certification as "FIVE DIAMOND AWARD" properties, it is clear that the faceted five diamond symbol makes a separate commercial impression and, in any event, such a symbol would be regarded by the consuming public and the approved properties alike as the legal equivalent of petitioner's five solid or block diamonds certification mark since the former creates the same continuing commercial impression as the latter. See *Jimlar Corp. v. Army & Air Force Exchange Service*, 24 USPQ2d 1216, 1221-22 (TTAB 1992), *citing* *Van Dyne-Crotty Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 17 USPQ2d 1866, 1868 (Fed. Cir. 1991). Petitioner, therefore, also has priority as to its pleaded five faceted diamonds certification mark.¹⁹

We agree with respondent, however, that petitioner has not established priority with respect to its two additionally registered certification marks, namely, the mark "AAA FIVE

¹⁹ Respondent, we observe, essential concedes such fact in its brief by stating that, with respect to the issue of likelihood of confusion, the use by petitioner of its "Five Stylized Diamond Symbols as a certification mark certifying the award of AAA's highest rating to a lodging or restaurant" is one of "[t]he real marks in issue in this proceeding".

DIAMOND AWARD" and design and the mark "AAA FOUR DIAMOND AWARD" and design. Not only are the filing dates of the underlying applications for such registrations subsequent to the filing date of the application which resulted in respondent's registration, but it cannot be said that petitioner's "AAA FIVE DIAMOND AWARD" and design mark, due to the presence of the arbitrary term "AAA" therein, is the legal equivalent of either of petitioner's registered "FIVE DIAMOND AWARD" marks. Furthermore, as mentioned previously, there simply is no testimony or other evidence that petitioner's "AAA FIVE DIAMOND AWARD" and design mark or its "AAA FOUR DIAMOND AWARD" and design mark, in the particular format in which each is registered, has been in use by petitioner prior to the actual first use by respondent of its "DIAMOND TOURS, INC." mark in June 1988.

Likewise, there is no satisfactory proof that petitioner's "FIVE-DIAMOND" mark has been in use since the claimed dates of first use of April 27, 1988 and, in fact, what testimony there is indicates that, as of the December 13, 1995 date of Mr. Brehm's deposition, it was only in the past two or three years that petitioner even began to promote the services provided by its employees to its members as "FIVE-DIAMOND" services. The record additionally reveals that, as to its "DIAMOND DESTINATIONS" mark, petitioner did not commence actual use thereof until November 1991²⁰ and, with respect to its

²⁰ Petitioner, while admitting in its initial brief that it first "used its DIAMOND DESTINATIONS mark for arranging travel tour packages in 1991," further asserts that, for priority purposes, it is nevertheless

"DIAMOND CLASS" mark, for which petitioner has pending an intent-to-use application filed on August 25, 1994, it has yet to make actual use thereof. Plainly, therefore, petitioner lacks priority as to such marks. Petitioner, in fact, so concedes in its reply brief²¹ and, as respondent points out in its brief, the record fails to demonstrate that such marks are merely latter additions to a previously existing family of "DIAMOND"-based marks.²²

Turning, next, to consideration of the pertinent factors set forth in *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973), for determining whether a likelihood of confusion exists, we find that, on this record, petitioner has failed to satisfy its burden of demonstrating that confusion as to source or sponsorship is likely to occur.

Petitioner, in this regard, argues among other things that its

entitled to "tack onto [such use] its prior use of DIAMOND in connection with its certification services to defeat any intervening rights" possessed by respondent inasmuch as "arranging for travel and tour services are sufficiently related to certification of hotel, motel, resort and restaurant services". However, irrespective of the question of relatedness, none of petitioner's prior marks is the legal equivalent of or indistinguishable from its "DIAMOND DESTINATIONS" mark and neither the traveling public nor the travel industry would consider any of the former to be the same mark as the latter inasmuch as the same, continuing commercial impression necessary for tacking has not been created. See *Van Dyne-Crotty Inc. v. Wear-Guard Corp.*, supra at 1868. In particular, due to the differences in overall sound, appearance and connotation created by the presence of the word "DESTINATIONS" in petitioner's "DIAMOND DESTINATIONS" mark, such mark materially differs from each of the prior marks which it seeks to tack.

²¹ Specifically, petitioner states therein that the "relevance" of its "FIVE-DIAMOND," "DIAMOND DESTINATIONS" and "DIAMOND CLASS" marks "is not for the priority issue" but, instead, "is to show the Petitioner's expansion of its 'diamond theme' certification service."

