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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re Sunshine Distribution Inc.

Serial No. 76070151

Robert C. J. Tuttle of Brooks & Kushman P.C. for Sunshine Distribution, Inc.

Won T. Oh, Trademark Examining Attorney, Law Office 114 (K. Margaret Le, Managing Attorney).

Before Hohein, Chapman and Drost, Administrative Trademark Judges.

Opinion by Drost, Administrative Trademark Judge:

On June 15, 2000, Sunshine Distribution Inc. (applicant) applied to register on the Principal Register the mark RAZORS (in typed form) for goods ultimately identified as “sporting goods, namely, in-line skates” in International Class 28. The application (Serial No. 76070151) alleges a date of first use and a date of first use in commerce of January 3, 1995.

The examining attorney has refused to register applicant’s mark because the examining attorney determined that the mark, when used on or in connection with the goods in the application, so resembles the mark RAZOR and design shown below for “non-motorized scooters, toy scooters, and model scooters” in International Class 28 as to be likely to cause confusion, to cause mistake, or to deceive under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d).[1]

Razor

After the examining attorney[2] made the refusal to register final, this appeal followed.

The examining attorney maintains that “Applicant’s mark is highly similar to the registered mark” and that “applicant’s in-line skates are sufficiently related to the registrant’s scooters” that the public may be confused. Brief at 3. Applicant does not seriously dispute the examining attorney’s determinations on these points. Instead, applicant relies on the fact that it has submitted a consent to register from the registrant. The consent

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[1] Registration No. 2,577,387, issued June 11, 2002. Office records show the owner of the registration to be J.D. Components Co., Ltd.

[2] The current examining attorney was not the original examining attorney in this case.

agreement reads in its entirety: "J.D. Components Co., Ltd., a Taiwanese corporation, and Razor U.S.A., LLC,[3] a Delaware Limited Liability Company, hereby consent to registration of the mark of this application [Serial No. 76070151] on the Principal Register of the United States Patent and Trademark Office for the following identified goods: 'Sporting goods, namely, in-line skates, in International Class 28.'"

The examining attorney was not persuaded by the consent agreement to withdraw the refusal to register. The examining attorney was concerned that the consent agreement was a "naked consent" agreement.

Applicant responded by explaining:

> In the Office Action, the Trademark Examining Attorney has taken the position this consent agreement is insufficient, merely a "naked" consent, which neither details reasons why no likelihood of confusion exists nor arrangements undertaken by the parties to avoid confusing the public. Those substantive matters are addressed thoroughly in the **confidential** Settlement Agreement and Mutual Release. Applicant is constrained, though, by the confidential terms of that document from submitting them into the public record. Counsel for defendants in the civil action, including J.D. Components Co., Ltd., has courteously agreed to confirm the presence of those terms in the confidential settlement agreement, as indicated by the counter-signature below. Also, the United States District Court dismissed the civil action on the basis of the parties' settlement agreement, as shown by the enclosed Stipulated Order of Dismissal.

[3] Razor U.S.A., LLC was another party to the litigation with applicant.

Response dated October 28, 2002, p. 2 (emphasis in original).

The response was, in fact, countersigned by counsel for J.D. Components, Co., Ltd., under a line labeled "CONCUR."

The examining attorney held that the "mere existence of a consent agreement, even one that is not 'naked' does not automatically override the likelihood of confusion refusal. Applicant has not submitted any substantive reasons for the examining attorney to believe the purchasing public will not be confused as to the source of its skates or the registrant's scooters." Brief at 4.

Determining whether there is a likelihood of confusion requires application of the factors set out in In re Majestic Distilling Co., 315 F.3d 1311, 65 USPQ2d 1201, 1203 (Fed. Cir. 2003). See also In re E. I. du Pont de Nemours & Co., 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973); and Recot, Inc. v. Becton, 214 F.3d 1322, 54 USPQ2d 1894, 1896 (Fed. Cir. 2000). There seems to be little dispute that, regarding what are normally the two often determinative factors (the similarity of the marks and the similarity of the goods), the marks are similar and the goods are related. Indeed, applicant's mark RAZORS and registrant's mark RAZOR and oval design, are very similar.

Applicant also does not seriously dispute that the goods, scooters and in-line skates, are at a minimum related. However, this case has an additional factor on which the examining attorney and applicant do disagree. That factor is whether applicant's submission of a consent agreement indicates that there is no likelihood of confusion here. While we agree that the goods are related and the marks are very similar, whether "purchasers will be confused by this commonality is not a necessary conclusion." In re Four Seasons Hotels Ltd., 987 F.2d 1565, 26 USPQ2d 1071, 1072 (Fed. Cir. 1993).

When it comes to the weight to be given to a consent agreement in trademark registration cases, we do not write on a clean slate.[4] The Court of Appeals for the Federal Circuit and its predecessor, the Court of Customs and Patent Appeals, have provided significant guidance on how much weight should be given to a consent agreement. Thirty years ago, the CCPA addressed the issue of consent agreements and held that:

> The history of trademark litigation and the substantial body of law to which it relates demonstrate the businessman's alertness in seeking to enjoin confusion. In so doing, he guards both his pocketbook and the public interest.

