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Mailed: January 7, 2005

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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In re Energy Efficiency Institute, Inc.

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Serial No. 76320844

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Michael M. Zadrozny of Shlesinger, Arkwright & Garvey for  
Energy Efficiency Institute, Inc.

Steven Foster, Trademark Examining Attorney, Law Office 106  
(Mary Sparrow, Managing Attorney).

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Before Hairston, Walters and Chapman, Administrative  
Trademark Judges.

Opinion by Walters, Administrative Trademark Judge:

Energy Efficiency Institute, Inc. has filed an  
application to register on the Principal Register the mark  
PAY AS YOU SAVE for "promoting the sale of energy saving and  
resource efficient appliances and devices of others, namely,  
arranging for deferred repayment of the devices and  
appliances on monthly utility bills, the monthly payment

relating to the savings from use of the appliance or device," in International Class 42.<sup>1</sup>

The examining attorney has issued a final refusal to register, under Section 2(e)(1) of the Trademark Act, 15 §U.S.C. 1052(e)(1), on the ground that applicant's mark is merely descriptive in connection with its services.<sup>2</sup>

Applicant has appealed. Both applicant and the examining attorney have filed briefs, but an oral hearing was not requested. We reverse the refusal to register.

The examining attorney contends that the mark is merely descriptive<sup>3</sup> in connection with the identified services because PAY AS YOU SAVE would be immediately "recognized by purchasers as describing a payment program where purchasers pay for improvements as they save from the improvements" (brief, p. 4); and that the evidence establishes that "[t]he phrase and the hyphenated version thereof appear to be used

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<sup>1</sup> Serial No. 76320844, filed October 4, 2001, based on an allegation of a bona fide intention to use the mark in commerce. On February 6, 2003, applicant filed its amendment to allege use and specimens, asserting first use as of January 13, 1999, and use in commerce as of February 11, 1999. The amendment was accepted.

<sup>2</sup> Subsequent to the final refusal on the ground of mere descriptiveness, and with its amendment to allege use, applicant amended its application to seek registration on the Supplemental Register. The examining attorney then refused registration on the ground that the mark is generic in connection with the identified services. Next, applicant amended its application back to the Principal Register and the examining attorney reinstated the final refusal, under Section 2(e)(1) of the Trademark Act, on the ground that the mark is merely descriptive.

<sup>3</sup> The examining attorney clarifies that, while applicant discusses genericness and acquired distinctiveness in its brief, neither of these issues is before the Board on appeal; and that the only basis for the final refusal is mere descriptiveness. We agree and have considered applicant's arguments only in relation to mere descriptiveness.

in and out of applicant's specific industry to describe similar payment schemes." (*Id.*)

In support of his position, the examining attorney submitted a list of forty items that is the result of a Google search of the Internet for the phrase "pay as you save." The examining attorney also submitted excerpts from Internet web sites and from articles retrieved from the LEXIS/NEXIS database as the result of a search for "pay as you save and energy."

Applicant contends that its mark is suggestive, and describes its services as follows (brief, p. 5):

Applicant's services provide deferred repayment plans for consumers who purchase energy efficient devices and appliances for use in their homes. The individual payments, which are made on monthly electric utility bills, correspond to the actual savings realized through use of the energy efficient appliance. ... The incongruous wording within the mark gives pause to a consumer since he or she cannot immediately comprehend how they (*sic*) might simultaneously "pay" and "save" since paying requires spending money whereas saving is the opposite.

Applicant states that the evidence submitted by the examining attorney includes at least one trademark use by applicant and other third-party trademark uses, not descriptive uses; and that the evidence pertains to services that are not related in any way to the services of applicant.

Applicant's specimens consist of advertising which includes the following statements:

"Why pay now when you can, ... Pay As You Save!"

"PAYS [Pay As You Save] Make your home or business energy efficient for no upfront cost."

"The PAYS advantage is simple - pay nothing out-of-pocket to have energy efficient products and services installed in your home or business. The cost of the improvements is repaid over time, using the savings generated by the products themselves!

Let's say you've installed energy efficiency products worth \$500 and those products save you \$50 per month. You pay for the product in easy monthly payments on your electric bill equal to two-thirds of the savings, or approximately \$34 per month."