²² Petitioner, we further note, has not made such contentions in either of its briefs nor did it so argue at the oral hearing.

certification of hotels, motels, resorts and restaurants as meeting certain standards established by petitioner and respondent's services of arranging travel tours and providing transportation therefor are "species of the same genus, namely, the travel industry." This is especially so, petitioner insists, because "[m]ost tour groups require overnight accommodations, and most accommodations are rated by AAA." In addition, petitioner maintains that the fact that it has expanded its activities into the packaging of travel tours "is further evidence of the close relationship between [its]... accommodations certification services and Registrant's tour services."

We concur with respondent that just because petitioner's certification marks, including its diamond symbol ratings, are marketed to its individual members through such publications as its TourBook, TravelBook and PetBook guides and are promoted to the general public by travel agencies and through signage and other advertising by its approved properties does not mean that the general public, to which respondent also promotes its packaged tour services through telemarketing, direct mail flyers and other brochures, would be likely to believe that the same entity is the source or sponsor of public accommodations featuring various diamond ratings or awards and travel packages rendered under the mark "DIAMOND TOURS, INC." The record, in fact, confirms that while various public facilities, including restaurants and hotels, are indeed included as part of respondent's travel tour packages, petitioner does not own or

operate any hotels, motels, resorts, restaurants or other public accommodations and, instead, simply certifies such establishments if they meet its standards of quality.²³

Moreover, even if the certifications of public accommodations provided by petitioner and the travel tours and transportation therefor arranged by respondent may broadly be considered as part of the "travel industry" which is directed to the general public, the mere fact that a term may be found which encompasses the parties' activities does not mean that consumers will view such activities as related in the sense that they will assume that they emanate from or are associated with a common source. See, e.g., General Electric Co. v. Graham Magnetics Inc., 197 USPQ 690, 694 (TTAB 1977) and Harvey Hubbell Inc. v. Tokyo Seimitsu Co., Ltd., 188 USPQ 517, 520 (TTAB 1975). Here, respondent's services basically consist of arranging and providing travel tour packages, a service which petitioner does not rate and has shown no intention to do so, while petitioner furnishes ratings which certify that a particular level of its quality standards for hotels, motels, resorts and restaurants has been met. Merely because the parties' activities are subsumed under the broad rubric of "travel industry" services does not

²³ The mere fact that petitioner, in connection with the prosecution of its application to register its "DIAMOND DESTINATIONS" mark, brought a cancellation proceeding against a third-party's registration of the mark "DIAMOND" for hotel services which was settled by the defendant's voluntarily surrendering the registration for cancellation and agreeing not to use such mark in the United States does not establish that the traveling public would regard the provision of travel tours under a "DIAMOND" mark as related to public accommodations which have received a diamond symbol rating and/or won certification as a "FIVE DIAMOND AWARD" property.

mean, in the absence of supporting evidence, that such diverse activities as providing packaged travel tours, on the one hand, and certifying levels of quality for hotels, motels, resorts and restaurants, on the other, would be regarded by members of the general public or those in the tourism business as coming from or being sponsored by the same source.

With respect to petitioner's contention that respondent's services of arranging travel tours and providing transportation therefor are related to petitioner's certification program because respondent's services fall within the natural area of expansion for petitioner's activities as evidenced by its subsequent entry into the travel tour field under its "DIAMOND DESTINATIONS" mark,²⁴ the mere fact that such an expansion took

²⁴ As the Board explained in *Sheller-Globe Corp. v. Scott Paper Co.*, 204 USPQ 329, 333-34 (TTAB 1979):

The theory of natural expansion is, in a sense, a legal fiction. It treats the use of a trademark by an opposer [or petitioner] on particular goods [or services], commencing after an applicant [or respondent] has entered the field with a mark on its own goods [or services], as though opposer's [or petitioner's] use had begun prior to the use by applicant [or respondent]. As indicated above, the rationale of the theory is that the purchasing public, through education or experience, would have thought at the time of applicant's [or respondent's] initial appearance on the scene that applicant's [or respondent's] mark signified a connection of its goods [or services] with opposer [or petitioner] notwithstanding that the goods [or services] sold at the time by opposer [or petitioner] and applicant [or respondent] were not so related as to support an opposition [or cancellation proceeding] on traditional grounds of likelihood of confusion. When the doctrine of the natural expansion of use of a mark is applicable, it is not even necessary that opposer [or petitioner] actually be in its extended business; the possibility that opposer [or petitioner] may wish to enlarge the use of its mark into the trade served by applicant [or respondent] may be enough.

