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BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

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Applicant	XE Capital Management, LLC
Applied for Mark	XE SELECT
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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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Mark: XE SELECT :
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In an effort to distract the Trademark Trial and Appeal Board (the "Board") from the significant differences between the financial services offered by applicant XE Capital Management, LLC ("XE Capital") in connection with its mark XE SELECT and those offered by registrant XE Corporation in connection with the mark XE (Reg. No. 2,612,105) (the "Cited Mark"), the Examining Attorney's appeal brief ("Ex. App. Br.") starts with a detailed argument about why the two marks are similar in appearance. *See* Ex. App. Br. at 2-5. That issue, however, is not relevant to this appeal. Rather, the key issue here is whether the hedge fund and fund of funds investment services for sophisticated consumers offered by XE Capital are similar to the foreign currency exchange services offered by XE Corporation through the mass market media of a "global communications network" (i.e., the Internet) and whether use of the marks in connection with these disparate services is likely to cause consumer confusion. Given the differences in services, the sophistication of XE Capital's consumers, the fact that the decision to purchase such services is not made on impulse, that the normal channels of trade for the respective services do not overlap, and that there is no evidence that XE Corporation will bridge the gap, consumers simply will not be confused into believing that the services offered by the parties under their respective marks emanate from the same source. *See generally* XE Capital's appeal brief (App. Br.).

I. The Services Offered under the XE SELECT Mark are Distinctly Different from Those Offered under the Cited Mark.

That both sets of services can loosely be categorized as "financial services" cannot be sufficient to establish relatedness. *See American Stock Exchange, Inc. v.*

American Express Co., 207 U.S.P.Q. 356, 364-65 (T.T.A.B. 1980); *see also* App. Br. at 5-6. Not only does the Examining Attorney recognize that the *American Stock Exchange* case is the key precedent on this issue in this particular case, but the Examining Attorney's characterization of that case, Ex. App. Br. at 6-7, actually supports XE Capital's contention that not all services that may be categorized as part of the financial services industry are related.

As the Examining Attorney explains, the Board in *American Stock Exchange* held that the applicant's investment banking services, mutual fund services, investment management services, and international trust and investment services were related to the opposer's securities exchange services, but that applicant's international banking services, military banking services, and insurance underwriting services were sufficiently removed from the opposer's financial services such that confusion between those services was unlikely. The fact that the Board parsed the financial services industry so finely, and distinguished "investment/securities services" (such as those offered by XE Capital) from currency-related offerings, like international banking services, financial services for travelers and foreign remittance services (similar to those offered by XE Corporation), supports XE Capital's position that its services are sufficiently different from those of XE Corporation to preclude a likelihood of confusion. *See also* App. Br. at 6.

Federal court decisions make the same distinction. For example, in *Omicron Capital, LLC v. Omicron Capital, LLC*, 433 F. Supp. 2d 382 (S.D.N.Y. 2006), the plaintiff, like XE Capital, offered hedge fund management services. The court

distinguished those services from defendant's commercial lending broker services because the hedge fund generally "takes a financial position" in the companies in which it invests, whereas the broker never takes a financial position in the parties. *Id.* at 391. Accordingly, the court found that the parties' services were "not in proximity." *Id.*; *see generally* App. Br. at 7-8.

The Examining Attorney is left with little more than the suggestion that the parties' services are related, or possibly complementary, because some hedge funds may have some connection to "international markets." Ex. App. Br. at 6. Not only is that argument speculative and not reflected in XE Capital's recitation of services, but also, there is no connection between the services offered by XE Capital under the XE SELECT mark and currency speculation or currency exchange services. Even if that were not the case, the fact that some hedge funds might speculate in foreign funds is insufficient to establish relatedness between all hedge funds and XE Corporation's currency exchange website services. *See, e.g.*, *Sports Authority Michigan, Inc. v. PC Authority, Inc.*, 2002 WL 575718, at *10 (T.T.A.B. Apr. 16, 2002) ("opposer cannot prevail merely because applicant sells computer parts and some computer parts may be contained in some of the electronic sporting goods and equipment sold by opposer"); *Falk Corp. v. Toro*, 493 F.2d 1372, 1378 (C.C.P.A. 1974) ("Toro cannot prevail merely on the ground that 'rubber element shaft couplings' may be contained in some of its machines").

In addition, just because two registrations contain services similar to those offered by both XE Capital and XE Corporation, *see* Ex. App. Br. at 6, does not necessarily