The burden of showing that a proposed trademark is merely descriptive is with the examining attorney. The test for determining whether a mark is merely descriptive is whether it immediately conveys information concerning a quality, characteristic, function, ingredient, attribute or feature of the product or service in connection with which it is used, or intended to be used. *In re Engineering Systems Corp.*, 2 USPQ2d 1075 (TTAB 1986); *In re Bright-Crest, Ltd.*, 204 USPQ 591 (TTAB 1979). On the other hand, a term which is suggestive is registrable. A suggestive term is one which suggests, rather than describes, such that imagination, thought or perception is required to reach a conclusion as to the nature of the goods. *See, In re Gyulay*, 820 F.2d 1215, 3 USPQ2d 1009 (Fed. Cir. 1987).

There is but a thin line of distinction between a suggestive and a merely descriptive term, and it is often difficult to determine when a term moves from the realm of suggestiveness into the sphere of impermissible descriptiveness. See, *In re Recovery, Inc.*, 196 USPQ 830 (TTAB 1977).

We agree with applicant that many of the entries in the Google search report submitted by the examining attorney are of little persuasive value because they merely show use of the phrase as a trademark by third parties that applicant states are either its clients or unrelated third parties; or that the entries are from web sites outside the United States, such as Great Britian. Further, the Google search report entries are of little evidentiary value because they are too short to be of any use in determining the significance of the phrase.

Likewise, the majority of the excerpts from Internet web sites and from articles retrieved from the LEXIS/NEXIS database as the result of a search for "pay as you save *and* energy" are of little persuasive value. The entries merely show use of the phrase as what appears to be a trademark by third parties, some of whom may be applicant's clients; or the entries are from web sites outside the United States, such as Great Britian.<sup>4</sup> In other words, the evidence

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<sup>4</sup> Only the following excerpt shows what may be a descriptive use of the phrase, but one example is insufficient to for a finding of mere descriptiveness:

submitted by the examining attorney does not clearly show use of the phrase in a merely descriptive manner in relation to the services identified herein, or in relation to similar savings programs in other industries.<sup>5</sup>

Therefore, we conclude that the examining attorney has not met his burden of establishing that, when applied to applicant's services, the term PAY AS YOU SAVE immediately

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"In a region with many older government buildings gobbling expensive heat and electricity, and tax weary voters reluctant to lay out capital for renovations, energy contractors are filling a niche by providing pay-as-you-save system improvements." *The Buffalo News*, January 20, 2001.

<sup>5</sup> The following examples show the use of the phrase with initial capital letters. These uses are not clearly trademark use or at best the uses are mixed. However, we note that the use of hyphens between the words is not relevant to determining whether or not the use is trademark use. Certainly, the following examples are not clearly descriptive use of the phrase:

"In addition to generating revenue, this order is significant from a strategic marketing perspective," said Greg Smith, I.S. Systems Director of Marketing. "... It also reflects the success of our new pricing strategy, where we offer customers a 'Pay-As-You-Save' long term service contract alternative to an up-front capital purchase. ... For our customers, the 'Pay-As-You-Save' option shortens the acquisition process, eliminates initial capital outlay, and generates a positive cash flow, since the monthly fees are substantially less than the monthly savings produced by the system.'" [www.id-systems.com](http://www.id-systems.com), August 14, 2002.

"Pay as you save' plan to spread initial investment costs over a twelve month period. This means that you will actually save money as you pay for the conversion. This is an ideal option for personal or company budgeting." [www.autogasonestop.com](http://www.autogasonestop.com), August 14, 2002.

"PAY AS YOU SAVE' PLAN:  
Utilities and large consumers of power always have the dilemma of financing large purchases in a certain time frame for their expansion projects.  
[www.aelgroup.com](http://www.aelgroup.com), August 14, 2002.

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describes, without conjecture or speculation, a significant feature or function of applicant's services.

Although this is a close case, we resolve that doubt, as we must, in applicant's behalf and conclude that the mark should be published for opposition. *See, In re Rank Organization Ltd.*, 222 USPQ 324, 326 (TTAB 1984) and cases cited therein.

*Decision:* The refusal under Section 2(e)(1) of the Trademark Act is reversed.