

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

In the Matter of Trademark Application Serial No. 75/701,707
Mark: Drawing of a Marine Heat Exchanger
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DURAMAX MARINE, LLC,)	
)	
Opposer,)	
)	
v.)	Opposition No. 119,899
)	
R.W. FERNSTRUM & COMPANY,)	
)	
Applicant.)	

Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451



OPPOSER'S REPLY BRIEF

01-03-2005

U.S. Patent & TMO/TM Mail Rpt Dt. #77

I. Introduction

In the "Summary of Argument" of "Applicant's Trial Brief," Applicant (R.W. Fernstrum & Company, hereinafter "Fernstrum") made several points, which are commented on below.

First, Fernstrum argued that the mark being opposed, a picture of a Fernstrum keel cooler (identified by Fernstrum as the "GRIDCOOLER logo," which is not the trademark GRIDCOOLER, Registration No. 941,382 (ONR, Tab A), which Fernstrum owns), is not a three-dimensional representation of its keel cooler, is not drawn to scale, and is not used in technical drawings. However, none of the latter three criteria are necessary for a mark to be deemed functional. In fact, opposer Duramax Marine, LLC (hereinafter "Duramax Marine") has not found cases having such requirements, and none would be expected for marks which are the subject of trademark or service mark applications at the U.S. Patent and Trademark Office. In fact, a leading case in this area that was discussed in the Trial Brief of Duramax Marine had a picture of a three-dimensional product, was neither three-dimensional nor drawn to scale, nor

used in technical drawings, in which registration was denied. *In re Deister Concentrator Company, Inc.*, 289 F.2d 496, 129 U.S.P.Q. 314 (C.C.P.A. 1961).

Second, Fernstrum states that Duramax Marine is basing its opposition on the ground of functionality on the premise that Fernstrum is trying to get a registration for use on a product. That is not the situation. Functional marks can be used with both services and products, and the law does not vary on whether services or products are the subject of the application. Even Fernstrum does not see a major difference, since it also has two trademark registrations: Registration No. 941,382 for "GRIDCOOLER" and Registration No. 2,357,354 for a keel cooler in front of a globe design (ONR, Tab A). If Fernstrum does not stock and sell keel coolers, is there any real difference between the latter registration and the present service mark application?

Fernstrum continues its summary stating that "...its trademark application of the picture of its keel cooler in front of a globe design was not opposed." Duramax Marine did not oppose the latter application because it had the image of the globe, and it was precluded from opposing by the Settlement and Mutual Release Agreement of the litigation in the Eastern District of Louisiana (Civil Action No. 97-3974) (Tab G, Dep. of M. Brakey, Ex. 10).

Fernstrum further alleges that Duramax Marine does not have "standing" to prosecute the litigation. This statement is erroneous for a number of reasons. First, Duramax Marine is a direct competitor with Fernstrum, and both companies custom make similar looking one-piece keel coolers (i.e., neither has moving parts). The only ostensible difference is a bevel on the headers of the keel coolers of Duramax Marine. If Fernstrum were to obtain a registration from Serial No. 75/701,707, Duramax Marine would be subject to a federal trademark infringement suit by Fernstrum resulting from Duramax Marine's showing a drawing of its own one-piece keel cooler. Furthermore, Duramax Marine is not precluded from this opposition by foregoing the Settlement and Mutual Release Agreement wherein Fernstrum specifically stated it would not

oppose a trademark or service mark application filed by Duramax Marine, but no such restriction was placed on Duramax Marine. Additionally, while Duramax Marine did agree to only market one-piece keel coolers with beveled headers, it had the right to manufacture keel coolers with rectangular headers in the event Fernstrum stops using such keel coolers. Moreover, there was never any discussion about concluding any other trademark issues between Fernstrum and Duramax Marine, and any allegation about some sort of estoppel is based on no evidence whatsoever. A statement in the settlement agreement in the federal litigation in Louisiana, that nothing would preclude Fernstrum from seeking to register its two-dimensional picture of its keel cooler, did not leave anyone with the understanding that the applications could not be opposed. Fernstrum filed two applications after the settlement of that litigation, and only one was opposed by way of the present opposition.

II. Reply to Some of Fernstrum's Objections

A. Litigation History Between the Parties

Fernstrum has objected to the discussion of the litigation history involving Fernstrum and the one-piece keel cooler set forth in Sections IV(B) and (C) in the Trial Brief of Duramax Marine, and Fernstrum further stated that the litigation history is not supported by evidence. It should be noted that the comments in that portion of Duramax Marine's Trial Brief were in part to put the present opposition proceeding in perspective. Despite Fernstrum's allegation, there has never been an attempt to have a decision in the present case be based on any past legal disputes between the parties. There has been evidence relating to the prior litigation set forth in both the end of Sections IV(B) and throughout Section IV(C) of Duramax Marine's Trial Brief. Considering first Section IV(B), a number of evidentiary items concerning the settlement of that litigation in the Eastern District of Louisiana includes the testimony transcript of Michael Brakey (who was supposed to testify at trial, but Judge Lemmon advised the parties to settle the

litigation after Fernstrum had put on its case), the testimony transcript of David Culpepper, Esq. (ONR, Tab G) (the attorney representing Donovan Marine and who primarily drafted the Term Sheet, with some assistance by the attorney representing Fernstrum (Samuel D. Littlepage), and the attorney representing the other parties, and the president of Fernstrum (Paul Fernstrum). The Term Sheet itself is evidence of the prior litigation (ONR, Tab G, Culpepper Tr. Tes. Dep. Ex. 26), and it is the precursor of the Settlement and Mutual Release Agreement (ONR, Tab G, Culpepper Tr. Tes. Dep. Ex. 27).

