

From: Keam, Alex
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Subject: TRADEMARK APPLICATION NO. 76396701 - PAPER SHAPERS - 690-8

UNITED STATES PATENT AND TRADEMARK OFFICE

SERIAL NO: 76/396701

APPLICANT: Armada Art, Inc.

***7639670**
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CORRESPONDENT ADDRESS:
DANIEL A. SCOLA, JR.
HOFFMANN & BARON, LLP
6900 JERICHO TURNPIKE
SYOSSET, NEW YORK 11791

**BEFORE THE
TRADEMARK TRIAL
AND APPEAL BOARD
ON APPEAL**

MARK: PAPER SHAPERS

CORRESPONDENT'S REFERENCE/DOCKET NO: 690-8

CORRESPONDENT EMAIL ADDRESS:

Please provide in all correspondence:

1. Filing date, serial number, mark and applicant's name.
2. Date of this Office Action.
3. Examining Attorney's name and Law Office number.
4. Your telephone number and e-mail address.

EXAMINING ATTORNEY'S APPEAL BRIEF

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant:	Armada Art, Inc.	:	BEFORE THE
Trademark:	PAPER SHAPERS	:	TRADEMARK TRIAL
Serial No:	76/396701	:	AND
Attorney:	Ludomir Budzyn	:	APPEAL BOARD
Address:	Hoffman & Baron, LLP 6900 Jericho Turnpike Syosset, New York 11791	:	ON APPEAL

EXAMINING ATTORNEY'S APPEAL BRIEF

The applicant has appealed a likelihood of confusion finding under Trademark Act Section 2(d) between its mark PAPER SHAPERS for scissors and the registrant's mark PAPER SHAPERS for "paper hole-punch devices which make fanciful shapes."

STATEMENT OF FACTS

The applicant applied to register its mark PAPER SHAPERS for scissors on April 16, 2002. By Office Action of July 26, 2005, the examining attorney refused registration pursuant to Trademark Act Section 2(d), 15 U.S.C. Section 1052(d), because of the likelihood of confusion between the applicant's mark and the mark PAPER SHAPERS in Registration No. 2,397,552 for paper hole-punch devices which make fanciful shapes.

The applicant responded to the initial Office Action on January 10, 2003, arguing that the refusal should be withdrawn because the applicant has a license agreement with the owner of the registered mark. On February 1, 2005, the refusal was made final.¹ On May 6, 2005, the applicant filed a Request for Reconsideration, which was denied on June 7, 2005. The applicant filed this appeal on July 29, 2005.

¹ The original Office Action of July 26, 2002, also cited a prior pending application Serial No. 76/099827 for the mark PAPER SHAPERS for scissors. Therefore, the present case was suspended on February 28, 2003, pending the resolution of the prior pending application. The potential refusal was later withdrawn because the application was abandoned. In a supplemental action of June 10, 2004, the applicant was required to disclaim PAPER in the application, to which the applicant agreed on December 13, 2004.

ISSUE

Whether the examining attorney properly refused registration of applicant's mark PAPER SHAPERS for scissors, on the grounds that as applied to the goods is so similar to the registrant's mark PAPER SHAPERS for paper hole-punch devices which make fanciful shapes as to be likely to cause purchaser confusion or mistake or to deceive purchasers.

ARGUMENTS

Section 2(d) of the Trademark Act bars registration where a mark so resembles a registered mark, that it is likely, when applied to the goods/services, to cause confusion, or to cause mistake or to deceive. TMEP §1207.01. The Court in *In re E. I. DuPont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (C.C.P.A. 1973), listed the principal factors to consider in determining whether there is a likelihood of confusion. Among these factors are the similarity of the marks as to appearance, sound, meaning and commercial impression and the similarity of the goods/services. The overriding concern is to prevent buyer confusion as to the source of the goods/services. *Miss Universe, Inc. v. Miss Teen U.S.A., Inc.*, 209 USPQ 698 (N.D. Ga. 1980). Therefore, any doubt as to the existence of a likelihood of confusion must be resolved in favor of the registrant. *Lone Star Mfg. Co. v. Bill Beasley, Inc.*, 498 F.2d 906, 182 USPQ 368 (C.C.P.A. 1974).

