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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re Lehman Brothers Inc.

Serial No. 78201506

James Zalewa and Seth A. Rose of Leydig, Voit & Mayer, Ltd. for
Lehman Brothers Inc.

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(Craig D. Taylor, Managing Attorney).

Before Holtzman, Zervas and Kuhlke, Administrative Trademark
Judges.

Opinion by Holtzman, Administrative Trademark Judge:

An application has been filed by Lehman Brothers Inc. to
register the mark SPIES (in standard character form) for services
ultimately identified as "investment services, namely, providing
an equity based investment security that sets floor prices and
appreciation caps on the underlying equity" in Class 36.¹

¹ Application Serial No. 78201506, filed June 10, 2005, alleging a date
of first use and first use in commerce on July 1, 1999.

The trademark examining attorney has refused registration under Sections 1, 3 and 45 of the Trademark Act on the ground that applicant is not rendering a service under the SPIES designation.² In addition, the examining attorney has refused registration under Section 1(a)(2) of the Trademark Act on the ground that the recitation of services is unacceptable because it "fails to specify a service provided to others."³

When the refusals were made final, applicant appealed. Briefs have been filed. An oral hearing was not requested.

Applicant is an investment brokerage/advisory firm that is offering an investment security under the designation SPIES. The specimen of record is a brochure describing the security as follows (underlining in original):

² The examining attorney had also refused registration under Section 2(d) of the Trademark Act. That refusal was subsequently withdrawn.

³ Applicant originally identified its services as "financial services, namely, entering into financial instruments." The examining attorney found the recitation unacceptable as indefinite and suggested the following amendment: "financial services, namely, providing investment contracts which set floor prices and appreciation caps for over-the-counter stocks." Applicant, in response, amended the recitation to "financial services, namely, providing an investment vehicle, which sets floor prices and appreciation caps for equities." The examining attorney rejected the proposed recitation as indefinite stating that "the precise nature of the investment vehicle cannot be determined." (Office action March 9, 2004.) When applicant subsequently amended the recitation to its present form, the examining attorney withdrew the refusal on the ground of indefiniteness, but continued the refusal on the basis that the amended recitation failed to state a service. (Office action July 7, 2005.)

SPIES

Structured Premium Income Exchangeable Securities

A SPIES is a pre-paid variable forward sale contract allowing an investor to maximize liquidity, protect against a downside move in the stock and participate in any price appreciation to an upper cap.

The brochure goes on to describe the structure and advantages of the security and the alternatives to settle the transaction at maturity.

The examining attorney argues that although applicant "appears to engage in, generally, stock and securities brokerage services," applicant in this case "engages in agreements between itself and others, in which investors purchase applicant's securities under certain conditions that may either benefit applicant or the investors." Noting that the specimen shows that SPIES is an acronym for "Structured Premium Income Exchangeable Securities," and referring to the description of the investment in the brochure, the examining attorney contends that the SPIES designation does not identify a service but instead identifies goods in the nature of a specific sales contract.⁴ The examining attorney argues, in addition, that "along with the sale of the

⁴ Although the examining attorney refers to the "contract" without qualification as "goods" throughout his brief, in Office actions issued during prosecution of the application, the examining attorney properly noted that the "contract" is an intangible good, and is not a good in trade. See, e.g., Office action dated March 9, 2004. Thus, we do not understand the examining attorney's position to be that the mark would be registrable for goods.

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contract, applicant receives from and gives to potential purchasers routine and ordinary information which activities "appear to be part and parcel of the sale of the securities contract." The examining attorney maintains that applicant "does not offer for sale the securities of other securities issuers under the SPIES designation" and in support thereof points to the language in applicant's specimen which states:

Lehman Brothers Inc. and/or its affiliated companies may make a market or deal as principal in the securities mentioned in this document or in options, futures, or other derivatives based thereon.

The examining attorney concludes that "applicant sells for its own benefit a structured premium income exchangeable security, identified as SPIES, which is a purchase and repurchase agreement that does not constitute a service provided to others."

Furthermore, according to the examining attorney, applicant's recitation identifies goods rather than services, i.e., an investment security that applicant provides for sale, and therefore the recitation does not indicate that applicant provides services to others.

Applicant argues that its SPIES designation identifies a service provided to its clients. As explained by applicant, its SPIES investment services

...enable investors - Applicant's clients, not Applicant itself - to discuss with Applicant appropriate floor prices and appreciation caps

(i.e., floor and ceiling levels) for whatever type of equity in which the client would like to invest. In other words, Applicant's clients contact Applicant to engage in Applicant's SPIES services, and Applicant provides guidance and advice to the client on how to structure the client's investment. The fact that the SPIES services result in a contract does not take away the fact that a service - provided by Applicant for the benefit of Applicant's clients - creates the resulting contract.

