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Paper No. 13
HWR

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re First Security Capital, L.L.C.

Serial No. 75/515,579

William J. Mason of Rhodes & Mason, PLLC for First Security Capital, L.L.C.

Robert C. Clark, Jr., Trademark Examining Attorney, Law Office 108 (David Shallant, Managing Attorney).

Before Hairston, Chapman and Wendel, Administrative Trademark Judges.

Opinion by Wendel, Administrative Trademark Judge:

First Security Capital, L.L.C. has filed an application to register the mark ESOP QUALIFIED ASSET LOAN for "financial services, namely, making loans of up to 90% of the value of the reinvested proceeds from the sale of a company to an employee stock ownership plan."¹

¹ Serial No. 75/515,579, filed July 8, 1998, claiming first use dates of April 1998.

Registration has been finally refused under Section 2(e)(1) of the Trademark Act on the ground that the mark is merely descriptive, when used in connection with applicant's services. The refusal has been appealed and both applicant and the Examining Attorney have filed briefs. An oral hearing was originally requested but subsequently waived.

A term or phrase is merely descriptive within the meaning of Section 2(e)(1) if it immediately conveys information about a characteristic or feature of the goods or services with which it is being used. See *In re Abcor Development Corp.*, 588 F.2d 811, 200 USPQ 215 (CCPA 1978). Whether or not a particular term or phrase is merely descriptive is determined not in the abstract, but rather in relation to the goods or services for which registration is sought, the context in which the designation is being used, and the significance the designation is likely to have to the average purchaser as he or she encounters the goods or services bearing the designation, because of the manner in which it is used. See *In re Bright-Crest, Ltd.*, 204 USPQ 591 (TTAB 1979). It is not necessary that the term or phrase describe all the characteristics or features of the goods or services in order to be merely descriptive; it is sufficient if the term or phrase describes one

significant attribute thereof. See In re Pennzoil Products Co., 20 USPQ2d 1753 (TTAB 1991).

The Examining Attorney has made of record evidence showing that ESOP is a commonly used abbreviation for the term "employee stock ownership plan." Applicant acknowledges the same. The Examining Attorney has also made of record Nexis excerpts showing use in the financial field of terms such as "asset loan," "fixed-asset loan" or "single asset loan." In addition, he has pointed to the specimens of record in which applicant describes its services as providing loans on "qualified assets for reinvestments of ESOP proceeds." On the basis of this evidence, the Examining Attorney finds ESOP QUALIFIED ASSET LOAN merely descriptive when used in connection with applicant's financial services, which have been identified as "making loans of up to 90% of the value of the reinvested proceeds from the sale of a company to an employee stock ownership plan."

Applicant argues that although the acronym "ESOP" and words such as "qualified" and "asset" are frequently used in the financial field, the combination of these terms found in applicant's mark would not immediately communicate to purchasers the particular type of services being provided by applicant. According to applicant, in a

conventional employee stock ownership plan (ESOP), the ESOP borrows from the bank in order to purchase stock from the employer, using the stock as collateral. Applicant's services, on the other hand, relate to secured loans made to the employer who has received proceeds from the sale of stock to an ESOP and reinvested these proceeds. Applicant contends that the nature of these services would not be readily apparent from applicant's mark ESOP QUALIFIED ASSET LOAN.

The problem with applicant's argument is that applicant's mark is not to be considered in the abstract, but rather in relation to the specific services identified in the application. Applicant's services are identified as involving the making of loans to the individual having realized proceeds from the sale of a company to an ESOP and having reinvested the same. The issue of descriptiveness is determined by considering the mark when used in connection with these services. See *In re American Greetings Corp.*, 226 USPQ 365 (TTAB 1985). There is no potential, in view of this identification, for purchasers to believe that the loan services being offered by applicant under the mark ESOP QUALIFIED ASSET LOAN are directed to participants in the ESOP, rather than the

individual who has obtained proceeds from the sale of stock to an ESOP.

The only real question is the significance of the mark ESOP QUALIFIED ASSET LOAN as viewed by these potential customers for applicant's loan services. In connection with this question, evidence of the context in which applicant is using the mark in advertising materials is clearly probative of the reaction of prospective customers to the mark. See *In re Pharmaceutical Innovations, Inc.*, 217 USPQ 365 (TTAB 1983). The specimens of record, which appear to be advertising materials, specifically describe applicant's loans as being made on "qualified assets for reinvestment of ESOP proceeds" and urge potential customers to "unlock 90% of the equity in your assets reinvested from an ESOP." From this description by applicant of its services, we find it clear that prospective customers would immediately grasp the informational significance of the mark ESOP QUALIFIED ASSET LOAN as it is being used in connection with applicant's services. These are loans made on qualified assets for the reinvestment of ESOP proceeds or, in other words, ESOP QUALIFIED ASSETS.

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Accordingly, we find the mark ESOP QUALIFIED ASSET LOAN to be merely descriptive when used in connection with applicant's financial services of making loans of up to 90% of the value of the reinvested proceeds from the sale of a company to an employee stock ownership plan.

Decision: The refusal to register under Section 2(e)(1) is affirmed.