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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re Warrantech Corporation

Serial No. 75693540

William F. Lawrence of Frommer Lawrence & Haug LLP for Warrantech Corporation.

Angela M. Micheli, Trademark Examining Attorney, Law Office 108
(David E. Shallant, Managing Attorney).

Before Simms, Seeherman and Holtzman, Administrative Trademark Judges.

Opinion by Holtzman, Administrative Trademark Judge:

Applicant, Warrantech Corporation, filed an application under Section 1(b) of the Trademark Act to register the mark VSC ONLINE on the Principal Register for the following services:¹

Entering, rating and processing warranty contracts via interactive computer network services for use by dealers and agents. (In Class 36).

¹ Serial No. 75693540; filed April 27, 1999.

The Trademark Examining Attorney issued a final refusal to register the mark under Section 2(e)(1) of the Trademark Act, 15 U.S.C. 1052(e)(1), on the ground that VSC ONLINE is merely descriptive of the identified services. In response to the final refusal, applicant disclaimed the word ONLINE and filed an amendment seeking registration on the Supplemental Register, arguing that the mark is neither generic nor descriptive of its services. Applicant's amendment to the Supplemental Register was accompanied by an amendment to allege use asserting dates of first use of the mark on December 18, 1998.

The Examining Attorney refused registration on the Supplemental Register on the ground that VSC ONLINE is generic for applicant's services, and when the refusal was made final, applicant appealed. Briefs have been filed, but an oral hearing was not requested.

Although applicant did not specifically request the amendment to the Supplemental Register in the alternative, applicant did continue to argue that the mark is not descriptive of its services in its response to the refusal on the Supplemental Register and in its appeal brief. Therefore, we will deem the amendment to the Supplemental Register as being in the alternative. See TBMP § 1215 (2nd ed. June 2003) and TMEP § 1212.02(c).

The Examining Attorney argues that VSC is a recognized abbreviation for the generic term "vehicle service contract," another term for "warranty contract," and that the word ONLINE merely identifies the means by which applicant's entering, rating and processing services are rendered. The Examining Attorney concludes that the terms, VSC and ONLINE, both individually and combined, are generic for applicant's services and would be recognized as such by the car dealers and insurance agents to whom the services are directed. In support of her position, the Examining Attorney has submitted an online acronym dictionary entry from *AF Acronym Finder*² defining "VSC" as "Vehicle Service Contract." As further evidence of the recognized meaning of VSC as "vehicle service contract," the Examining Attorney has made of record a number of excerpts of articles from the NEXIS database, examples of which are reproduced below (emphasis added):

HEADLINE: Deduction Timing Recognize Service-Contract Fees and Payments in Year Received BODY: Background: Four motor vehicle dealerships sell **vehicle service contracts (VSCs)** to car purchasers: ... Structure: Initial sales proceeds go to the dealers, who retain a portion. They direct the remaining funds to an escrow account, known as the Primary Loss Reserve fund (PLRF). An administrator makes **VSC** payments from the fund. *Business Tax News Digest* (October 1999).

HEADLINE: Now it's Internet service contracts; automobile dealers' contract with Auto-Mobile Protection Corp. and Interstate National Dealer Services BODY: Both are listed

² www.acronymfinder.com

on the NASDAQ stock exchange and both have in 1998 substantially increased their **vehicle service contract (VSC)** sales in a market projected at close to \$ 7 billion for 1999. A new Internet dealer site, AutoMall Online Inc., based in the Washington D.C. market, has signed APCO to a five-year exclusive agreement for EasyCare **VSCs**, car care products and maintenance reminder software. *Ward's Dealer Business* (July 1, 1999).

BODY: ...extended coverage to pay for any necessary repairs after factory warranties expired. "During the periods relevant to his case, ...petitioner had no present economic right to and no present legal interest in the funds which were required by the provisions of each **VSC (vehicle service contract)** to be held in the escrow account which was established under the provisions of the appropriate administrator agreement," each petition said. *Gannett News Services* (May 23, 1997, final edition).

"We sold up to 71 percent of our new-car and program-car buyers **vehicle service contracts (VSCs)** in November," says Wells, "by emphasizing the no-deductible and free-rental features, as well as the fact that on the nearly-new out-of-rental cars a chunk of basic warranty had been used up. ..." *Auto Age* (March 1992).

