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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re H. E. Butt Grocery Company

Serial No. 75/368,461

W. Ronald Robins of Vinson & Elkins, L.L.P. for H. E. Butt Grocery Co.¹

Edd Vasquez, Trademark Examining Attorney, Law Office 110
(Chris A.F. Pedersen, Managing Attorney).

Before Simms, Holtzman and Drost, Administrative Trademark Judges.

Opinion by Drost, Administrative Trademark Judge:

On October 6, 1997, H. E. Butt Grocery Company
(applicant) filed an application² to register the following
mark on the Principal Register for retail supermarket
services in International Class 42:

¹ After this appeal was briefed, a new power of attorney was filed designating Kirt S. O'Neill and John A. Tang of Akin, Gump, Strauss, Hauer & Feld, L.L.P. as attorneys for applicant. A copy of this decision will also be mailed to applicant's new attorneys.

² Serial No. 75/368,461. The application indicated that the mark was first used and first used in commerce in August 1997. Applicant has disclaimed the phrase "COSTS YOU LESS!"



The Examining Attorney³ ultimately refused to register the mark for two reasons. First, the Examining Attorney held that there is a likelihood of confusion between applicant's mark for its services and the mark COST-U-LESS (in typed form)⁴ and the following design mark⁵.



Both marks are owned by the same entity and the registrations recite the same identification of services in International Class 42:

Wholesale and retail warehouse stores featuring food and beverages, clothing and shoes, cleaning products and supplies, tools, jewelry, home electronics and appliances, blank video and audio cassette tapes, toys, sports equipment, home furnishings and decorations, outdoor furniture, books, computers and computer programs, compact discs and audio cassette

³ The present Examining Attorney was not the original Examining Attorney in this case.

⁴ Registration No. 2,155,940 issued May 12, 1998.

⁵ Registration No. 2,172,111 issued July 14, 1998. The drawing is lined for the color red.

tapes featuring music, tobacco products, dishes, glasses, silverware, film, film processing and paper products.

Both marks registered under the provision of Section 2(f) of the Trademark Act.

After the Examining Attorney made the refusals final, this appeal followed. Both applicant and the Examining Attorney filed briefs. An oral hearing was not requested.

I. Likelihood of Confusion Refusal

First, we will address the likelihood of confusion issue. The Examining Attorney determined that the words in the marks, COSTS YOU LESS! and COST-U-LESS, are nearly identical in sound, appearance, and meaning, and that customers are more likely to remember the literal portions of the mark. The Examining Attorney submitted evidence to show that "applicant's and registrant's services are of a type that typically emanate from a single source."

Examining Attorney's Br. at 5. On the other hand, applicant argues that it "has disclaimed the word portion of its mark (COSTS YOU LESS!) [and] [m]erely descriptive portions of composite marks are entitled to little weight on the issue of likelihood of confusion." Applicant's Br. at 3-4. Furthermore, applicant suggests that the downward pointing arrow is the dominant element of its marks and that there is a difference between applicant's retail

supermarket services and registrant's wholesale and retail warehouse stores featuring, inter alia, food and beverages. To support its position that the services are different, applicant relies on statements made by registrant when registrant's then pending application was being examined.

We agree with the Examining Attorney, and therefore, we affirm the refusal to register under Section 2(d). Determining whether there is a likelihood of confusion requires consideration of the factors set forth in In re E. I. du Pont de Nemours & Co., 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973). See also Recot, Inc. v. Becton, 214 F.3d 1322, 54 USPQ2d 1894, 1896 (Fed. Cir. 2000).

The DuPont factors are: (1) the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression; (2) the similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use; (3) the similarity or dissimilarity of established, likely-to-continue trade channels; (4) the conditions under which and buyers to whom sales are made, i.e., "impulse" vs. careful, sophisticated purchasing; (5) the fame of the prior mark (sales, advertising, length of use); (6) the number and nature of similar marks in use on similar goods; (7) the nature and extent of any actual confusion; (8) the length of time during and conditions under which there has been concurrent use without evidence of actual confusion; (9) the variety of goods on which a mark is or is not used (house mark, "family" mark, product mark); (10) the market interface between applicant and the owner of a prior mark; (11) the extent to which applicant has a right to exclude others from use of its mark on its goods; (12) the extent of potential confusion, i.e., whether

de minimis or substantial; and (13) any other established fact probative of the effect of use.