With respect to Section IV(C) of the Trial Brief of Duramax Marine, the evidence includes the trial testimony of Michael Brakey who testified before District Judge Enslin in the case brought by Fernstrum against Duramax Marine in the Western District of Michigan (2:00-CV-194) in 2000 where Fernstrum unsuccessfully sought a preliminary injunction to have Duramax Marine cease using the "best by test" advertisements.

It is also important to note that Fernstrum has referred to the same litigation in the Applicant's Trial Brief which it wants the Board to exclude from Duramax Marine's Trial Brief. See Section IV(G) of Fernstrum's Trial Brief entitled "Settlement of Prior Keel Cooler Litigation."

B. Reply to Fernstrum's Objections to Michael Brakey's Testimony

Fernstrum has objected to the testimony of Michael Brakey regarding the litigations between Fernstrum and Donovan Marine and East Park on the basis that the testimony is irrelevant, hearsay and improper expert testimony.

First, the Opposer disagrees with this objection on the basis that the testimony of Michael Brakey objected to by Fernstrum is relevant in that it has the tendency to make the existence of facts that are of consequence to the determination of the action more probable than it would be without the evidence. Rule 401 requires only minimal probative value. The test of relevance is

very liberal and does not entail a determination of the sufficiency of the evidence. *Douglass v. Eaton Corp.*, 956 F. 2d 1339, 1345 (6th Cir. 1992).

Secondly, the Opposer disagrees with this objection in that the testimony is not being offered in order to prove Judge Lemmon and Judge Enslin made certain findings of fact in those litigations. In other words, the testimony is not being offered to prove the truth of the matter being asserted. The testimony is being offered to prove that the proceeding brought by Fernstrum occurred, that testimony was given by Michael Brakey in that proceeding and to establish Mr. Brakey's first-hand knowledge in the proceedings involving Fernstrum and Duramax. (ONR, Tab G, Brakey Dep. p. 138, l. 8-22). Therefore, the testimony objected to by Fernstrum is not hearsay.

Lastly, Michael Brakey's testimony is not improper expert testimony. Mr. Brakey, throughout his testimony, only provided opinion that was rationally based on the perception of the witness and is helpful to the trier of fact to a clear understanding of his testimony and/or the determination of a fact which is in issue. Moreover, the testimony was not based on scientific, technical or other specialized knowledge, was not merely gratuitous and was within the realm of the witness's common experience. Rule 701 was designed to allow lay witnesses to testify in the manner most likely to elicit helpful testimony. The court has wide latitude in admitting lay opinion testimony. *Research Corp. v. Maxwell Online, Inc.*, 995 F. 2d 326, 339 (2d Cir. 1993). Therefore, the testimony objected to by Fernstrum is not improper expert testimony.

For the reasons set forth above, the testimony of Michael Brakey should not be excluded on the bases of being irrelevant, being hearsay or being improper expert testimony.

Fernstrum also objects to Brakey Exhibit Nos. 2-5 and 7 and the Brakey testimony thereto, on the ground that the Exhibits were not properly authenticated and that such testimony was not based on the witness's first-hand knowledge. Specifically, Fernstrum argues that

evidence was not introduced that Brakey had any familiarity with the aforementioned exhibits sufficient to corroborate their authenticity and that a foundation was not laid that Brakey had first-hand knowledge about the origin or authenticity of the exhibits. The Opposer disagrees for the reasons set forth below.

The Opposer submits that the evidence is sufficient to support a finding that the item is genuine, which is all that is required by Rule 901(a). The evidence was sufficiently authenticated by testimony of Michael Brakey who is a witness with knowledge regarding the evidence. Mr. Brakey reviewed the documents and was able to recognize and identify them, accordingly. (ONR, Tab G, Brakey Dep. p. 20, l. 15-20; p. 47, l. 4-10; p. 48, l. 11-23; p. 60, l. 23 – page 61, l. 10; p. 61, l. 14 – p. 62, l. 14; p. 72, l. 23 – p. 73, l. 23; p. 133, l. 6-23). In addition, Fed. R. Evid. 602 provides "A witness may not testify to a matter unless evidence is introduced sufficient to support a finding that the witness has personal knowledge of the matter." A witness's assertion of personal knowledge is sufficient to establish personal knowledge and personal knowledge may also be inferred from the circumstances. *United States v. Doe*, 960 F.2d 221, 223 (1st Cir. 1992). Brakey testified that he was familiar with the aforementioned documents (ONR, Tab G, Brakey Dep. p. 20, l. 15-20; p. 47, l. 4-10; p. 48, l. 11-23; p. 60, l. 23 – p. 61, l. 10; p. 61, l. 14 – p. 62, l. 14; p. 72, l. 23 – p. 73, l. 23; p. 133, l. 6-23).

Clearly, the steps for proper document authentication and for providing foundation to demonstrate the witness's first-hand knowledge and familiarity with the aforementioned documents have been established. Therefore, Brakey Exhibit Nos. 2-5 and 7, and the related testimony, should be received into evidence and should be considered by the Board.

III. Response to "Factual Background" in Fernstrum's Trial Brief

A. Introduction

In Fernstrum's footnote 6(1), they say that third party George Kyle McHugh was a manufacturer's representative of Duramax. It is significant that Paul Boudreaux, a shipyard owner who testified as a Duramax Marine witness that he had worked with Fernstrum keel coolers, demountable Johnson keel coolers (not a one-piece keel cooler, since it had multiple disassemblies and parts), and weld-channel coolers (metal attached to a hull) (Tab G, P. Boudreaux Tr. Tes. Dep. p. 6, l. 24, through p. 7, l. 8), as well as DuraCooler (Duramax Marine) and Duraweld (East Park Radiator and Battery Shop, Inc., hereinafter "East Park"). (ONR, Tab G, P. Boudreaux Tr. Tes. Dep. p. 7, l. 25, through p. 8, l. 7.)

