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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	78509295
Applicant	XE Capital Management, LLC
Applied for Mark	XE SELECT
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Date	08/25/2006

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In re Application of: :
XE Capital Management, LLC :
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Serial No. 78/509,295 :
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Filed: November 1, 2004 :
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Mark: XE SELECT :

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NATURE OF THE CASE

Applicant XE Capital Management, LLC ("XE Capital") appeals the Examining Attorney's refusal to allow registration of the mark XE SELECT under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d), on the ground that the mark is likely to be confused with an existing registration for the mark XE registered by XE Corporation (Reg. No. 2,612,105) (the "Cited Mark"). XE Capital's mark for its sophisticated hedge fund and fund of fund investment services has coexisted and can continue to coexist with XE Corporation's mark for currency exchange services because each parties' relevant consumers will not be confused into thinking that these disparate financial services come from the same source. Accordingly, XE Capital respectfully disagrees with the Examining Attorney's refusal and requests that the XE SELECT mark be approved for publication.

STATEMENT OF RELEVANT FACTS

I. XE Capital and the XE SELECT Mark

Founded in 2003, XE Capital is an independent investment management firm that, together with its affiliates, manages over $600 million in assets. *See* Declaration of Terence S. Leighton, dated November 17, 2005 ("Leighton Decl.") ¶ 5. The firm, a subsidiary of which is registered as an investment advisor with the Securities and Exchange Commission, provides specialized financial products and services to its clientele of institutions and high-net worth individuals. *Id.* ¶ 6. XE Capital requires its U.S. investment management clients to be "qualified purchasers" under the Investment

Company Act of 1940 (that is, generally, individuals or entities with respective investment portfolios of at least $5 million or $25 million). *Id.* ¶ 8. For this clientele, XE Capital provides the following services in connection with its XE SELECT mark: financial services for sophisticated investors, namely, offering hedge fund and fund of funds investment products. *Id.* ¶ 7; *see also* Exhibit 1 to the Office Action Response dated November 18, 2005. Because of the nature of the sophisticated clientele to whom XE Capital targets its services, the firm does virtually no general consumer advertising, instead relying almost exclusively on word-of-mouth to attract clients. Leighton Decl. ¶ 9.

II. <u>XE Corporation and the Cited Mark</u>

The Cited Mark is registered to XE Corporation, a Canadian-based company, for "currency exchange services through a global communications network." Declaration of S. Zev Parnass, dated November 17, 2005 ("Parnass Decl.") ¶ 2 and Ex. A. XE Corporation is the holding company of XE.com, Inc., which, according to the xe.com website, provides several free Internet-based tools, including the Universal Currency Converter. *Id.* ¶¶ 3-4 and Exs. B-C. These tools allow individuals to look up exchange rates for currencies around the world. *Id.* ¶ 4 and Ex. C. Since its launch in 1995, the Universal Currency Converter has, according to xe.com, become the "world's most popular Internet currency tool." *Id.*

In 2002, XE Corporation launched XEtrade, a "discount on-line foreign exchange payment system." *Id.* ¶ 5 and Ex. D. This free tool enables individuals to transfer funds

in one currency to XEtrade, which then converts the funds and transfers them to a specified individual, such as a family member, in the chosen currency. *Id.* ¶ 6 and Ex. E. The xe.com site specifically states that XEtrade is not intended to be a "Currency Speculation System," "XEtrade always involves a payment from a source to a destination" and it does not "facilitate instantaneous intra-day or margin trades." *Id.* ¶ 7 and Ex. F.

ARGUMENT

The Examining Attorney issued a final refusal to register the XE SELECT mark on the grounds that there is a likelihood of confusion with the Cited Mark. *In re E.I. Dupont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973), sets forth thirteen factors which, "when of record, must be considered" in testing for likelihood of confusion. *See also* Trademark Manual of Examining Procedure ("TMEP") § 1207.01. Application of the *Dupont* factors plainly demonstrates that concurrent use of the Cited Mark and the XE SELECT mark is unlikely to cause confusion among consumers.