Recot, 54 USPQ2d at 1897. See also du Pont, 177 USPQ at 567.

In considering the evidence of record on these factors, we must keep in mind that "[t]he fundamental inquiry mandated by § 2(d) goes to the cumulative effect of differences in the essential characteristics of the goods [or services] and differences in the marks." Federated Foods, Inc. v. Fort Howard Paper Co., 544 F.2d 1098, 192 USPQ 24, 29 (CCPA 1976). Applicant concentrates its arguments that there is no likelihood of confusion on the differences between the marks and the differences in the services.

The first factor we consider is whether the marks are similar in sound, appearance, meaning or commercial impression. du Pont, 177 USPQ at 567. Both marks contain the same words "COST YOU LESS." Applicant uses the correct spelling for the word "you" while registrant uses the phonetic equivalent letter "u". Both marks would be pronounced identically and they would have the identical meaning of "costing the purchaser less." In addition the words look very similar. The slight misspelling of "you" in applicant's mark to the letter "u" in registrant's mark

hardly creates a significantly different appearance.

Indeed, "u" is recognized as an abbreviation of the pronoun "you."⁶

Applicant argues that these words in the marks are descriptive. However, the words in the cited registrations have acquired distinctiveness under Section 2(f) of the Trademark Act. In re Automatic Radio Mfg. Co., Inc., 404 F.2d 1391, 160 USPQ 233, 236 (CCPA 1969) ("The statute, by its juxtaposition of sections 2(e) and 2(f) makes it plain that trademarks may often be created from a word or combination of words whose 'primary' or original meaning is descriptive in nature if and when the word or words acquire a 'secondary,' or new primary, meaning which indicates the origin or ownership of goods and so functions as a trademark if at the same time the descriptive term is of such a nature that granting trademark rights therein to one user does not deprive others of their right to the normal use of the language"). Therefore, as marks that have registered under the provision of Section 2(f), they are no longer considered to be merely descriptive. The registrations are presumed to be valid, and applicant

⁶ "U" pronoun. *Pron. Spelling. you: Shoes fixed while U wait. Random House Dictionary of the English Language, Second Edition Unabridged* (1987). We take judicial notice of this definition. University of Notre Dame du Lac v. J.C. Gourmet Food Imports Co.,

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cannot attack the registrations on the ground that they are merely descriptive in an ex parte proceeding. Accord In re Dixie Restaurants Inc., 105 F.3d 1405, 41 USPQ2d 1531, 1534-35 (Fed. Cir. 1997).

The only other feature that is present in applicant's mark is the arrow design. While we do not disregard this feature, it does not overcome the very nearly identical nature of the words in the marks. We acknowledge that the marks are not identical although that, of course, does not end the likelihood of confusion analysis. It is well settled that it is improper to dissect a mark. In re Shell Oil Co., 992 F.2d 1204, 26 USPQ2d 1687, 1688 (Fed. Cir. 1993). However, more or less weight may be given to a particular feature of a mark for rational reasons. In re National Data Corporation, 753 F.2d 1056, 224 USPQ 749, 751 (Fed. Cir. 1985). Even though registrant's marks are registered under the provisions of Section 2(f) and applicant has disclaimed the phonetically identical words, we are not free to ignore these words in evaluating whether there is a likelihood of confusion in this case.

In a case that is very similar to this case, the applicant disclaimed the words "Right-A-Way," which were

213 USPQ 594, 596 (TTAB 1982), aff'd, 703 F.2d 1372, 217 USPQ 505 (Fed. Cir. 1983).

also in the cited mark, and argued that the arrow design distinguished the marks. The Federal Circuit rejected this argument.

[Applicant] argues that the words are common dictionary words, and that since [applicant] filed a disclaimer of the words "Right-A-Way," the only issue of registration relates to the script and the arrow design. The Board correctly held that the filing of a disclaimer with the Patent and Trademark Office does not remove the disclaimed matter from the purview of determination of likelihood of confusion. The marks must be considered in the way in which they are perceived by the relevant public. [Applicant's] argument that the only consideration is the "design form" of the words "Right-A-Way," omitting the words "right-a-way" because they were disclaimed, was correctly rejected by the Board.