dictate that the services are related. Indeed, it is worth noting that in the two registrations cited by the Examining Attorney in his January 13, 2006 Office Action ("January 13 Office Action"), the registrant distinguished between hedge fund services and currency exchange services, thus further supporting that these services are distinct. *See* January 13 Office Action, Serial No. 76/600,385 (listing separately "currency exchange and advice" and "funds advice, namely, mutual fund and hedge fund investment advice"); January 13 Office Action, Serial No. 78/383,932 (listing separately "monetary affairs, namely currency exchange and money management" and "financial services of an investment company, namely mutual and hedge funds investment"). Moreover, it is commonly known that some companies offer very different goods and services under the same trademark; the mere fact that they appear under a single trademark does not give rise to a presumption that the goods or services are in some way related. As an example, the mark NOTRE DAME has been used "in connection with a wide variety of goods including sweaters, sweatshirts, T-shirts, jackets, caps, neckties, sport shirts, drinking mugs, plates, ashtrays, finger rings, cufflinks, compact cases, necklaces, bracelets, lapel pins, and necktie tacks and bars" and "establishments serving and selling food." *Univ. of Notre Dame du Lac v. J. C. Gourmet Food Imports Co.*, 213 U.S.P.Q. (BNA) 594, 1982 TTAB LEXIS 146, at *1-2 (T.T.A.B. Mar. 30, 1982). This does not mean, of course, that T-shirts and drinking mugs, for instance, are related. *See also Blue Man Prods., Inc. v. Tarmann*, 75 U.S.P.Q.2d (BNA) 1811, 2005 TTAB LEXIS 338, at *1 (T.T.A.B. Aug. 18, 2005) (noting that opposer owned registrations for the mark BLUE MAN GROUP in connection with a wide variety of goods and services, including decorative magnets,

postcards, posters, hats, T-shirts, sweatshirts, entertainment services in the nature of live musical and theatrical performances and musical sound recordings).

II. Sophisticated Consumers are Less Likely to be Confused and XE Capital's Services are Not Purchased on Impulse.

The actual consumers who encounter XE Capital's XE SELECT mark – and contemplate becoming investors with XE Capital – are likely to exercise great care and will not be confused by any possible similarities in the marks themselves. *See Omicron Capital, LLC*, 433 F.2d at 393 ("The relevant consumer to be evaluated under this factor is not the general public, but rather those members of the public who are or may become customers of either party") (internal quotation marks omitted). Moreover, although sophisticated consumers are not immune from source confusion, Ex. App. Br. at 7, "circumstances suggesting care in purchasing may tend to minimize likelihood of confusion." TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1207.01(d)(vii). Indeed, XE Capital's consumers are sophisticated individuals contemplating investments averaging several million dollars and that are made only after careful investigation and consideration. *See generally* App. Br. at 8-11.

III. The Channels of Trade are Different.

The Examining Attorney's appeal brief reflects a mechanical application of the likelihood of confusion factors without putting them in the proper context of whether the two marks used in connection with the respective services are likely to result in consumer confusion. Channels of trade, however, should not be analyzed in ways that defy common sense. Rather, the Board should look at the realities of what it means to offer

online currency exchange services and what it means to offer hedge fund and fund of funds investment services, and indeed has done so in the past in order to ascertain what the "normal" trade channels are for specific goods or services. *See, e.g., In re Shoe Works Inc.*, 6 U.S.P.Q.2d 1890, 1891 (T.T.A.B. 1988) (recognizing that "normal" channels of trade for a product should be considered and finding that the channels of trade factor cut against a likelihood of confusion where applicant restricted the channels of trade for its goods (shoes) and the "normal" channels of trade for registrant's goods (shorts and pants) were held not to include retail shoe stores); *Blue Man Prods., Inc.*, 2005 TTAB LEXIS 338, at *38 (finding that the channels of trade factor cut against a likelihood of confusion where, although there were "no restrictions as to the channels of trade for the goods and services identified in opposer's registrations and applicant's application," it was "not apparent to us from merely viewing the identifications that the *normal* channels of trade" for the parties' respective goods and services were the same) (emphasis added).

It cannot seriously be disputed, based on the record below, that, unlike XE Corporation's services, the "normal" channels of trade for the specialized services offered by XE Capital, which involve major investments and considerable due diligence by sophisticated investors, are not via a "global communications network," such as the Internet, but rather through significant personal contact with the investment firm's personnel or agents. Thus, because the very nature of XE Capital's services do not allow them to be distributed through a mass market media, such as the Internet, the channels of

trade do not overlap with, and are different from, those of XE Corporation, whose services, on the face of its registration, are distributed solely through the Internet. *See Sports Authority Michigan, Inc.*, 2002 WL 575718, at *11-12 ("We find little likelihood for confusion attributable to channels of trade employed by the parties, notwithstanding that there are no restrictions on the involved identifications" because there was "nothing in applicant's identification that suggests that its retail store services focusing on computer hardware and software and peripherals would be rendered through a retail store focusing on sporting goods and equipment, apparel and footwear, or vice versa" and there was "nothing in the record to suggest that [opposer's] goods would move through a retail store focusing on computer hardware, software and peripherals"); *see also* App. Br. at 11-13.

IV. <u>There is No Evidence that XE Corporation Will Bridge the Gap</u>.

XE Corporation has been using the Cited Mark since 1998. *See* June 7, 2005 Office Action. Yet, it has not made any attempts to expand beyond the niche market of an online currency exchange. Thus, the Examining Attorney's suggestion that it is "conceivable" that it could do so, Ex. App. Br. at 9, is sheer speculation and not supported by any facts. Moreover, as noted in XE Capital's initial brief, the services offered by XE Capital require a staff that possesses financial expertise and experience, and thus it is not easy for a company to just decide to offer hedge fund and fund of funds investment products and services for sophisticated investors. *See generally* App. Br. at 14.

CONCLUSION

For all of the reasons set forth in XE Capital's initial brief and this reply brief, the relevant consumers will not be confused into thinking these disparate services come from the same source. Accordingly, XE Capital respectfully requests that its XE SELECT mark be permitted to proceed for publication.

Dated: November 2, 2006

Respectfully submitted,

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