In footnote 2 of Fernstrum's Trial Brief, they state that only poor quality photocopies of the photographs used by Dr. Sorenson in the Sorenson Survey were used. However, those were the only photocopies available to Duramax Marine during discovery or obtainable at the Patent and Trademark Office. In Fact, Paul Fernstrum testified that all that he even saw were photocopies, and that they weren't clear. (ONR, Tab E, P. Fernstrum Dep. Tr. p. 125, l. 14, through p. 126, l. 3) Nevertheless, they are totally devoid headers, a major component of the picture of the keel cooler which is the subject of Serial No. 75/701,707.

Additionally, footnote 6(2) says that the survey interviewers showed the witnesses photographs of the keel cooler, etc. However, there are a number of evidentiary problems with Fernstrum's statement regarding the Sorenson Survey. First, the entire survey is hearsay, and the person responsible for the survey was never presented as a witness and could not be cross-examined. Second, none of the interviewees (witnesses) were ever asked if they were Fernstrum customers, which, if so, would have biased the survey. Third, the only photographs Duramax Marine was able to get were those in the file wrapper of Serial No. 75/701,707.

In footnote 6(3) of Fernstrum's Trial Brief, Fernstrum questions Paul Fernstrum's testimony regarding Fernstrum's advertisements that emphasize the compactness of Fernstrum's keel cooler. One of the advantages of a one-piece keel cooler invented by Robert Fernstrum is its compactness (ONR, Tab E, P. Fernstrum Dep. Tr. p. 61, l. 1-8), and most of Fernstrum's advertisements do recite their compactness as a main feature of the Fernstrum keel cooler. (In discussing the history of keel cooling, Fernstrum states, "Unfortunately, their (channel cooling) sheer bulk reduced a ship's capacity and increased drag. They were also prone to seaweed foulup. Clearly, a mere compact and streamlined cooler was needed. This led to packaged keel coolers, and the R.W. Fernstrum installation success story." Fernstrum Catalog 2002, (Tab E, S. Fernstrum Dep. Ex. 12, p. 0969.) Paul Fernstrum did say that a one-piece keel cooler could be recessed in the hull for a flush installation, but he stated that it was the compactness of the unit that rendered it able to be recessed in the hull. (ONR, Tab E, P. Fernstrum Dep., p. 61, l. 1-23)

Fernstrum states on page 9 of its Trial Brief that Fernstrum is a job shop and doesn't maintain a large inventory. However, it produces a limited number of styles of keel coolers as demonstrated by its own catalogues (Tab B, Fernstrum's Response to Interrogatory No. 11), and even the most miniscule changes in dimensions result in a new model. (Tab E. P. Fernstrum Tr. p. 102, l. 9 – p. 103, l. 12) Fernstrum may perform the service as alleged, but its customers and potential customers are buying Fernstrum's keel coolers. This is evidenced by its prior application Serial No. 75/382,250 for the three-dimensional version of the present mark which defined the goods as "external cooling system for marine engines, namely heat exchangers." Likewise, all of the other Fernstrum's registrations (Nos. 2,357,354 and 941,382) are for goods, not services.

In Section IV(C), Fernstrum states that it has spent an average of \$120,000.00 annually in the United States promoting the picture of its keel cooler which is on Serial No. 75/701,707.

However, the advertising expenditure does not have much meaning unless it is compared to some reference such as the annual sales of Fernstrum. Sean Fernstrum refused to indicate the annual sales of Fernstrum during the deposition. It was explained to Sean Fernstrum that if General Motors spent \$120,000.00, it would be like nothing, whereas for a candy store to spend that amount would be tremendous. (ONR, Tab E, S. Fernstrum Dep. 74, l. 2 – p. 76, l.1) However, Fernstrum refused to testify as to its annual sales. Accordingly, it is submitted that the amount spent on advertising by Fernstrum should be given no weight.

Furthermore, the \$120,000.00 was not restricted to advertising for customers in the United States. Some of the publications were directed to foreign customers, and some are given to foreign representatives of companies at trade shows who take them to the overseas companies. (ONR, Tab E, S. Fernstrum Dep. p. 137, l. 2-14) The portion of the \$120,000.00 average Fernstrum advertising expenditure is used for its website and is intended to be viewed by customers, including foreign customers. (ONR, Tab E, S. Fernstrum Dep. p. 136, l. 19-23)

In Section IV(D) in the "Factual Background" of Fernstrum's Trial Brief, Fernstrum discusses the effectiveness of its promotional efforts and quotes some of the testimony of Michael Brakey. However, because the picture of Fernstrum's keel cooler is well known, it is still a purely functional unit. As explained in *Deister, supra*, even if a mark is a design which enabled the recognition of a product as coming from an applicant, that in itself would not justify registration.

Referring to Section IV(E) of Fernstrum's Trial Brief, Fernstrum says that its U.S. Trademark Registration No. 2,357,354 (picture of Fernstrum's keel cooler in front of a globe) was registered without the filing of an opposition. As discussed elsewhere, the application which matured into the foregoing registration had in the design a globe which rendered the trademark not as being functional, wherefore no opposition was filed.

Section IV(F) of the Fernstrum Trial Brief refers to the testimony of Todd Boudreaux, president of East Park, and that East Park stopped using the image of the picture of Fernstrum's keel cooler in 1997. However, East Park had been using the mark for numerous years earlier, since the early 1990's, and it wasn't until Donovan Marine commenced the legal action against Fernstrum and East Park started making its own one-piece keel coolers that Fernstrum forced East Park to stop using that picture. (ONR, Tab G, T. Boudreaux Tr. Dep. p. 7, l. 22, through p. 8, l. 3) One could logically reason that Fernstrum wasn't protecting its trademark, but rather was trying to keep its monopoly of making one-piece keel coolers.