Facts. The case involved accrual-method car dealers who sold multiyear **vehicle service contracts (VSCs)** in connection with car sales. Under the **VSC**, the dealers agreed either to repair or replace covered parts themselves, or to reimburse the car buyer for the reasonable cost of repair or replacement. Normally, the buyer would return the vehicle to the dealer for repair, but he could choose to have repairs made elsewhere. Buyers could cancel a **VSC** at any time,... *Weekly Alert* (July 29, 1999).

"... We have been open for less than a month with products approved in only a handful of states and already have a number of large dealers selling our credit insurance and **vehicle service contract** programs," said Gearhart. ... Mike Edwards, a former FMCC executive and 22 years in the CL and **VSC** industries underscored the advantages of entering

the market with state-of-the-art products. ... *Ward's Dealer Business* (May 1998).

The record also includes pages from two third-party websites, www.newcaralternative.com, which advertises a "vehicle service contract referral service," and www.warrantygold.com, described as "online providers of...automobile warranties." The page from each website contains the following statement:

We use the term 'extended warranty' interchangeably with the term 'vehicle service contract', variations thereof, or 'VSC', through[]out the site.

The Examining Attorney has also introduced dictionary definitions of "online," including a listing from *Dictionary.com*³ defining "online" as "Connected to a computer network" and "Accessible via a computer or computer network: *an on-line database.*" (Italics in original).

It is applicant's position, however, that VSC ONLINE is neither generic nor descriptive of its services. Arguing that VSC is always used in close proximity to "vehicle service contract" and never alone in the excerpted articles submitted by the Examining Attorney, applicant contends that if VSC were actually generic, "there would be no need to include the definition of the term" in those articles. (Brief, p.8). Applicant nevertheless admits that VSC "may function as an acronym" for vehicle service contract. However, applicant

³ www.dictionary.com

contends that since there is no evidence of other companies offering warranty services under the name VSC ONLINE, the relevant public would not perceive VSC ONLINE, considered in its entirety, as a generic phrase. Applicant maintains that its mark is only suggestive of entering, rating and processing warranty contracts over the Internet because, according to applicant, imagination and thought are required "in order to draw a conclusion as to the nature of Applicant's warranty services." (Brief, p.5).

The test for determining whether a mark is generic involves a two-step inquiry. The first step is to identify the genus (category or class) of services at issue. The second step is to determine whether the term sought to be registered is understood by the relevant public primarily to refer to that genus (category or class) of services. See *In re American Fertility Society*, 188 F.3d 1341, 51 USPQ2d 1832 (Fed. Cir. 1999) citing *H. Marvin Ginn Corporation v. International Association of Fire Chiefs, Inc.*, 782 F.2d 987, 228 USPQ 528 (Fed. Cir. 1986).

The category or class of services is determined based on the services identified in the application. See, e.g., *Magic Wand, Inc. v. RDB, Inc.*, 940 F.2d 638, 19 USPQ2d 1551 (Fed. Cir. 1991). As set forth in this application, the category of applicant's services is that of entering, rating and processing warranty contracts over a computer network.

We turn then to the question of whether the relevant public, that is, the dealers and agents to whom applicant's services are directed, would understand VSC ONLINE primarily to refer to those services. *Magic Wand, Inc.*, supra; *In re Recorded Books Inc.*, 42 USPQ2d 1275 (TTAB 1997); and *In re Leatherman Tool Group Inc.*, 32 USPQ2d 1443 (TTAB 1994).

The term "warranty contract" is the generic name of the subject matter of applicant's entering, rating and processing services. A "warranty contract," in the context of applicant's services, refers to an extended car warranty that dealers or agents (presumably marketing or insurance agents) in turn sell to the buyer of a car. See, for example, the excerpted references from *Business Tax News Digest* (October 1999); *Gannett News Services* (May 23, 1997, final edition) and *Weekly Alert* (July 29, 1999). It is also apparent from applicant's specimens and other evidence of record that "warranty contract" and "vehicle service contract" are equivalent terms. We note, in particular, applicant's promotional literature which offers applicant's customers "Vehicle Service Contracts And Claims OnLine."