Shell Oil, 26 USPQ2d at 1688-89 (citation omitted).

Similarly, here we must consider the marks in their entirety including the matter that applicant disclaimed. As in the Shell Oil case, the fact that applicant's mark includes an arrow design is not sufficient to overcome likelihood of confusion when the nearly identical words are used on very similar services.⁷

⁷ The addition of the exclamation point in applicant's mark does not change the commercial impression. The CCPA held that the addition of a hyphen and another digit did not eliminate the similarity of the marks. See Phillips Petroleum Co. v. C.J. Webb, Inc., 442 F.2d 1376, 170 USPQ 35, 36 (CCPA 1971) ("The addition of the extra 6 and the hyphen has already been held not to avoid likelihood of confusion, and in the absence of some other apparent significance for the term 6-66 we find this conclusion inescapable"). Punctuation often does not significantly change the commercial impression of marks. In re Burlington Industries, Inc., 196 USPQ 718, 719 (TTAB 1977) ("[A]n

Next we consider whether applicant's retail supermarket services are related to registrant's wholesale and retail warehouse store services featuring food and beverages as well as many other items. To determine whether the goods and services are related, we must consider the goods and services as they are described in the identification of goods and services in the applications and registration. "Likelihood of confusion must be determined based on an analysis of the mark applied to the ... services recited in applicant's application vis-à-vis the ... services recited in [a] ... registration, rather than what the evidence shows the ... services to be." Dixie Restaurants, 41 USPQ2d at 1534, quoting, Canadian Imperial Bank of Commerce v. Wells Fargo Bank, 811 F.2d 1490, 1 USPQ2d 1813, 1816 (Fed. Cir. 1987). See also Octocom Systems Inc. v. Houston Computer Services, 918 F.2d 937, 16 USPQ2d 1783, 1787 (Fed. Cir. 1990).

The Examining Attorney has included several registrations, which suggest that the same mark is used on retail supermarket services and retail warehouse stores or wholesale distributorship services featuring food and beverages. See, e.g., Registration No. 1,529,053

exclamation point does not serve to identify the source of the goods").

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(warehouse type retail supermarket and grocery store services); No. 2,052,741 (retail grocery store and wholesale distributorship services featuring food items); No. 1,959,418 (retail and wholesale grocery, department and discount stores); No. 2,375,112 (wholesale and retail grocery stores); and No. 1,516,884 (wholesale distributorships and retail grocery store services). These registrations are some evidence that retail and wholesale supermarket services and warehouse store services are identified by the same marks. See In re Mucky Duck Mustard Co., 6 USPQ2d 1467, 1470 n.6 (TTAB 1988) (Although third-party registrations "are not evidence that the marks shown therein are in use on a commercial scale or that the public is familiar with them, [they] may have some probative value to the extent that they may serve to suggest that such goods or services are the type which may emanate from a single source"). See also In re Albert Trostel & Sons Co., 29 USPQ2d 1783, 1786 (TTAB 1993).

On the other hand, applicant relies heavily on statements made by the registrant during the prosecution of the registrant's then-pending application to support its position that the services are not related. When registrant's application for wholesale and retail warehouse stores featuring food and beverages, among other things,

was pending in the Office, registrant (at that time the applicant) maintained that the cited registration:

offers traditional, conventional "retail supermarket services." Applicant's warehouse stores serve a clientele that includes retailers and restaurateurs as well as, ordinary bulk-purchasers... The similarities between the services offered by Applicant and Registrant cited in the Office Action [retail supermarket services] are not sufficient to support a conclusion of likelihood of confusion."

Applicant's Br. at 5, citing Registration No. 1,577,165 file. This argument was apparently not persuasive because the registration did not issue until the cited registration expired.

We are not convinced that the arguments made by registrant in the application file demonstrate that the services are not related. First, even if the registrant were a party to the proceeding, statements about a lack of confusion made by the registrant during the prosecution of its application do not normally bar the Board from reaching a contrary conclusion.