....

place and was even driven by a June 1991 survey showing a very high level of awareness and utilization of petitioner's diamond rating system by its members does not suffice to establish that the expansion was within the natural scope of petitioner's previous activities. Nothing herein is persuasive that respondent's travel tour and transportation services constitute any type of extension, as opposed to an entirely new line of activity, of petitioner's business as it existed prior to the establishment, over three years earlier, of respondent's business. In particular, merely because petitioner's member clubs operate their own travel agencies does not demonstrate that petitioner or its clubs' travel agencies would package travel tours, as opposed to selling existing packages offered by tour

Before the doctrine of natural expansion may be invoked by opposer [or petitioner], it must be shown that the new goods [or services], i.e., the extension of the line of business from that which pre-existed applicant's [or respondent's] arrival, evolved from the manufacturing and marketing activities of opposer [or petitioner] and did not result from the acquisition of a new business by a diversifying company. The burden is on opposer [or petitioner] to present evidence that is persuasive of the fact that the new business represents an expansion of, and not merely an unrelated addition to, the business that opposer [or petitioner] conducted prior to the first use of applicant's [or respondent's] mark on the goods [or services] for which applicant [or respondent] is seeking [or has] a registration. Without such evidence of a natural expansion, opposer [or petitioner] would be asserting the dreaded right in gross to a mark, a right to prevent the registration of any similar mark regardless of the dissimilarities of the parties' goods [or services] A right in gross cannot be granted because it would violate not only established principles of common law but also the intent of §2(d) of the Trademark Act, which makes a determination of likelihood of confusion, mistake or deception dependent upon the goods [or services] of applicant [or respondent] and, by necessary inference, upon a comparison of those goods [or services] with the goods [or services] of opposer [or petitioner], each set of goods [or

operators like respondent. In addition, there is no showing that petitioner ever previously conducted any business in the sale of its own tour packages, nor is there any proof that, for instance, a competitor of petitioner has sold such packages. Petitioner's later entry into the same kind of services as those provided by respondent must, on this record, be regarded as a diversification of--rather than a natural addition to--petitioner's business, including its certification program for public accommodations, as that business existed at the time respondent entered the marketplace with its services. Nothing, in short, even remotely suggests that the purchasing public, prior to the commencement of respondent's services, has an awareness of even a single entity which certified public accommodations as to certain standards of quality and also conducted travel tours under the same or similar marks. Petitioner, therefore, has not met its burden of demonstrating that a business which certifies various public facilities would normally or reasonably be expected to expand such business to include the provision of its own travel tours and related transportation therefor.

Nevertheless, even if we were to find that petitioner's certification program and respondent's travel tour and associated transportation services would be regarded by the general public as closely related activities, we agree with respondent that, due to the highly suggestive nature of the respective marks and the overall differences therein, confusion as to origin or

services] being considered in conjunction with the mark used thereon.

affiliation is not likely to occur. As petitioner concedes, it adopted a system of from one to five diamond symbols as certification marks for its revised rating program in 1977 because of the notion of quality and prestige that is associated with diamonds. The same image or impression is likewise conveyed not only by its five faceted diamonds certification mark, but also by its "FIVE DIAMOND AWARD" mark and its "FIVE DIAMOND AWARD" and design mark, since in the context in which such marks are used a diamond symbol and the word "DIAMOND" possess essentially identical significance. Respondent's "DIAMOND TOURS, INC." mark, which it frequently uses with a diamond design as displayed below,

similarly engenders the notion of a prestigious or quality travel tour operator.

Petitioner maintains, therefore, that the respective marks are likely to cause confusion. In particular, petitioner contends that, due to the descriptiveness of the words "AWARD" and "TOURS, INC." in some of the marks (as evidenced by the disclaimers thereof in their respective registrations), "[t]he common and characterizing feature of all of Petitioner's [prior] marks is the term DIAMOND," while "[t]he characterizing feature of Registrant's mark is also the term "DIAMOND." We concur with respondent, however, that petitioner's assertions fail to give adequate consideration to the respective marks in their

entireties. As respondent correctly points out, "even words which are disclaimed must be considered, as the consumer is unaware of the existence of such disclaimers." See, e.g., *Industria Espanola De Perlas Imitacion, S.A. v. National Silver Co.*, 459 F.2d 1049, 173 USPQ 796, 798 (CCPA 1972) ["It is well settled that the question of likelihood of confusion is to be resolved upon a consideration of the marks in their entireties. Disclaimed material forming part of a trademark cannot be ignored in determining whether the marks are confusingly similar"].