Applicant maintains that it "does not derive any benefits other than the traditional, incidental benefits associated with providing investment advice such as any fees associated with providing such advice or executing resulting transactions" and that "applicant's SPIES investment services are made for the ultimate benefit of Applicant's client." Applicant states that the investment security provided "is not applicant's company stock, shares, or derivatives of Applicant's company stock." Further, according to applicant, its SPIES services and related transactions "are always done regarding securities of other securities issuers and third parties" and that applicant "is not related in any way to any investment security provided under its SPIES services." Applicant adds that it "cannot execute a transaction on its own securities (e.g., its own stock) for a variety of legal, regulatory and reputational reasons."

In order to constitute a service, an activity must be performed to the order of or for the benefit of others than the applicant. See *In re Canadian Pacific Ltd.*, 754 F.2d 992, 224

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USPQ 971 (Fed. Cir. 1985); and TMEP §1301.01(a)(ii). "Since it is a segment of the public which 'purchases' and 'benefits' from a service provided by the owner of the mark, it is from the viewpoint of a 'public' from which the determination is made." *Canadian Pacific*, supra at 973.

We turn first to the refusal to register on the ground that the recitation fails to state a service for the benefit of others. As stated in TMEP §1402.04 (emphasis added):

The Acceptable Identification of Goods and Services Manual contains identifications of goods and services and their classifications **that are acceptable in the Office without further inquiry by an examining attorney** (provided such identification and classification is supported by the specimens of record).

...

Using identification language from the Manual enables trademark owners to avoid objections by examining attorneys concerning indefinite identifications of goods or services...

In addition, the "Notices" section of the *Acceptable Identification of Goods and Services Manual* (ID Manual) states:

The ID Manual is a listing of phraseology that can be accepted in an application without further question.

The ID Manual lists the following as an acceptable identification of services in Class 36: "Financial services in the nature of an investment security." Applicant has identified its services as "Investment services, namely, providing an equity based investment security..." We see no qualitative difference

between the "acceptable" recitation set forth in the ID Manual and applicant's identification of its services.

Accordingly, applicant's recitation, without question, states a registrable service. That is, the recitation clearly identifies an activity which benefits others within the meaning of the statute. See, e.g., *In re Venture Lending Associates*, 226 USPQ 285, 286 (TTAB 1985) (while the examining attorney took the position that applicant provides its services identified as "investment of funds of institutional investors and providing capital for management these services," in effect, for itself, the Board found that the services, *as identified*, clearly constituted an activity which benefits others within the meaning of the statute).

Furthermore, the identified services are precisely the services applicant is rendering under its SPIES mark. As provided in TMEP §1402.04, "even if the identification is definite, examining attorneys may inquire as to whether the identification chosen accurately describes the applicant's goods or services." The examining attorney has not questioned the accuracy of the identification. Indeed, the examining attorney affirmatively states that that the recitation "accurately describes applicant's activities." (Office action, July 7, 2005.)

Thus, not only does the recitation state a service, but in addition, as the examining admits and the specimen of record shows, the recitation accurately describes applicant's services. Applicant's brochure shows that applicant uses the SPIES designation in connection with the services identified in the application, i.e., "investment services, namely, providing an equity based investment security." This is not a situation where applicant is selling stock in its own company making the shareholders owners of the company and thereby essentially making itself, rather than the public, the primary beneficiary of the service. See *In re Canadian Pacific Ltd.*, supra. Applicant specifically states that the "investment security provided is not Applicant's company stock, shares, or derivatives of Applicant's company stock." Nor, contrary to the examining attorney's contention, is applicant selling its own securities of any kind under the SPIES mark. Applicant has made it clear that its SPIES securities are issued by third parties and that it has no relation to the issuers.

Applicant is in the business of investing the funds of others in various investment products. The particular investment product, in this case the security contract offered by applicant, provides the means through which the investment activity is conducted. The fact that applicant may derive some benefit from this activity "is not fatal on the question of whether a service

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is performed." In re Venture Lending Associates, supra at 286. Further, while applicant may also "make market and deal as principal in the securities," presumably for applicant's own accounts, such transactions would be separate and distinct from the investment transactions with respect to the security which applicant performs on behalf of its customers, and do not alter the fact that applicant is providing a service to those customers.

In view of the foregoing, we find that applicant's recitation identifies a registrable service and that applicant's investment activities conducted under the SPIES mark constitute a registrable service.

Decision: The refusals to register under Section 1(a)(3) and Sections 1, 3 and 45 of the Trademark Act are reversed.