IV. Settlement of Prior Keel Cooler Trade Dress Litigation

In Section IV, G of its Trial Brief, Fernstrum argues that, as set forth in the settlement agreement, Fernstrum stipulated and agreed that Fernstrum would not oppose or otherwise contest an application filed by Duramax Marine which included a two-dimensional design of its beveled one-piece keel cooler, and that nothing in the settlement agreement would preclude Fernstrum from seeking to register, in two dimensional format, its trademark logo featuring its one-piece keel cooler as part of the design. Fernstrum then argues that Duramax Marine reneged on this agreement to "permit registration" of the GRIDCOOLER logo.

Duramax Marine is highly confused by any accusation or allegation of Fernstrum that Duramax Marine has in any way attempted to dupe Fernstrum or has reneged on any portion of the Settlement Agreement. The Settlement Agreement clearly sets forth the terms that Fernstrum would not oppose a trademark application filed by Duramax which includes the two-dimensional design of their beveled one-piece keel cooler and that nothing would preclude Fernstrum from seeking to register, in two-dimensional design format, its trademark logo featuring its one-piece keel cooler as part of the design. The settlement agreement was negotiated, drafted, prepared and executed by trademark attorneys of both Duramax and Fernstrum. Fernstrum expressly

agreed to not oppose a trademark application of Duramax which includes the two-dimensional design of their beveled one-piece keel cooler. If Fernstrum had desired (and the other parties agreed) that such a term be included to preclude Duramax from opposing an application of Fernstrum, then the same should have been provided in Paragraph 15, and it was not. As clearly provided in Paragraph 15 of the settlement agreement, Duramax agreed that nothing contained therein should preclude Fernstrum to seek to register its trademark logo featuring its one-piece keel cooler as part of said design, but Duramax neither agreed not to oppose said application, nor did it agree to permit registration as alleged by Fernstrum in its brief.

Duramax Marine also submits that, as set forth in Paragraph 15 of the settlement agreement, nothing would preclude Fernstrum to seek registration in two-dimensional design format its trademark logo featuring its one-piece keel cooler as part of said design. U.S. Registration No. 2,357,354 is an example of this in which the Fernstrum one-piece keel cooler is part of the design. The mark of the application that is the subject of the present opposition includes in two dimensional format the Fernstrum trademark logo featuring its one-piece keel cooler as the entire design, rather than as part of said design.

The Fernstrum allegation that Duramax Marine has reneged on its agreement to permit registration (which the Agreement does not state) is miscalculated, is an attempt to place Duramax Marine in a bad light, and should not be considered by the Board.

V. Response to Fernstrum's Argument

A. Standing

1. Controlling Authority

Any person who believes that that person will be damaged by the registration of a mark may file an opposition. Standing is an element of the opposer's case that must be affirmatively proved. *Lipton Industries, Inc. v. Raulston Purina Co.*, 670 F.2d 1024, 213, U.S.P.Q. 185

(C.C.P.A 1982). To establish standing, the opposer must prove (1) that it has a real interest in the proceeding; and (2) that it believes it is or will be damaged by the registration. *Id.* at 1028. *Lipton* also points out that no absolute test can be laid down for what must be proved to establish standing as an opposer in an opposition. *Id.* at 1028. In order to establish its standing to object to the registration of an allegedly merely descriptive or deceptively misdescriptive (or functional) term (or mark), an opposer need only show that it is engaged in the manufacture or sale of the same or related goods as those listed in the applicant's involved application or registration and that the product or service in question is one which could be produced or used in the normal expansion of opposer's business; that is, that opposer has a real interest in the proceeding because it is one who has a present or prospective right to use the term descriptively (or functionally) in its business. *Binney & Smith, Inc. v. Magic Marker Industries, Inc.*, 222 U.S.P.Q. 1003 (T.T.A.B. 1984). Duramax Marine has standing as it has a real interest in the proceeding and it believes it will be damaged by the registration.

2. Argument

Fernstrum argues that Duramax Marine lacks standing on the basis that it produces keel coolers with beveled headers, while Fernstrum produces keel coolers with rectangular headers, and that Duramax Marine expressly contracted away its right to manufacture, advertise or use drawings of a keel cooler with rectangular headers. However, Fernstrum ignores the simple fact that Duramax Marine and Fernstrum are competitors, and a competitor has standing because it has an interest in the outcome beyond that of the general public. *Books on Tape, Inc. v. Booktape Corp.*, 836 F.2d 519, 5 U.S.P.Q.2d 1301 (Fed. Cir. 1987). Moreover, if an opposition is dismissed on the standing to oppose issue, it may well be that such a decision prevents that opposer from raising a valid claim that a mark about to be registered suffers from a fatal defect under the law and should not be given federal registration. For this reason, there is a clear trend

towards relaxation of standing to oppose requirements in favor of enlargement of the class of citizens who may protest administrative action. *McCarthy on Trademarks And Unfair Competition* §20:7 (4th Ed. 2003); *Association of Data Processing Serv. Orgs., Inc. v. Camp*, 397 U.S. 150, 25 L. Ed. 2d 184, 90 S. Ct. 827 (1970).

Duramax Marine is engaged in the manufacture and sale of the same or related goods as Fernstrum and is engaged in the same service as that provided in Fernstrum's proposed trademark application. Both are engaged in the business of manufacturing one-piece marine heat exchangers and the service of the manufacture of marine heat exchangers to the order and specification of others. Therefore, the criteria that opposer need only show that it is engaged in the manufacture or sale of the same or related goods (or services) as those listed in the applicant's application is met.