The examining attorney must analyze each case in two steps to determine whether there is a likelihood of confusion. First, the examining attorney must look at the marks themselves for similarities in appearance, sound, connotation and commercial impression. *In re E. I. DuPont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (C.C.P.A. 1973). Second, the examining attorney

must compare the goods or services to determine if they are related or if the activities surrounding their marketing are such that confusion as to origin is likely. *In re August Storck KG*, 218 USPQ 823 (TTAB 1983); *In re International Telephone and Telegraph Corp.*, 197 USPQ 910 (TTAB 1978); *Guardian Products Co., v. Scott Paper Co.*, 200 USPQ 738 (TTAB 1978). TMEP §§1207.01 *et seq.*

The parties' marks are identical. If the marks of the respective parties are identical, the relationship between the goods or services of the respective parties need not be as close to support a finding of likelihood of confusion as might apply where differences exist between the marks. *Amcors, Inc. v. Amcor Industries, Inc.*, 210 USPQ 70 (TTAB 1981); TMEP §1207.01(a).

In addition, the goods are highly related. Scissors and paper hole-punch devices which make fanciful shapes often emanate from common sources and travel in the same trade channels. Please refer to the previously attached copies of printouts from the USPTO X-Search database, which show third-party registrations of marks used in connection with the same or similar goods as those of applicant and registrant in this case. These printouts have probative value to the extent that they serve to suggest that the goods listed therein are of a kind that may emanate from a single source. *In re Infinity Broadcasting Corp. of Dallas*, 60 USPQ2d 1214, 1218 (TTAB 2001), citing *In re Albert Trostel & Sons Co.*, 29 USPQ2d 1783, 1785-86 (TTAB 1993); and *In re Mucky Duck Mustard Co., Inc.*, 6 USPQ2d 1467, 1470 at n.6 (TTAB 1988).

The applicant concedes that the marks are identical and that the goods are related. Applicant's entire argument that the refusal should be withdrawn is based on a license agreement it has with

E.K. Success, Ltd. (hereinafter referred to as “Registrant”) which, it believes, obviates any likelihood of confusion.

A. OWNERSHIP OF THE TRADEMARK

According to the applicant, the Registrant is the applicant’s licensee and its use of the trademark is governed by the terms of the license agreement signed on September 22, 2002. Applicant contends that because the license agreement sets forth the parameters under which the Registrant may use its mark, the actual ownership of the mark by the applicant is not in dispute.

It appears applicant has submitted the license agreement to contest the registrant’s ownership of the mark. Section 7(b) of the Trademark Act, 15 U.S.C. §1057(b), provides that a certificate of registration on the Principal Register is *prima facie* evidence of the validity of the registration, of the registrant’s ownership of the mark and of the registrant’s exclusive right to use the mark in commerce in connection with the goods or services specified in the certificate. During *ex parte* prosecution, the trademark examining attorney has no authority to review or decide on matters that constitute a collateral attack on the cited registration. TMEP §1207.01(d)(iv). The examining attorney’s previous statements that the Registrant does not have ownership rights to the mark were made in *arguendo*. In other words, if Registrant did not own the mark, applicant should have required applicant to assign the mark to itself. The mere submission of a license agreement does not subvert the Registrant’s ownership of the mark. In fact, the Registrant’s mark was registered on October 24, 2000, whereas the license agreement was issued almost two years later on September 27, 2002.

If the Registrant had no ownership rights to the mark, applicant should have required the Registrant to assign the mark to the applicant when they entered into the license agreement to establish proper ownership of the mark. *See* TMEP § 1201.03(f). The fact that the license agreement between the applicant and the Registrant allowed the Registrant, as the licensee, to maintain a registration does not diminish this fact.² The ownership of a trademark is vested to the licensor, in this case, the applicant, who may apply to register a mark based on use solely by a licensee pursuant to a license agreement. *Id.* Therefore, the Registrant did not have ownership rights in the PAPER SHAPERS trademark and should not have maintained ownership of the registration. Nonetheless, the Registrant owns a valid registration for the mark PAPER SHAPERS for paper hole punch devices which make fanciful shapes. The ownership of the federal registration is *prima facie* evidence that the Registrant is the owner of the mark. Therefore, contrary to applicant's assertions, the record clearly establishes that applicant's and Registrant's use of the mark PAPER SHAPERS is from different entities, not a single source. The License Agreement merely affirms that different entities are using the mark.