First, the nature of the respective services with which the marks are associated are dissimilar, even though both can loosely be categorized as "financial services." The Trademark Trial and Appeal Board (the "Board") has recognized that the types of sophisticated financial investment services offered by XE Capital are sufficiently "removed" from the more general consumer information services offered in conjunction with the Cited Mark. *See American Stock Exchange v. American Express Co.*, 207 U.S.P.Q. 356, 364-65 (T.T.A.B. 1980).

Second, consumers of XE Capital's services offered under the XE SELECT mark are highly sophisticated organizations and individuals seeking complex investment vehicles for investments averaging several million dollars each. Leighton Decl. ¶ 8. This type of investment decision requires significant deliberation, a review of substantial documentation, and personal contact with XE Capital's personnel or agents. *Id.* ¶¶ 10-11. The decision to purchase XE Capital's XE SELECT services cannot be made on impulse. *Id.* ¶ 10.

Third, there is no overlap in the channels of trade for the respective services bearing these marks: Not only are the markets for these two products drastically different, the Cited Mark is used solely for Internet services, whereas XE Capital does not provide any services via the Internet. *Id.* ¶ 15. In addition, there are other factors present in this case that weigh against a finding of a likelihood of confusion: There is no indication that XE Corporation plans to bridge the gap and transition from the online currency exchange field to begin offering the services currently provided by XE Capital; and there are multiple existing "XE" marks, across a variety of fields, that co-exist with the Cited Mark.

I. XE Capital's Investment Management Services are Distinctly Different from Internet Currency Exchange Services

The services XE Capital offers in connection with the XE SELECT mark are distinct from, and not related to, those offered in connection with the Cited Mark. XE Capital seeks registration of its XE SELECT mark in connection with:

> Financial services for sophisticated investors, namely, offering hedge fund and fund of funds investment products.

In contrast, the Cited Mark is registered for use in connection with:

> Currency exchange services through a global communications network.

Although these respective services perhaps could loosely be categorized as "financial services," the web-based currency services offered under the Cited Mark can by no means be characterized as "related" to the complex investment vehicles offered by XE Capital. Products or services may fit within the same general category, yet not be related. *Electronic Data Sys. Corp. v. EDSA Micro Corp.*, 23 U.S.P.Q.2d 1460, 1463 (T.T.A.B. 1992) ("the issue of whether or not two products are related does not revolve around the question of whether a term can be used that describes them both, or whether both can be classified under the same general category"; computer-aided design software held not related to data processing software, despite that both involve the use of computers); *In re Digirad Corp.*, 45 U.S.P.Q.2d 1841 (T.T.A.B. 1998) (finding no likelihood of confusion and stating that the facts "mitigate[d] against a finding that the goods of the parties [were] related" despite that both parties' goods were "medical diagnostic technologies," involved a form of radiation and could be used to diagnose and/or treat patients); *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 288 (3d Cir. 2001) (when two security products serve distinct and separate parts of the market, consumer confusion is unlikely); *Mason Tackle Co. v. Victor United, Inc.*, 216 U.S.P.Q. 197, 203 (C.D. Cal. 1982) (finding that the fishing and golf industries

are different commercial fields for purposes of trademark law, notwithstanding that both exist within the sports field).

In fact, the Board has drawn a distinction specifically between "investment/securities services" (*i.e.*, those offered by XE Capital) and currency-related offerings such as "international banking services . . . financial services for travelers . . . and foreign remittance services" (*i.e.*, those offered by XE Corporation). *See American Stock Exchange v. American Express Co.*, 207 U.S.P.Q. 356, 364-65 (T.T.A.B. 1980). In *American Stock Exchange*, the Board, recognizing that the opposer had rights to the mark AMEX in the "investment securities field," canceled the application for the mark AMEX for "investment banking services, mutual fund services, investment management services, and international trust and investment services." *Id.* Significantly, though, the Board dismissed the opposition with respect to "credit card services, travelers cheque services, money order services, international banking services, military banking services, financial services for travelers, insurance underwriting services, and foreign remittance services" because there was no likelihood of confusion with respect to these services. *Id.* This decision was based, in part, on the fact that the latter services were "removed" from the offerings of the opposer. *Id.* ("many of the services listed in applicant's application so differ from the goods and services of the opposer that there is no reasonable likelihood that confusion, mistake or deception will result from the contemporaneous marketing thereof by the parties under the term 'AMEX'").