Thus, the term "vehicle service contract" is an equally generic name as "warranty contract" for the subject matter of applicant's entering, rating and processing services. Because it is generic for the subject matter of the services, the term "vehicle service contract" is likewise generic for the services

themselves. See *In re CyberFinancial.Net Inc.*, 65 USPQ2d 1789 (TTAB 2002).

The question then is whether the letter combination "VSC" is itself generic for those services. As a general rule, initials can be considered descriptive or generic if they are so generally understood as representing descriptive or generic words as to be accepted as substantially synonymous therewith. *Modern Optics, Inc. v. Univis Lens Co.*, 234 F.2d 504, 110 USPQ 293, 295 (CCPA 1956).

The evidence in this case shows that VSC stands for "vehicle service contract." The listing from the *Acronym Finder* website defines "VSC" as "Vehicle Service Contract." The pages from the two websites dealing with car warranties indicate that the term "extended warranty" is used interchangeably with either the term "vehicle service contract" or "VSC" on the respective sites. The NEXIS articles, most of which are from business and trade publications, including *Auto Age* and *Ward's Dealer Business*, show clear use of "VSC" as an abbreviation for the phrase "vehicle service contract" and alternative use of the two terms.

Applicant's specimens show VSC ONLINE positioned next to the explanatory wording "Vehicle Service Contracts And Claims Online" reinforcing the generic significance of the initials "VSC." We also note the interchangeable use of the initialism "VSC" and the wording "vehicle service contract" in a number of published court

decisions involving issues relating to vehicle service contracts.⁴

We recognize that in most of the NEXIS articles, the initialism VSC is accompanied by the phrase "vehicle service contract" at least the first time the initialism appears in each article. However, we do not believe this use diminishes the generic nature of the term. We find, instead, that the NEXIS evidence, along with all the other evidence of record, shows that the two designations, "vehicle service contract" and "VSC," are alternative and interchangeable terms that have precisely the same generic meaning. The dealers and agents who would be the primary purchasers of applicant's services would understand that "VSC" stands for "vehicle service contract."

It is also clear from the evidence, including the dictionary meaning of ONLINE and applicant's disclaimer of the word on the Supplemental Register, that the purchasers of applicant's services would not perceive ONLINE as having any source-identifying significance in relation to the services, but would understand it as a generic term for the method by which the services are offered. Therefore, combining this word with VSC does nothing to overcome the generic meaning of VSC alone.

⁴ Johnson v. C.I.R., 184 F.3d 786 (8th Cir. 1999); Nibert v. Al Piemonte Ford Sales, Inc., 689 N.E.2d 1196, 294 Ill.App.3d 423 (Ill.App. 2 Dist. 1998); Harman v. MIA Service Contracts, 858 P.2d 19, 260 Mont. 67 (Mont. 1993); and Clemens v. American Warranty Corp., 238 Cal.Rptr. 339, 193 Cal.App.3d 444 (Cal.App. 2 Dist. 1987).

Based on the evidence in this case, we have no doubt that the relevant public understands that VSC ONLINE is generic for applicant's services.

We turn then to applicant's alternative claim that the mark is not descriptive of its services.

A mark is merely descriptive if it immediately conveys knowledge of the ingredients, qualities, or characteristics of the goods or services with which it is used. See *In re Gyulay*, 820 F.2d 1216, 1217, 3 USPQ2d 1009, 1009 (Fed. Cir. 1987) and *In re Quik-Print Copy Shops, Inc.*, 616 F.2d 523, 525, 205 USPQ 505, 507 (CCPA 1980).

If VSC ONLINE is not generic, then the term is certainly highly descriptive of applicant's services. It is clear from the evidence discussed above that a warranty contract is a vehicle service contract; that a vehicle service contract is also known in the relevant market as a "VSC"; that applicant is providing entering, rating and processing services relating to VSCs; and that those services are provided via a computer network, or "online." Thus, VSC ONLINE is at least merely descriptive of the subject matter of applicant's services and the electronic means by which those services are rendered.

Decision: The refusal to register on the Supplemental Register is affirmed.