Plainly, even though the words "AWARD" and "TOURS, INC." are in turn descriptive of petitioner's certification program and respondent's travel tour services, when respectively used as part of petitioner's "FIVE DIAMOND AWARD" marks and respondent's "DIAMOND TOURS, INC." mark such words create marks which, notwithstanding the shared presence of the word "DIAMOND," are on the whole appreciably different in sound, appearance, connotation and commercial impression. Similarly, none of petitioner's diamond rating symbols, including its five faceted diamond mark, look at all like respondent's mark, nor do they create substantially the same overall connotation or commercial impression. Given the high degree of suggestiveness inherent in the laudatory word "DIAMOND" and in diamond symbols, respondent's mark is readily distinguishable, and not likely to cause confusion, with any of petitioner's prior marks.

Our conclusion in this regard finds further support in petitioner's prior inconsistent position with respect to its application to register its "DIAMOND DESTINATIONS" mark for the

same type of packaged travel tours as offered by respondent under its mark. Although not a binding evidentiary admission, petitioner's arguments, in an ex parte context, that confusion is not likely when such marks are used in connection with identical travel tour services are relevant "as merely illuminative of shade and tone in the total picture confronting the decision maker." *Interstate Brands Corp. v. Celestial Seasonings, Inc.*, 576 F.2d 926, 198 USPQ 151, 154 (CCPA 1978). If, as petitioner formerly urged, such highly similar but suggestive marks are not likely to cause confusion when used in connection with the same kind of travel tour services, then clearly, as applied to marks as disparate overall as those at issue herein for use in connection with different activities, confusion is also unlikely between respondent's "DIAMOND TOURS, INC." mark for its travel tour services and any of petitioner's "FIVE DIAMOND AWARD" marks or its various diamond symbol marks for its certification of hotels, motel, resorts and restaurants as to quality standards.

Petitioner nevertheless insists that its certification marks are famous. While Mr. Brehm did indeed express his opinion as to the fame of such marks, petitioner has offered very little in terms of the extent of the promotion of its marks, basically indicating only an advertising expenditure of \$394,062 in 1994 with respect to promoting the awards given to the very small number of properties which were recipients of its four and five diamond ratings. As respondent points out, "[t]here was no testimony as to what the promotional expenses [actually] related to, how they were used and whether or not they were used to

promote the same in any manner to the general public or even to AAA Auto Club members." At best, it appears that such expenditures went to sponsoring award dinners for the recipients and that those events received a degree of coverage in the media.

Still, even if we were to find, as petitioner argues, that "the DIAMOND ratings symbol as applied to accommodations and restaurants has become synonymous with AAA," it remains the case that the respective marks herein are highly suggestive due to the laudatory impression of quality or prestige projected by diamond symbols and the word "DIAMOND". Prospective customers, accordingly, would look to the appreciable differences in the respective marks of the parties and, especially in view of the context in such marks are used, would distinguish the ratings of quality signified by petitioner's certification marks from the image of a quality tour operator projected by respondent's mark.

Finally, our conclusion that confusion is not likely is bolstered by the lack of any instances of actual confusion during a period of approximately eight years of contemporaneous use in which respondent has conducted a significant amount of business. Plainly, providing between 300 to 400 group tours a year since 1988 is not insubstantial. Moreover, while respondent chiefly promotes its services through telemarketing and limited direct mail advertising to customers primarily located in the mid-Atlantic and northeastern states, conditions have nevertheless been such that, if confusion were likely to happen, it would be expected to have occurred.

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The record in this regard shows that the vast majority of respondent's travel tours have been motor coach trips to Atlantic City, New Jersey with overnight accommodations at the nearby Hampton Inn. Although there is nothing in the record which specifically indicates that such hotel is one which has received one of petitioner's two highest ratings, Mr. Ferraro's testimony is uncontradicted that the Hampton Inn has received a diamond rating of some kind from petitioner, even though that rating is not used in respondent's advertising of its tour packages. Undoubtedly, with a membership base of 35 million people in the United States, some of petitioner's members would also be potential customers of respondent and, prior to booking one of respondent's Atlantic City tours, would check petitioner's TourBook publication to see if the Hampton Inn listed on the tour itinerary has been approved by petitioner and, if so, what its diamond rating is. The absence of any known incidents of actual confusion is thus a factor which favors respondent and which strengthens our conclusion that respondent's use of its "DIAMOND TOURS, INC." mark for arranging travel tours and providing transportation therefor is not likely to cause confusion with petitioner's previously used "FIVE DIAMOND AWARD" mark, its "FIVE DIAMOND AWARD" and design mark, its five faceted diamond symbols mark, or any of its other diamond symbol(s) marks for the certification of quality standards for hotels, motels, resorts and restaurants.

Decision: The petition to cancel is denied.

Cancellation No. 22,491

T. J. Quinn

G. D. Hohein

P. T. Hairston
Administrative Trademark Judges,
Trademark Trial and Appeal Board