Following the Board's reasoning, it is equally clear that XE Capital's complex asset management products and services offered for institutions and high-net worth individuals are not similar to the free online currency exchange services offered by XE Corporation. The only discernable similarity is that both services involve money, but this alone will hardly lead to confusion given the overwhelming points of dissimilarity. *See generally Franklin Resources v. Franklin Credit Mgmt. Corp.*, 988 F. Supp. 322, 329 (S.D.N.Y. 1997) (proximity between "marketing and administration of mutual funds" and "purchasing at discount of non-performing loans" found to be "virtually nil" in Lanham Act case); *Haven Capital Mgmt., Inc. v. Havens Advisors, L.L.C.*, 956 F. Supp. 528, 531-32 (S.D.N.Y. 1997) (finding that plaintiff, a company that provided investment advice and managed funds, and defendant, a company that provided advice and money management services, were not in competition because "the services that the parties render to their investors are significantly different"). Because these marks will co-exist in connection with distinctly different types of financial services, there is no basis for believing that a reasonable consumer would mistakenly assume that these disparate services emanate from the same source.

A recent decision from the Southern District of New York further underscores that the services offered by XE Capital are dissimilar from those offered by XE Corporation. In *Omicron Capital, LLC v. Omicron Capital, LLC*, 2006 U.S. Dist. LEXIS 37178 (S.D.N.Y. June 7, 2006), the Court found no likelihood of confusion even though both companies used the identical mark, OMICRON CAPITAL. The Court specifically

noted that the services offered by the parties were different where the plaintiff offered "hedge fund management" (just as XE Capital does) and the defendant acted "as a broker, bringing together banks and private companies to complete and close lending transactions," because the defendant "is not a hedge fund and never takes a financial position in the parties on either side of a lending transaction." *Id.* at *23. Similarly, unlike XE Capital, XE Corporation is not a hedge fund and never takes a financial position in the parties when it converts funds from one currency to another.

That the Examining Attorney cites webpages that state that some hedge funds may invest in foreign currency is irrelevant. From a consumer's perspective, the web-based currency services offered by XE Corporation are completely dissimilar from the complex investment vehicles offered by XE Capital, even if some hedge funds happen to invest in foreign currency as part of their overall strategy.

II. XE Capital's Services are Not Purchased on Impulse and its Consumers are Highly Sophisticated

Where consumers exercise heightened care in evaluating goods or services before making purchasing decisions, the Board is less apt to find a likelihood of confusion. *See In re Digirad Corp.*, 45 U.S.P.Q.2d 1841 (T.T.A.B. 1998) ("there is always less likelihood of confusion where goods are expensive and purchased after careful consideration"); *see also Checkpoint Sys.*, 269 F.3d at 284 ("Inexpensive goods require consumers to exercise less care in their selection than expensive ones. The more important the use of a product, the more care that must be exercised in its selection").

Investment services – especially the sophisticated investment products available only to qualified investors that are covered by the application at issue here – are not "impulse" buys by consumers; rather, they are carefully considered decisions, involving commitments, on average, of millions of dollars of assets. Leighton Decl. ¶ 10; *see also In re Digirad Corp.*, 45 U.S.P.Q.2d 1841 (T.T.A.B. 1998). The decision to purchase XE Capital's services requires significant personal contact with XE Capital's personnel or agents and a review of substantial documentation. Leighton Decl. ¶ 11. XE Capital's individual clients also typically consult with their own financial, legal, or other professional advisors when they examine XE Capital's products and services. *Id.* ¶ 12. The care exhibited by the consumers of XE Capital's services thus weighs against a finding of a likelihood of confusion between the XE SELECT mark and the Cited Mark.