Duramax Marine has a present or prospective right to use the mark (or a confusingly similar mark) sought to be registered in its business, and the product or service in question associated with the proposed Fernstrum mark is one which could be produced or used in the normal expansion of opposer's business. First, if not for the Settlement and Mutual Release Agreement between Fernstrum and Duramax, Inc., Duramax Marine's predecessor in interest, Duramax Marine would be able to manufacture, advertise and promote a keel cooler with a rectangular header by virtue of the expiration of U.S. Patent No. 2,382,218 (ONR, Tab F). Secondly, Fernstrum has already agreed in the Settlement and Mutual Release Agreement that Duramax Marine may manufacture keel coolers with rectangular headers in the event that Fernstrum ceases the production of such keel coolers, as follows:

11. ...
It is further stipulated by the parties that in the event that Fernstrum no longer uses a header configuration consisting of a vertical edge at the aft and fore of the headers on its GRIDCOOLER keel cooler (a "rectangular" header), then at such time Duramax and East Park shall not be required to use the header design modification as illustrated on Exhibit 1 (a "beveled"

header) and shall at that time be free to adopt and use the vertical edge header configuration previously utilized on Fernstrum's GRIDCOOLER keel cooler.

Such a situation can arise, for example, if Fernstrum were to discontinue using keel coolers with rectangular headers such as in favor of an alternative type of keel cooler, thereby allowing Duramax Marine to commence manufacturing and selling of keel coolers with rectangular headers. In this situation, Duramax Marine would be damaged if the proposed Fernstrum trademark application were to mature to registration.

Importantly, there are many situations in which a prospective customer of a one-piece keel cooler would be reasonably confused into thinking that Fernstrum's picture of its one-piece keel cooler from Serial No. 75/701,707 is a picture of the one-piece keel cooler of Duramax Marine, or that a Duramax Marine keel cooler is the keel cooler shown in the Fernstrum registration if Serial No. 75/701,707 is permitted to be registered.

Clearly, Duramax Marine has standing and the present opposition proceeding should not be dismissed on this basis.

B. Equitable Estoppel

1. Controlling Law

Duramax Marine agrees with Fernstrum that a settlement agreement, where applicable, settles claims which were the subject of the agreement. *MWS Wire Industries, Inc. v. California Fine Wire Co., Inc.*, 797 F.2d 799, 177 U.S.P.Q. 873 (9th Cir. 1986). However, a settlement agreement is a contract which should be interpreted under contract law. *MWS Wire Industries, Inc., supra, McCarthy on Trademarks and Unfair Competition* §32:110 (4th Ed. 2004). The law of contracts with respect to the written agreement is basic. See the "Introduction" of the *Law of Contracts*, Jaeger (Dennis & Co., Inc. 1953). It is the words of a contract which are the most important evidence of intention.

After interpretation has called to its help all those facts which make up the setting in which words are used, **the words themselves** remain the most important evidence of intention; to put them altogether aside may at times be necessary but it always somewhat savors of usurpation. (*National City Bank v. Goess*, 1942, 130 F.2d 376) (Emphasis added.)

A contract has nothing to do, strictly speaking, with the personal or individual intent of a party, it is their express words which control.

A contract has, strictly speaking, nothing to do with the personal, or individual, intent of the parties. A contract is an obligation attached by the mere force of law to certain acts of the parties, usually words which ordinarily accompany and represent a known intent. * * *" (*Hotchkiss v. National City Bank of New York*, D.C. N.Y. 1911, 200 F. 287, 293, *aff'd*. C.C.A., 201 F.664, *aff'd*. 231 U.S. 50, 34 S.Ct. 20, 58 L.Ed. 115 and 231 U.S. 60, 34 S.Ct. 22, 58 L.Ed. 121)

2. The Words of the Settlement and Mutual Release Agreement Had Nothing to do with Fernstrum's Later Application for a Picture of Its Keel Cooler.

There was nothing in the foregoing settlement agreement which would preclude Duramax from opposing an application for a two-dimensional picture of Fernstrum's keel cooler. Fernstrum argues in Section V(B)(2) of its Trial Brief that Duramax agreed not to assert any claim or causes of action arising in any way out of the facts asserted (or could have been asserted) by Donovan Marine in the case ultimately heard in the Eastern District of Louisiana. Fernstrum states that this "necessarily" included any claim that Fernstrum's trademark picture of its keel cooler is functional or descriptive. That argument is totally without merit.

That litigation involved in part Fernstrum's trying to enforce its supposed trade dress rights in the flow tubes of its actual keel cooler. There was no issue in any way of a two-dimensional figure of the keel cooler, and Fernstrum has failed to cite any evidence in this regard. Fernstrum had never applied to register the picture of its keel cooler (there are actually many different pictures of its keel cooler that Fernstrum uses in its advertisements). See Duramax Marine's Trial Brief (page 11, last paragraph).

Fernstrum has referred to the following paragraph of the settlement agreement:

17. In consideration of the foregoing release by Fernstrum, Duramax and East Park expressly covenant not to sue and do hereby release, waive and forever discharge Fernstrum,...arising in any way out of the facts and/or claims asserted (or which could have been asserted) by DMI, Fernstrum and East Park in the Litigation or arising in any way from the facts asserted in said Litigations.

The two-dimensional picture of Fernstrum's keel cooler could not reasonably be interpreted as a fact or claim asserted (or which could have been asserted) in Paragraph 17 of the settlement agreement.

Paragraph 15 of the settlement agreement reads as follows:

15. Within ten (10) days of the entry of the Stipulated Order of Dismissal in the Litigation, Fernstrum shall take such action as may be necessary to effect the withdrawal, with prejudice, of its application (application Serial No. 75/382,250) to federally register the configuration of its one-piece keel cooler product as a trademark now pending before the Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office (the "trademark proceedings"). **Nothing herein shall preclude Fernstrum from seeking to register, in two dimensional design format, its trademark logo featuring its one-piece keel cooler as part of said design.** (Emphasis added.)

This paragraph required Fernstrum to abandon its application for the coolant flow tubes in three-dimensional form of its keel cooler, and it did not want to be foreclosed from filing a picture of its keel cooler in two-dimensional form. A possible opposition by any of the parties to the settlement agreement was not discussed, and any intent of Fernstrum to file a two-dimensional trademark application was never discussed.