[4] See the discussion in Four Seasons Hotels, 26 USPQ2d at 1072, for a brief history of the case law on consent agreements at the Federal Circuit and CCPA.

> Thus when those most familiar with use in the marketplace and most interested in precluding confusion enter agreements designed to avoid it, the scales of evidence are clearly tilted. It is at least difficult to maintain a subjective view that confusion will occur when those directly concerned say it won't. A mere *assumption* that confusion is likely will rarely prevail against uncontroverted evidence from those on the firing line that it is not.

du Pont, 177 USPQ at 568 (emphasis in original).

Later, the Federal Circuit in another consent agreement case involving the marks NARKOMED for anesthesia machines, on the one hand, and NARCO MEDICAL SERVICES for leasing of hospital and surgical equipment and NARCO and design for an apparatus for administration of anesthesia, on the other, reversed the Board's holding that there was a likelihood of confusion. "While we are uninformed as to all the details of the disputes and negotiations, these competitors clearly thought out their commercial interests with care. We think it is highly unlikely that they would have deliberately created a situation in which the sources of their respective products would be confused by their customers." In re N.A.D. Inc., 754 F.2d 996, 224 USPQ 969, 970 (Fed. Cir. 1985). See also Bongrain International (American) Corp. v. Delice De France Inc., 811 F.2d 1479, 1 USPQ2d 1775, 1778 (Fed. Cir. 1987) ("We have often said in trademark cases involving agreements reflecting parties' views on the likelihood of confusion in the marketplace, that they are in a much better position to know the real life situation than bureaucrats or judges and therefore such agreements may, depending on the circumstances, carry great weight … Here, the board appears effectively to have ignored the views and conduct of the parties").

The examining attorney relies on In re Mastic Inc., 829 F.2d 1114, 4 USPQ2d 1292 (Fed. Cir. 1987). In that case, the Court affirmed the Board's holding that there was a likelihood of confusion despite applicant's submission of a consent agreement. However, in that case, applicant had apparently not used the mark in the United States, the agreement was inconsistent, and there was no evidence of how the parties would avoid confusion. Unlike Mastic, the parties here are using the marks and have litigated their rights in the United States. The parties maintain that there are provisions in the agreement between them to avoid confusion, so the only question is whether this is enough to show that there is no likelihood of confusion.

In the instant case, we note that the marks are slightly different and the goods, while related, are far from identical. The parties have litigated their rights and have settled their disagreements. Applicant asserts that the reasons why there is no likelihood of confusion and the arrangements undertaken by the parties to avoid confusing the public "are thoroughly addressed in the confidential Settlement Agreement and Mutual Release." Response dated October 28, 2002, page 2 (emphasis omitted). In addition, counsel for applicant has obtained the concurrence of registrant's counsel to its statement confirming "the presence of those terms in the confidential settlement agreement." Id.

We also note that the *Trademark Manual of Examining Procedure* instructs an examining attorney "not [to] interpose his or her own judgment concerning likelihood of confusion when an applicant and registrant have entered into a *credible* consent agreement and, *on balance*, the other factors do not dictate a finding of likelihood of confusion." § 1207.01(d)(viii) (3rd ed. 2003) (underlining added). In addition, as the binding precedent of the Federal Circuit makes clear, we are to give great deference to the decisions of businesses that are on the "firing line." We must assume that the decisions of these businesses are reliable and that the parties have no interest in causing confusion. Certainly, viewed in this light, there is nothing that is not "credible" about the settlement agreement. Indeed, it is in line with the agreements in other cases in which our reviewing courts were persuaded that there was no likelihood of confusion. Furthermore, when we view the consent agreement on balance with the other factors, we cannot say that these other factors dictate that there is a likelihood of confusion. Therefore, applying the binding precedent to the facts of this case, we conclude that there is no likelihood of confusion.

As a final point, we address the examining attorney’s legitimate concern about the confidentiality of the terms of the settlement agreement and the alleged “nakedness” of the consent agreement. We agree that this is not the ideal way to prosecute a case. It has been traditional to present at least some minimal details of a consent agreement to the Office. A party who does not turn over material information to an examining attorney does so at its peril. However, in this case, despite the lack of specifics in the confidential settlement itself, we still are left with the facts that there is a consent agreement, the parties were in litigation, the parties settled their litigation, the settlement agreement is confidential, the agreement would appear to be credible, and the counsel for the parties have represented that there are provisions in the settlement agreement to avoid confusion. While we do not have the details, we have been assured by counsel for the parties that such agreement is not a “naked” consent. We must give great weight to consent and settlement agreements and we must assume that the decisions of these businesses are normally reliable. On balance, we hold that in this case that is enough to convince us that there is no likelihood of confusion.

Decision: The refusal to register is reversed.