Moreover, confusion is less likely where the buyer class consists of sophisticated or professional purchasers. *American Optical Corp. v. Atwood Oceanics, Inc.*, 180 U.S.P.Q. 532, 539 (T.T.A.B. 1973) (the fact that the consumers were informed corporate personnel, purchasing sophisticated, technical, and expensive services, was determinative of finding no consumer confusion); *see also Beneficial Corp. v. Beneficial Capital Corp.*, 529 F. Supp. 445, 450 (S.D.N.Y. 1982) ("The fact that the use of a particular service entails both substantial funds and a 'fairly detailed purchasing process' is recognized as being a significant index of buyer sophistication"). XE Capital's services are complex and costly and targeted to a highly educated group of consumers with a substantial knowledge of financial services. Leighton Decl. ¶ 7. This level of sophistication thus

weighs heavily in favor of finding that no likelihood of confusion exists between the Cited Mark and the XE SELECT mark.

Indeed, financial service purchasers are considered to be among the most careful of consumers. *See Amalgamated Bank of New York v. Amalgamated Trust & Sav. Bank*, 842 F.2d 1270, 1274 (Fed. Cir. 1988) (observing, in reversing the denial of concurrent registrations, that one would expect banking customers "to select their bank after long and careful consideration"). For consumers of high-end financial services such as those offered by XE Capital, the level of sophistication and scrutiny is even greater. Leighton Decl. ¶ 10.

XE Capital's institutional clients, typically comprising professionals with experience in the financial arena, are likely to examine a company's services closely and to exercise a great degree of care. *Id.* ¶ 13. For such professionals, "it is reasonable to set a higher standard of care than exists for consumers. Many cases state that where the relevant buyer class is composed of professionals or commercial buyers familiar with the field, they are sophisticated enough not to be confused by trademarks that are closely similar. That is, it is assumed that such professional buyers are less likely to be confused than the ordinary consumer." J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:101 (4th ed.); *see also Ford Motor Co. v. Summit Motor Prods.*, 930 F.2d 277, 293 (3d Cir. 1991) (professional buyers and consumers of expensive goods held to a higher standard of care); *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 128 (4th Cir. 1990) (in market with sophisticated buyers, likelihood of

confusion cannot be presumed on basis of similarity of trade name alone); *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 173-74 (5th Cir. 1986) (business purchasers of expensive products not likely to be confused by goods with similar marks).

The individual investors are apt to be similarly informed. These are not casual investors, but rather highly discriminating organizations and wealthy individuals who possess an investment portfolio exceeding five million dollars. Leighton Decl. ¶ 10. The choice of an investment manager involves great expense and risk – as a poor choice could have significant future ramifications – and, therefore, these elite consumers typically exercise great care in selecting a firm that serves their needs. *See Beneficial Corp.*, 529 F. Supp. at 450.

In sum, the sophisticated, careful consumers who use XE Capital's services and products will not be confused between the two marks, particularly because the services in connection with which they are used are drastically different and because of the careful process undertaken when selecting an investment manager. *See, e.g.*, *Aries Sys. Corp. v. World Book Inc.*, 26 U.S.P.Q.2d 1926, 1933 (T.T.A.B. 1993) (sophistication of doctors who are familiar with specialized medical software means they are unlikely to be confused when exposed to similarly named software aimed at a general audience).

III. <u>There is No Overlap in the Channels of Trade</u>

"[T]he Board has not hesitated to find an absence of likelihood of confusion, even in the face of identical marks applied to goods used in a common industry, where such

goods are clearly different from each other and there is insufficient evidence to establish a reasonable basis for assuming that the respective products and/or services, as identified by their marks, would be encountered by the same purchasers or parties." *In re Fesco Inc.*, 219 U.S.P.Q. 437, 438 (T.T.A.B. 1983).