While certain statements made by a party in an ex parte proceeding may, under particular circumstances, be considered to be admissions against interest in a subsequent inter partes proceeding, any representations made by petitioner in attempting to overcome a cited reference in order to secure its registration cannot preclude or, if you will, in respondent's terms "estop" petitioner from taking a different position in a proceeding to cancel said registration. To hold otherwise would be to deprive petitioner of its right to proceed under Section 14 to cancel a registration which it believes is damaging to

it and to avail itself of FRCP 8(e)(2) which provides for inconsistent and hypothetical proceedings.

Lia Jene Inc. v. Vitabath, Inc., 162 USPQ 469, 470 (TTAB 1969). See also International Wholesalers, Inc. v. Saxons Sandwich Shoppes, Inc., 170 USPQ 107, 109 (TTAB 19710 ("Turning now to applicant's contention that opposer is estopped from asserting a likelihood of confusion because of statements made in its application out of which its registration issued, it is well settled that any such statements do not give rise to estoppel in subsequent proceedings"). Even if the statements in an application were considered, they are entitled to only limited weight in an opposition proceeding involving the party. Specialty Brands, Inc. v. Coffee Beans Distributors, Inc., 748 F.2d 669, 223 USPQ 1281, 1283 (CCPA 1984). The fact that the registrant made statements in its application file that the services are not related, does not dictate a determination of no likelihood of confusion in this case.

Secondly, even if these statements made by a party in the application process can be used as an admission against the party in a subsequent proceeding, the registrant is not a party to this ex parte proceeding. Therefore, the statement cannot be used as an admission against any party to this proceeding. Finally, even if we were to consider

these statements, they would not change the result in this case. Despite the registrant's statements, we have no basis to find that retail supermarket customers would not overlap with retail warehouse stores featuring, inter alia, food and beverages. See In re Hyper Shoppes (Ohio), Inc., 837 F.2d 463, 464-65, 6 USPQ2d 1025 (Fed. Cir. 1988) (Grocery and general merchandise store services related to furniture); Giant Foods, Inc. v. Nation's Foodservice, Inc., 710 F.2d 1565, 218 USPQ 390 (Fed. Cir. 1983) (Fast food restaurants related to supermarket services). Retail supermarket services and retail warehouse stores featuring food and beverages are very similar and at least some of the purchasers would overlap inasmuch as both types of stores sell food and beverages to retail purchasers.

We have also considered the other du Pont factors to the extent that there is any evidence of record. For many of the factors, there is no significant evidence of record, e.g., fame, sophistication of purchasers, the market interface, the extent to which applicant has a right to exclude, and the nature of similar marks in use. Also, the lack of evidence of actual confusion and the length of time that the marks have been concurrently used are not significant factors in this case. There normally is no evidence of actual confusion in ex parte cases and

applicant only alleges a first use of its marks as of August 1997.

Inasmuch as applicant's mark is composed of very similar words, and its design does not significantly distinguish the marks, we find that these marks are very similar. The services in this case are also closely related. Therefore, we conclude that when these very similar marks are used on services that are as closely related as applicant's and registrant's services, there is a likelihood of confusion.

II. Failure to Function as a Mark Refusal

The Examining Attorney also refused to register applicant's mark because applicant's mark does not function as a service mark under the provisions of Section 1, 2, 3, and 45 of the Trademark Act. 15 U.S.C. § 1051, 1052, 1053, and 1127. The position of the Examining Attorney is that applicant's mark "merely functions as promotional information. In essence, HEB is attempting to convey to a consumer that based on the prices of their goods, HEB will cost you less money. This is promotional information. Given the manner in which the proposed mark is used, it is unlikely that a consumer will associate COST YOU LESS! AND DESIGN as a source indicator." Examining Attorney's Br. at 11.

In response, applicant asserts that "in addition to the descriptive wording, the dominant design feature of the mark comprises a large downwardly facing arrow, easily recognized by consumers as being suggestive of lower prices." Applicant's Br. at 7. Applicant goes on to argue that "the arrow always points down, never sideways or up at an 'on sale' item is further indication that the significance of the downwardly facing arrow is to suggest lower prices rather than to identify specific sale items." Id. at 8.

"The question whether the subject matter of an application for registration functions as a mark is determined by examining the specimens along with any other relevant material submitted by applicant during prosecution of the application." In re The Signal Companies, Inc., 228 USPQ 956, 957 (TTAB 1986).