² The applicant states that the Registrant was entitled to apply for Registration No. 2,397,552 based on TMEP § 1201.06(a)(2)(a). The section states in part:

"If the applicant merely distributes or imports goods for the owner of the mark, registration must be refused under §1 of the Trademark Act, *except* in the following situations:

(2) If an applicant is the United States importer or distribution agent for a foreign manufacturer, then the applicant can register the foreign manufacturer's mark in the United States, if the applicant submits one of the following:

(a) written consent from the owner of the mark to registration in the applicant's name,"

This provision is not applicable because the applicant and the Registrant are both U.S. companies. The applicant is a corporation of New Jersey and the Registrant is a corporation of New York. Therefore, the Registrant (as applicant in Registration No. 2,397,552) was not an importer or distributor for a foreign manufacturer. In addition, the Registrant does not appear to be merely an importer or a distributor. The License Agreement states that the Registrant was in control of the trademark "in conjunction with the manufacture, use or sale" of the goods. (Agreement, pg. 3).

Thus, the Registrant should not have asserted ownership rights in the trademark when it applied to register the PAPER SHAPERS mark for paper hole punch devices which make fanciful shapes.

B. THE LICENSE AGREEMENT DOES NOT ESTABLISH UNITY OF CONTROL NOR DOES IT OPERATE AS A CONSENT AGREEMENT

The issue now becomes whether an existence of a license agreement demonstrates unity of control between the parties, thereby obviating a likelihood of confusion. It does not. A likelihood of confusion may be overcome in some limited circumstances by an applicant's assertion that the specific relationship between the applicant and the owner of a cited registration is such that the two entities constitute a "single source." TMEP §§ 1201.07(a) and (b). The particular relationship, in this case of a licensor—licensee, however, does not constitute a single source nor demonstrates a unity of control and therefore, does not obviate a likelihood of confusion refusal.

TMEP § 1201.07(b)(iv) specifically discusses the lack of unity of control in a licensor/licensee relationship:

[S]ome relationships, by their very nature, contradict any claim that unity of control is present. For instance, if the relationship between the parties is that of licensor and licensee, unity of control will ordinarily not be present. The licensing relationship suggests ownership in one party and control by that one party over only the use of a specific mark or marks, but not over the operations or activities of the licensee generally. Thus, there is no unity of control and no basis for concluding that the two parties form a single source. Precisely because unity of control is absent, a licensing agreement is necessary. The licensing agreement enables the licensor/owner to control specific activities to protect its interests as the sole source or sponsor of the goods or services provided under the mark. Therefore, in these situations, it is most unlikely that an applicant could establish unity of control to overcome a §2(d) refusal.

TMEP § 1201.07(b)(iv). The license agreement demonstrates absence of unity of control between the applicant and the registrant. The applicant controls the Registrant only in the use of the mark for paper hole-punches which make fanciful shapes, but not over the operations or activities of the licensee generally.

The license agreement is fraught with references to the specific control over the activities related only to the licensed goods. The following excerpts show that the applicant controls the Registrant as the licensee only with respect to paper hole-punch devices:

The term "Licensed Articles" shall mean paper hole punch devices which mark fanciful shapes offered for sale or advertised within the Licensed Territory by [Registrant] and upon which or in connection with which the Licensed Trademark is used. (Agreement, pg. 2).

[Registrant] represents and warrants that it will use the Licensed Trademark only on Licensed Articles in the Licensed Territory and only in accordance with the terms and conditions of this Agreement. (Agreement, pg. 2).

[Registrant] represents and warrants that the Licensed Articles shall be of high standards, style, appearance, and quality. (Agreement, pg. 3.).