There is no reasonable basis to conclude that the same consumers will encounter the respective services offered by XE Corporation and XE Capital. XE Corporation's currency exchange is a fully web-based product which enables consumers to check currency rates and send funds overseas. Indeed, the registration of the Cited Mark on its face is limited to activities "through a global communications network," *see* Parnass Decl. ¶ 2 and Ex. A, and the currency tools offered by XE Corporation solely are accessible via the Internet. Conversely, XE Capital *does not* transact business on the Internet, relying instead on personal contacts with investors or brokers to provide specialized investment services and advice. Leighton Decl. ¶ 14.

XE Capital's only publicly accessible presence on the Internet is a website, www.xecapital.com, with limited information that has a completely different look and feel from xe.com. *Id.* ¶ 15. The www.xecapital.com site is not interactive and contains solely a one-page description of the company, brief biographies of the management team, contact information, and a short description of a current opening at the company. *Id.* No business can be transacted on the site. *Id.* The site also contains no mention of currency or a currency exchange, and, in fact, XE Capital offers no services that are in any way related to currency exchange services. *Id.* ¶¶ 15-16. Nothing about XE Capital's website

would give rise to a supposition that its services emanate from the same source as does those offered by XE Corporation in connection with the Cited Mark.

Moreover, the markets these companies service are drastically different. Whereas XE Corporation provides free services to retail consumers, XE Capital provides high dollar value, specialized services to "qualified purchasers" and institutions. *See Beneficial Corp.*, 529 F. Supp. at 449 (providing individual consumer loans averaging $1,500 versus loans primarily to businesses averaging $54,000 "is significant evidence of the difference in their respective markets"); *see also Omicron Capital, LLC*, 2006 U.S. Dist. LEXIS 37178, at *24 (the parties were involved with "vastly different asset classes"). Unlike XE Corporation's services, which allow an individual to perform a single electronic transaction by transferring funds or wiring a few dollars to a relative abroad, XE Capital provides long-term asset management services for individuals and entities seeking to invest millions of dollars. *See* Leighton Decl. ¶ 16.

Thus, as the channels of trade are drastically different, use of the XE SELECT mark in connection with XE Capital's services is unlikely to cause confusion with the Cited Mark. Accordingly, the Examining Attorney's conclusion that XE Capital's and XE Corporation's services "could be encountered by the same purchasers under circumstances that could give rise to the mistaken belief that the goods and/or services come from a common source" is without basis.

IV. There is No Evidence XE Corporation Will Bridge the Gap

There is no evidence that XE Corporation plans to expand beyond the niche market of an online currency exchange. XE Corporation's two primary offerings are its various online calculators and a currency exchange. XE Corporation offers no investment services and its website specifically states that XEtrade is not intended to be a "Currency Speculation System," "XEtrade always involves a payment from a source to a destination" and it does not "facilitate instantaneous intra-day or margin trades." Parnass Decl. ¶ 7 and Ex. F.

XE Corporation's expansion from an online currency calculator to a currency exchange was a natural extension of its brand. Conversely, the development of an asset management arm would be a radical transition. An asset management firm is dependent on the financial expertise and experience of its staff. For instance, the 29 professionals of XE Capital collectively have managed more than $15 billion in assets and have extensive investment experience and expertise in the global capital markets including: insurance origination and reinsurance; finance, accounting and tax; alternative assets; trading and risk management; operations and proprietary system development; and dealing with rating agencies. Leighton Decl. ¶ 17. There simply is no evidence to suggest that the small staff of a company which specializes in web tools is in any position to expand into an advising capacity. Accordingly, the Examining Attorney's suggestion that the services offered by XE Capital are "within the registrant's logical zone of expansion" simply is without basis.

V. Other "XE" Marks Co-Exist with the Cited Mark

The mark "XE" is not unique to the Internet currency exchange provided by XE Corporation. A search of marks registered with the United States Patent and Trademark Office shows there are other "XE" marks that currently co-exist with the Cited Mark. Parnass Decl. ¶ 8 and Ex. G.