An important function of specimens in a trademark application is, manifestly, to enable the PTO to verify the statements made in the application regarding trademark use. In this regard, the manner in which an applicant has employed the asserted mark, as evidenced by the specimens of record, must be carefully considered in determining whether the asserted mark has been used as a *trademark* with respect to the goods named in the application.

In re Bose Corp., 546 F.2d 893, 192 USPQ 213, 216 (CCPA 1976) (emphasis in original, footnote omitted).

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Resolution of this issue requires a careful analysis of the manner in which applicant uses the words sought to be registered." In re First Union National Bank, 223 USPQ 278, 278 (TTAB 1984). A copy of the relevant portion of applicant's specimens showing how it uses the mark is set out below. While applicant does refer to other uses of the arrow "in interior portions of the advertising circular" (Applicant's Br. at 8), none of these uses are for the mark applicant has applied to register, i.e., it is for the row design alone without the words.



Inasmuch as applicant has disclaimed the words in the mark, its mark is only registrable on the Principal Register if the arrow design and/or the display of the disclaimed words is inherently distinctive.⁸ Here, the disclaimed words are clearly displayed in nothing but ordinary, non-distinctive style so the display of the words

⁸ Applicant has not sought registration under the provisions of Section 2(f) of the Trademark Act.

is not inherently distinctive. Next, we turn to the arrow design. "If the background portion is inherently distinctive, no proof of secondary meaning need to be introduced; if not, such proof is essential." In re E.J. Brach & Sons, 256 F.2d 325, 118 USPQ 308, 310 (CCPA 1958). "In particular, common geometric shapes such as circles, ovals, diamonds and stars, when used as backgrounds for the display of word or letter marks, are not regarded as trademarks for the goods to which they are applied absent evidence of distinctiveness of the design alone." In re Anton/Bauer Inc., 7 USPQ2d 1380, 1381 (TTAB 1988). Here, applicant seeks to register its arrow design together with the phrase that it has disclaimed. The question then concerns whether the arrow design is not just capable of functioning as a mark, but whether it does function as a mark. Applicant's arrow design is very similar to the circles, ovals, stars, and diamond design discussed above, and, as used on the specimens, it does not stand out as a mark.⁹ The shaft of applicant's arrow design is so broad that it appears very similar to a simple square design that flairs at the bottom. In addition, "[t]he fact that no

⁹ It also appears that arrows similar to applicant's are not uncommon in advertising. See, e.g., In re Niagara Frontier Services, Inc., 221 USPQ 284, 285 (TTAB 1983); Safeway Stores v. Albertson's, Inc., 209 USPQ 673, 677 (TTAB 1980).

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symbol, such as 'TM" or 'SM,' is used to designate an alleged mark is also some evidence that the phrase is not being used in a trademark or service mark sense." In re Wakefern Food Corp., 222 USPQ 76, 78-79 (TTAB 1984).

When we view the specimens of record, it is difficult to perceive applicant's mark as anything other than a non-inherently distinctive slogan with a simple design associated with it. In a case involving a non-descriptive design of a dog, the Board held:

[I]n order to be registrable, the use of such a character, however arbitrary it may be in its conception, must be perceived by the purchasing public not just as a character but also as a mark which identifies and distinguishes the source of the goods or services. Where the usage of a character in the specimens of record fails to impart any commercial impression as a trademark or service mark, it is not registrable as such.

In re Hechinger Investment Co., 24 USPQ2d 1053, 1056 (TTAB 1991).

In this case, we cannot perceive of the public recognizing applicant's mark as a trademark when they see the mark displayed on applicant's specimens. Applicant itself admits that the arrow design is not arbitrary. "It is believed that most consumers, viewing the mark, would consider the significance of the very large downward pointing arrow portion of the design, in conjunction with the word portion of the mark COST YOU LESS! to indicate a

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downward direction or a lower level of prices.”

Applicant’s Br. at 8. To the extent that the arrow would be discerned, it would serve as a simple background design for applicant’s non-inherently distinctive message that applicant’s services cost the consumer less.

Applicant’s mark COST YOU LESS! and arrow design as used on the specimens of record do not function as a trademark, and therefore, applicant’s mark was properly refused registration on that basis.

Decision: The refusals to register applicant’s marks under Section 2(d) and because it does not function as a mark are affirmed.