[Applicant] hereby grants to [Registrant] the exclusive right and license in the Licensed Territory to utilize the Licensed Trademark in conjunction with the manufacture, use or sale of the licensed Articles and the right to maintain [Registrant's] Federal Trademark Registration No. 2, 397.552. (Agreement, pg. 3).

[Registrant] acknowledges that [Applicant] has common law rights in the mark PAPER SHAPERS for scissors and [Registrant] agrees that it will use the Licensed Trademark only so long as is authorized by this Agreement. (Agreement, pg. 3).

[The Agreement] is particular only for Licensed Articles and shall not impair [Applicant's] right to use and to license usage of the Licensed Trademark for goods other than Licensed Articles. (Agreement, pg. 3-4).

Every six (6) months, [Registrant] shall submit to [Applicant], upon written request, two (2) samples of each of the Licensed Articles which are currently being marketed under the Licensed Trademark for quality examinations. Further, upon reasonable notice, . . . [Registrant shall make goods] available to [Applicant] for random quality control sampling. (Agreement, pg. 6-7).

No license is granted hereunder for the use of the Licensed Trademark for any purpose other than upon or in connection with the Licensed Articles. The license granted . . . is limited to the manufacture, import, sale, offering for sale and distribution of Licensed Articles (Agreement, pg. 12).

The License Agreement makes clear that the applicant controls the Registrant's activities only with respect to the use of the mark on paper hole punch devices. The applicant does not control or govern any of the Registrant's other activities or operations. The License Agreement is deemed necessary precisely because unity of control is absent. The Agreement enables the applicant as the licensor/owner to control specific activities to protect its interests as the sole source or sponsor of the goods provided under the mark. TMEP § 1201.07(b)(iv).

The License Agreement counters the assertion of unity of control, and thus, does not obviate the likelihood of confusion refusal. The applicant and the Registrant do not constitute a single source for the goods because the applicant does not control the Registrant other than the activities in connection only with the use of the mark on the paper hole punches.

Furthermore, the License Agreement does not constitute a consent agreement. License agreements and consent agreements are two entirely different types of agreements. A License Agreement is merely that—a licensing agreement that sets forth the conditions governing another entity's use of a mark. On the other hand, the purpose of a consent agreement is to provide the reasons that despite the use of similar marks on related goods, there will be no likelihood of confusion. The consent agreement must set forth relevant facts that notwithstanding the use of similar marks on related goods, consumers will know that the respective goods originate from different sources.

The applicant has submitted a License Agreement that only regulates another's use of the mark. The License Agreement cannot be construed as a consent agreement because it does not contain any statements that there is no likelihood of confusion, nor is there any analysis as to the goods and their application, the intended purchasers and users of the goods, and the trade channels through which the goods travel. *In re Mastic Inc.*, 4 USPQ2d 1292 (Fed. Cir. 1987). A consent agreement must provide the reasons why the two marks may co-exist in the marketplace without causing any confusion among purchasers. Applicant's License Agreement is devoid of any such facts to suggest that consumers will not be confused as to the source of the respective goods. If anything, the license agreement implicitly affirms that confusion is likely but that the parties have negotiated terms for the licensee's use of the mark. The License Agreement does not obviate a likelihood of confusion refusal because it does not demonstrate unity of control nor does it operate as a consent agreement.

CONCLUSION

The applicant's mark PAPER SHAPERS for scissors is confusingly similar to the registrant's mark PAPER SHAPERS for paper hole punch devices which make fanciful shapes. The License Agreement between the applicant the Registrant does not obviate the likelihood of confusion refusal. The License Agreement does not relinquish the Registrant's ownership of the mark nor does it demonstrate a unity of control between the applicant and the Registrant. The License Agreement will not obviate any potential confusion consumers may have as to the source of the respective goods. For the foregoing reasons, the examining attorney respectfully requests that the Board affirm the refusal to register the applicant's mark under Trademark Act Section 2(d).

Respectfully submitted,

/Alex Seong Keam/
Attorney
Law Office 114
Phone: (571) 272-9176
Fax for Responses: (571) 273-9114

K. MARGARET LE
Managing Attorney
Law Office - 114