Among these is a registration for XE for another Internet-based product: XE (Reg. No. 2,547,303) is registered in International Class 9 for use in connection with "computer software, namely electronic design automation software distributed *through the Internet*, providing circuit designers assistance in designing electronic circuits" (emphasis added). *Id.* Just as the Cited Mark can coexist with Reg. No. 2,547,303 for XE, even though both involve services distributed via the Internet, so can the Cited Mark coexist with XE Capital's XE SELECT mark, even though both involve money.

Other registrations for "XE" marks include:

- WISE XE (Reg. No. 2,962,066), registered in International Class 9 for use as "computer software for managing, viewing and manipulating demand chain, supply chain, Product Lifecycle management requirements; computer software for managing and interfacing with and controlling aspects of Enterprise Resource Planning and back-office systems using a global information network."
- PRESCIENT XE (Reg. No. 2,337,820), registered in International Class 9 for use in connection with "computer software, namely, software for use in supply chain management, supply chain planning, estimating future sales of inventory, planning inventory requirements, planning manufacturing scheduling, coordinating warehouse

operations, replenishing inventory, generating orders for additional inventory, planning transportation requirements, and coordinating customer and vendor requirements, together with instructional manuals associated therewith, sold as a unit."

- IMAGER XE (Reg. No. 2,533,109), registered in International Class 9 for a "digital film scanner for motion picture film to convert the motion picture film into the digital image data."

- XESCAN (Reg. No. 1,575,993), registered in International Class 5 for use as a "medical gas, namely a Xenon/Oxygen mixture for use in radiology."

- XE (Reg. No. 2,642,458), registered in International Class 25 for "shirts, shorts, pants, shoes, hats, wetsuits, swimwear, sweatshirts & tank tops."

Id.

These various registrations that include "XE" demonstrate that the use by another entity of "XE" in connection with goods or services unrelated to currency exchange services is not likely to cause confusion among consumers. Courts repeatedly have held that multiple uses of a mark tend to weaken the strength of that mark and weigh against a finding of confusion. *See Oreck v. US Floor Sys.*, 803 F.2d 166, 170 (5th Cir. 1986) (wide use of the XL mark "on a variety of commercial goods, including cameras, computers, automobiles, audiotapes and chainsaws . . . dilutes the strength of the mark and entitles it to a narrower range of protection").

VI. <u>Similarity in the Marks Alone Does Not Necessitate Rejection of the Application</u>

Where there is no likelihood of confusion, marks can co-exist, despite their similarities. *See In re Fesco Inc.*, 219 U.S.P.Q. 437 (T.T.A.B. 1983). The proper inquiry

is not whether the two marks resemble each other, but whether the mark "*as used on or in connection with the specified goods or services*, so resembles a registered mark as to be likely to cause confusion." TMEP § 1207.1 (emphasis added). The Examining Attorney cited a number of cases in which marks were rejected because they included the addition of another word to a registered mark. Yet, in all of these cases, the goods and services were much more similar to each other than is the case here. *See, e.g.*, *Lilly Pulitzer, Inc. v. Lilli Ann Corp.*, 376 F.2d 324 (C.C.P.A. 1967) (women's dresses and women's wearing apparel including dresses); *In re El Torito Rests. Inc.*, 9 U.S.P.Q.2d 2002 (TTAB 1988) ("multiple combination plates of food items as part of restaurant services" and "specially prepared sandwich as a part of restaurant services"). The dissimilarity of XE Capital's and XE Corporation's services, together with the high degree of sophistication of XE Capital's consumers, the fact that XE Capital's services are not purchased on impulse, the differences in the channels of trade, the lack of evidence that XE Corporation will bridge the gap, and the coexistence of other XE marks, all lead to the conclusion that there can be no likelihood of confusion.

CONCLUSION

The law and the facts set forth above clearly demonstrate that there can be no likelihood of confusion between the XE SELECT mark and the Cited Mark. Accordingly, XE Capital respectfully requests that its XE SELECT mark be permitted to proceed for publication.

Dated: August 25, 2006

Respectfully submitted,

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