On the other hand, the issue of Duramax or East Park filing an application for the two-dimensional design of its keel cooler was also part of the Settlement and Mutual Release Agreement, and in this case Fernstrum specifically agreed not to oppose such an application if one were filed. Paragraph 18 of the settlement agreement reads as follows:

18. Fernstrum stipulates and agrees that in the event Duramax or East Park files a trademark application(s) with the U.S. Patent and Trademark Office, which includes the two-dimensional design of their beveled one-piece keel cooler, **Fernstrum will not oppose or otherwise contest said application and Fernstrum will not file a petition or other proceeding to cancel any registration issuing from said trademark application.** (Emphasis added.)

It is clear that if Duramax (or Duramax Marine) were to be precluded from pursuing the present opposition, such a provision would have been entered in the settlement agreement, just as Fernstrum did in Paragraph 18 of the agreement.

Fernstrum states in the last paragraph on page 29 of its Trial Brief that Fernstrum abandoned its original application on the three-dimensional trade dress of the flow tubes for the present two-dimensional picture of its keel cooler in reliance on the Settlement and Mutual Release Agreement. There is absolutely no evidence to support such a statement, and it is submitted that this was not the reason that Fernstrum filed Serial No. 75/701,707. Fernstrum signed the Term Sheet (Tab G, Culpepper Tr. Tes. Dep. Ex. 26) on May 5, 1999, and filed Serial No. 75/701,707 on May 10, 1999, yet it did not sign the Settlement and Mutual Release Agreement until July 21, 1999. If Fernstrum had wanted to possibly avoid the present opposition, it could have at least raised the issue with Duramax Marine of its filing of the instant application during the settlement negotiations. Surely, Fernstrum did not think that at least serious thought would be given by the parties to the settlement agreement to oppose the application, but Fernstrum nevertheless chose not to bring it to the attention of Duramax, Donovan Marine or East Park as settlement was discussed.

In the first paragraph on page 30 of its Trial Brief, Fernstrum says that Duramax knew that Fernstrum was using its picture of its keel cooler as a mark (Fernstrum says a "service" mark, but as noted elsewhere, it also could have been a trademark), and then goes on to say that Duramax knew that Fernstrum was going to file an application. How would Duramax or anyone

else know that Fernstrum was going to file an application? In fact, Fernstrum filed two applications: Serial No. 75/715,815 on May 28, 1999, which issued as Trademark Registration No. 2,357,354 (Applicant's First Notice of Reliance Under Trademark Rule 2.122(e)) and the present application. There is again absolutely no evidence to support such a statement. Fernstrum never advised anyone that it was going to file either application; there was no reason to think that the applications were going to be filed.

Fernstrum continues its remarks by stating that a "significant part of the Agreement was to finally resolve the trademark and trade dress rights in Fernstrum's trademark logo featuring the one-piece keel cooler." (Fernstrum's Trial Brief, Section V(B)(2), p. 29) This is incorrect because the Agreement related to the alleged trade dress of the coolant flow tubes of Fernstrum's actual keel cooler and had nothing to do with other trademark rights which Fernstrum allegedly had. Fernstrum has again offered no supporting evidence that anyone (Fernstrum, Duramax, East Park or Donovan Marine) reached such a conclusion, and there was no encouragement for Fernstrum to file any trademark application at all. If this was so important to Fernstrum, it should have brought it up at the settlement negotiations.

Fernstrum alleges in the second paragraph on page 30 of its Trial Brief that Duramax reneged "upon its earlier promise not to raise any claims or causes of action against the Fernstrum mark." This is not true. Duramax Marine has been in full compliance with both the actual words and the spirit of the Settlement and Mutual Release Agreement. It never made any promise not to raise any claims or causes of action against any two-dimensional mark of Fernstrum, and it is wrong for Fernstrum to say that Duramax Marine reneged on any of its promises in the settlement agreement, or that Duramax Marine is challenging Fernstrum's mark "on the very grounds that Duramax previously agreed it would not raise." (Fernstrum's Trial Brief, p. 30)

It is respectfully submitted that Fernstrum is attempting to in effect rewrite the straightforward Settlement and Mutual Release Agreement in an attempt to get a ruling in its favor, and any "duplicitous conduct" (Fernstrum's Trial Brief, p. 31) being raised is being done by Fernstrum, not Duramax Marine, when Fernstrum submitted an argument that Duramax Marine agreed to the imaginary conduct asserted by Fernstrum.

For the foregoing reasons, it is respectfully submitted that Duramax Marine cannot be held to be equitably estopped from pursuing and prevailing in the present application.

C. Functionality

1. Controlling Authority

Fernstrum accurately cited *In re Morton-Norwich Products, Inc.*, 671 F.2d 1332, 213 U.S.P.Q. 9, (C.C.P.A. 1982) for a description of the functionality doctrine. In that case, the applicant was trying to get a trademark on the configuration of a container for liquid products and not the liquid in the container, 671 F.2d at 1332, 213 U.S.P.Q. at 11. The entire design of an article could function to identify the service of the article and be protected as a trademark, 671 F.2d at 1336, 213 U.S.P.Q. at 12. That protection was limited, however, to those designs of articles and containers and features thereof which were "nonfunctional," 671 F.2d at 1336, 213 U.S.P.Q. at 12, citing numerous legal treatises. Some designs cannot be registered as trademarks because they are *in essence* utilitarian, 671 F.2d at 1338, 213 U.S.P.Q. at 14, citing the shape of cleaning table in *In re Deister* at 506 and the design of a cast aluminum fitting for joining lengths of tubing together. *In re Hollaender Mfg. Co.*, 511 F.2d 1186, 1189, 185 U.S.P.Q. 101, 103 (C.C.P.A. 1975). The configuration of a thermostat cover was "probably the most utilitarian" design which could have been selected for a round mechanism. *In re Honeywell, Inc.*, 532 F.2d 180, 182, 189 U.S.P.Q. 343, 344 (C.C.P.A. 1976).

To determine functionality, it was stated in *Morton-Norwich* that the existence of an expired utility patent disclosing the utilitarian advantages of the design sought to be registered was evidence that it was "functional," (citing *Best Lock Corp. v. Schlage Lock Co.*, 56 C.C.P.A. 1472, 1477, 413 F.2d 1195, 1199, 162 U.S.P.Q. 552, 556; *Mine Safety Appliances Co. v. Electric Storage Battery Co.*, 56 C.C.P.A. 863, 864, 405 F.2d 901, 902, 160 U.S.P.Q. 413, 414(1969); *In re Deister, supra*, 48 C.C.P.A. at 962, 289 F.2d at 501, 129 U.S.P.Q. at 319; *Daniel v. Electric Hose & Rubber Co.*, 214 F. 827, 833, (3d cir. 1916), 121 S.Ct. 1255, 149 L.Ed. 164, 58 U.S.P.Q. 2d 1001. The C.C.P.A. said that it may be significant that the originator of the design touts the utilitarian advantages through advertising, citing *In re Shenango Ceramics, Inc.*, 53 C.C.P.A. 1268, 362 F.2d 287, 150 U.S.P.Q. 115 (1966); *Deister, supra*; *Mine Safety Appliances, supra*; *In re Pllak Steel Co.*, 50 C.C.P.A. 1045, 1046-1047, 314 F.2d 566, 567, 136 U.S.P.Q. 651, 652 (C.C.P.A. 1963). *In re Morton-Norwich Products, Inc.*, 671 F.2d at 1341, 213 U.S.P.Q. at 15.

In re Morton-Norwich Products, Inc. stated that functionality rests upon the foundation of effective competition, 671 F.2d at 1340, 213 U.S.P.Q. at 15. (However, see *TraFFix Devices* cited below.) The Fernstrum one-piece keel cooler was the only one-piece keel cooler on the market from about 1945 until 1997, and there has been ample evidence that its configuration was entirely functional. Duramax Marine obtained a patent on improvements to the Fernstrum one-piece keel cooler, but the only visible appearance is the bevel on the headers. The bevel could well be overlooked or not visible, and a picture of the Fernstrum one-piece keel cooler as shown in Serial No. 75/701,707 could easily be observed as a picture of the Duramax Marine keel cooler. As noted earlier, with reference to paragraph 11 of the Settlement and Mutual Release Agreement, Duramax Marine could make keel coolers with rectangular (as opposed to beveled) headers if Fernstrum were to stop using such one-piece keel coolers. It should also be noted that it is well established that once a feature is found to be functional, i.e. if it is essential to the use or

purpose of the article (or service) or if it effects the cost or quality, there is no need to probe further to determine if there is no competitive need for rivals to use the feature. *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, 121 S.Ct. 1255, 1262, 149 L.Ed.2 164, 58 U.S.P.Q.2d 1001. Even if a functional feature has achieved consumer recognition (secondary meaning) of that feature as an indication of origin, the feature cannot serve as a legally protectable symbol. *McCarthy on Trademarks and Unfair Competition*, §7:66, citing cases. Preservation of freedom to copy unpatented functional features controls and trumps evidence of consumer confusion. *In re Deister Concentrator Co.*, *supra*; *In re Shenango Ceramics, Inc.*, *supra*.

2. A Two-Dimensional Picture of a Product Cannot be Registered if the Picture Only Shows Functional Features of the Product.

Fernstrum argues that *In re Morton-Norwich Products, Inc.*, 671 F.2d at 1338, 213 U.S.P.Q. at 14, supports its allegation that it should be able to obtain a registration because its mark is not directed to a workable or utilitarian device, but only a drawing of that device. Fernstrum further says that its drawing is not a technical drawing such as a blueprint or an installation manual. However, *In re Morton-Norwich Products, Inc.*, which was written by Judge Rich, cites *In re Deister Concentrator Company, Inc.*, *supra*, for which Judge Rich also wrote the decision, 12 times. *In re Morton-Norwich Products, Inc.*, 671 F.2d at 1335 (twice), 1337 (twice), 1338, 1340 (twice), 1341 (three times), 1343 (twice); 213 U.S.P.Q. at 11, 12, 13 (twice), 14, 15 (four times) 16, 18 (twice). In *In re Deister Concentrator Company, Inc.*, the trademark was a drawing of the outline shape of a table. 48 C.C.P.A. at 958, 299 F.2d at 498, 129 U.S.P.Q. at 317. The rules regarding functionality from *Deister* are fully applicable to cases involving drawings of products or to the products themselves. A drawing of an article can be just as functional as the article itself in determining whether or not a mark is functional.

It should also be noted that the drawing of Fernstrum's one-piece keel cooler shown on page 35 of Fernstrum's Trial Brief seems no more technical than the drawing in Serial No.

75/701,707. There are no indications that any dimensions are shown, or that the depicted one-piece keel cooler is drawn to scale. The drawing from the installation manual, which Fernstrum in effect says is utilitarian, is no more "the design of a workable, or utilitarian, device" than is the drawing from Serial No. 75/701,707.

3. The Mark in Issue Cannot be Registered Because it is Functional, Even Though the Application is a Service Mark Application.

Fernstrum argues in Section V(C)(3) of its Trial Brief that its application is not for a product (marine heat exchangers) but for a service (the manufacturing of marine heat exchangers to the order and specification of others). However, the service and the product are in this situation virtually interchangeable. In nearly all of the advertisements submitted by Fernstrum in this opposition proceeding, the promotional words would be considered as appropriate with both the one-piece keel cooler of Fernstrum or the manufacturing of one-piece keel coolers. Fernstrum is having some difficulty in deciding whether to file its applications as either trademark applications or service mark applications. While there has been no evidence that Fernstrum's business has ever changed, its U.S. Registration No. 941,382 ("GRIDCOOLER") is for "external cooling systems for marine engines, and installed upon the hull of watercraft; Registration No. 2,357,354 for "external cooling systems for marine engines, namely heat exchangers; and Serial No. 75/302,250 for "external cooling system for marine engines, namely heat exchangers." The president of Fernstrum did not know why a service mark application rather than a trademark application was filed. (Tab E, P. Fernstrum Dep. Tr. p. 111, l. 23 – p. 113, l. 20)

Fernstrum states on page 36 of its Trial Brief others were not inhibited from depicting their products by Fernstrum's use of the subject mark. However, Fernstrum had no competitors at all until 1997. (Tab E, P. Fernstrum Dep. Tr. p. 93, l. 10-16) Importantly, Fernstrum did not

have a registration on the picture of its one-piece keel cooler, so its recent competitors would not be expected to worry about a trademark infringement suit from Fernstrum. It is significant that Fernstrum successfully compelled a repair shop to stop using the picture of the one-piece keel cooler in the Yellow Pages of a phone book. See Fernstrum's Trial Brief at Section V(D)5, where Fernstrum explains how it compelled East Park to stop using the foregoing picture.

Fernstrum states that there is no evidence that the registration of its mark will hinder competition in the marketplace. However, there is evidence that if the present mark is registered and Sean Fernstrum saw a line drawing based on a photograph of a one-piece keel cooler, he was not certain if he would consider it to be a case of trademark infringement, but that he would bring it to the attention of the other officers of Fernstrum. (Tab E, S. Fernstrum Dep. Tr. p. 201, l. 5-21) Sean Fernstrum further testified that he did not know if a picture of a one-piece keel cooler with a front bevel would constitute infringement of a registration of Fernstrum's Serial No. 75/701,707. (Tab E, S. Fernstrum Dep. Tr. p. 44, l. 23 – p. 45, l. 3)

4. Registration of the Mark Shown in Serial No. 75/701,707 Will Inhibit Duramax Marine from Selling the Keel Cooler.

The essential question of trademark infringement under Section 1114(1)(a) of the Trademark Act is whether one uses a mark, without the consent of the registrant, in commerce in connection with the sale, offering for sale, distribution or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake or to deceive. If Fernstrum is able to have the image of its one-piece keel cooler registered, and Duramax Marine were to use a picture of its own one-piece keel cooler in an advertisement, at a tradeshow or the like, in which the bevel is not seen or appreciated, and if such picture of Duramax Marine looks like that of Fernstrum's picture, there is a true likelihood that Duramax Marine would face a trademark or service mark infringement action. As explained in the

preceding section, a picture of the beveled header could be considered as constituting an infringement of the present mark if registered. Fernstrum has offensively brought legal actions, effectively or actually, against Duramax Marine on previous occasions as noted above, and there is a real likelihood that its competitive position would be hindered if a registration were issued.

With respect to the "fair use" doctrine, there is a real likelihood that some drawing of Duramax Marine of its one-piece keel cooler, which it reasonably believes only describes its goods or services, would be construed otherwise by Fernstrum. Fernstrum has been litigious against its competitors, and Duramax Marine would always be wary of a trademark infringement lawsuit from Fernstrum if Fernstrum were awarded a registration from Serial No. 75/701,707.

On page 38 of the Fernstrum Trial Brief, it is stated that the Walter Machine Company sells competitive keel coolers. However, an examination of Exhibit C cited by Fernstrum shows that the Walter keel cooler is very dissimilar from the one-piece keel cooler of Fernstrum, East Park and Duramax Marine. Moreover, it is not a one-piece keel cooler; it is referred to as a demountable keel cooler, and is a multi-piece unit having replaceable parts.

D. Secondary Meaning Has No Relevance with Respect to a Functional Mark.

As was noted in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 121 S.Ct., *supra* at 1258-1269, 148 L.Ed.2d at 164-177, 58 U.S.P.Q.2d at 1001, functionality having been established, there is no need to consider whether the goods or services have acquired secondary meaning. Even if a functional feature associates the goods or services with a particular source, the mark cannot be registered. *Keene Corp. v. Paraflex Industries, Inc.*, 653 F.2d 822, 211 U.S.P.Q. 201 (3d Cir. 1981), proof of secondary meaning does not overcome proof of utilitarian function. As stated above, freedom to copy unpatented features controls and trumps secondary meaning.

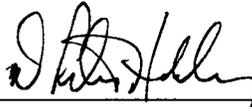
Fernstrum's keel cooler as shown in Serial No. 75/701,707 is totally functional – there are no non-functional parts of it. The picture of the keel cooler is devoid of non-functional or fanciful parts. Therefore, registration should not be allowed to occur.

VI. Conclusion

For the reasons set forth in both the Trial Brief and the Reply Brief of Duramax Marine, it is respectfully requested that the registration of the mark in Serial No. 75/701,707 be denied.

Respectfully submitted,

Date: December 29, 2004

By: 

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing OPPOSER'S REPLY BRIEF, and any document noted as being enclosed or attached, was served via first class U.S. mail, postage prepaid, on the date noted below to: Samuel D. Littlepage, Esq., Dickinson Wright PLLC, 1901 L Street, N.W. – Suite 800, Washington, DC 20036-3506

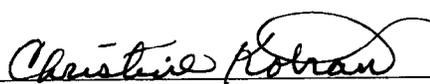
Date: December 29, 2004

By: 
D. Peter Hochberg

CERTIFICATE OF MAILING

I hereby certify that the foregoing OPPOSER'S REPLY BRIEF, and any document noted as being enclosed or attached, was filed via first class U.S. mail, postage prepaid, on the date noted below to: Commissioner for Trademarks, P.O. Box 1451, Alexandria, Virginia 22313-1451.

Date: December 29, 2004

By: 
Christine Kotran