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## STATEMENT OF THE ISSUES

(1) FIM™ is the trademark of one of many assessment tools used in measuring and categorizing the condition of medical-rehabilitation patients. No other assessment tool is referred to as FIM or as a “functional independence measure” or as *the* “functional independence measure”. No one other than Applicant-Respondent uses THE FIM SYSTEM in conjunction with its goods or services. Under these circumstances, are FIM™ and THE FIM SYSTEM® generic?

(2) As reflected in license agreements and industry literature, the relevant public – i.e. researchers and practitioners in the medical-rehabilitation field – recognizes FIM™ and THE FIM SYSTEM® as source-identifying marks. Applicant-Respondent has advertised the marks, promoted them at trade shows, entered into licenses with more than 1000 facilities representing 65% to 80% of the inpatient-rehabilitation market, distributed promotional items bearing the marks, and been the recipient of unsolicited media coverage using the brands as trademarks over a period of many years. Have FIM™ and THE FIM SYSTEM® thereby acquired distinctiveness?

## FACTS

### 1. **Background**

#### a. **Development of the FIM™ Instrument**

Dr. Carl Granger, the Director of Uniform Data System for Medical Rehabilitation (“UDS” or “UDSMR”)<sup>1</sup> and a physician with an extensive background and

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<sup>1</sup> Granger Test. at p. 106.

experience in rehabilitation medicine<sup>2</sup>, began to develop a medical-rehabilitation-assessment tool in 1970.<sup>3</sup> In early 1984, Dr. Granger became a member of a task force to look at rehabilitation tools.<sup>4</sup>

Three months later, in May 1984, the Research Foundation of the State University of New York applied for a grant to the National Institute of Handicapped Research within the U.S. Department of Education.<sup>5</sup> The grant's purpose was to develop a uniform national-data system for medical rehabilitation. Dr. Granger was the grant's Project Director.<sup>6</sup> Contrary to the repeated statements in AMRPA's Brief, the Task Force did not apply for or receive the grant; indeed, the Task Force is explicitly identified in the grant application as nothing more than a consultant.<sup>7</sup> As Dr. Granger testified, the Task Force played an advisory role.<sup>8</sup> In 1985, the Research Foundation of the State University of New York filed a further application to continue the grant.<sup>9</sup>

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<sup>2</sup> Granger Test. at p. 101-105.

<sup>3</sup> Granger Test. at p. 106-07.

<sup>4</sup> AMRPA Ex. 3.

<sup>5</sup> Granger Test. at p. 108-109 and AMRPA APP 1.

<sup>6</sup> AMRPA APP. 1 (grant application), page 2 (AMP 00062).

<sup>7</sup> AMRPA APP. 1 (grant application), pages 5, 9, 10 (AMP 00065, 00069, 00070).

<sup>8</sup> Granger Test. at p. 110.

<sup>9</sup> Granger Test. at pp. 109-110 and AMRPA APP 2 (second grand application), page 1 (AMP 00061).

The FIM™ instrument was developed as part of the work under the grant; it was *not* completed before the grant was completed.<sup>10</sup> All rights in the FIM™ instrument were owned by the Research Foundation of the State University of New York, and were assigned to University at Buffalo Foundation Activities, Inc. (“UBFA”).<sup>11</sup>

UDS, a division of UBFA,<sup>12</sup> was formed on October 1, 1987.<sup>13</sup> It offers tools to the medical-rehabilitation field.<sup>14</sup> UBFA is a New York not-for-profit corporation.<sup>15</sup>

Office of Management and Budget Circular No. A-110, dated July 1, 1976 and in effect to the present time, provides that nonprofit organizations (such as the Research Foundation and UBFA) that receive grants from federal-government agencies are free to copyright any books or publications developed under the federal grant. OMB Circular No. A-110, Sections 1, 2 and Attachment N(8)(b). As such, the Research Foundation, and its assignee, UBFA, were entitled to copyright the materials developed under the government grant. The OMB Circular was codified by the Department of Education in 34 CFR 74. 34 CFR 74.145(a) states: “*Works under grants*. Unless otherwise provided by the terms of the grant, where copyrightable material is developed in the course of or under a grant, the grantee is free to copyright the material or

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<sup>10</sup> Granger Test. at p. 110.

<sup>11</sup> Granger Test. at p. 110, lines 11-16.

<sup>12</sup> Dann Test. at p. 8, lines 22-23.

<sup>13</sup> Granger Test. at p. 105, lines 22-23.

<sup>14</sup> Dann Test. at p. 8, lines 23-9, line 1.

<sup>15</sup> AMRPA App. 3 (HCFA License Agreement), p. 1.

permit others to do so.” Copies of the OMB Circular and 34 CFR 74.145(a) are attached in a separate Appendix.<sup>16</sup>

**b. The HCFA License**

In September 1995, UDS entered into a License Agreement with the U.S. Department of Health and Human Services, Health Care Financing Administration (“HCFA”).<sup>17</sup> Among other things, the HCFA License Agreement gives HCFA a right *to use* the FIM instrument and related materials and *to license* one or more third-parties to use UDS system “in connection with the development, design, implementation, maintenance, operation, and evaluation of the [Medicare] Payment System.”<sup>18</sup> Specifically, the License Agreement permits HCFA to sublicense hospitals to use the FIM™ instrument and related materials “without fee or obligation to UDSmr” as part of the Medicare-payment system.<sup>19</sup> There is, therefore, no merit to AMRPA’s assertion that UDS has monopolized rehabilitation assessment by virtue of HCFA’s adoption of the FIM™ instrument for use in its Medicare-payment systems. When used for that purpose, hospitals and other facilities have a cost-free license to use the FIM™ instrument.

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<sup>16</sup> AMRPA’s citation to *Colt Defense LLC v. Bushmaster Firearms, Inc.*, 82 U.S.P.Q.2d 1759, 486 F.3d 701 ( 1<sup>st</sup> Cir. 2007) is inapposite. See AMRPA Brief, pp. 30-31. The M4 weapon, unlike the FIM™ instrument, was not developed under a government grant. Colt, unlike the Research Foundation and UBFA, is not a not-for-profit corporation and therefore not subject to OMB Circular No. A-110. And Colt did not coin the M4 name; that was part of the government-created weapons-classification system. Here, both the FIM™ instrument and “FIM” as a name for the instrument were developed under the Research Foundation’s government grant.

<sup>17</sup> AMRPA APP 3 (HCFA License Agreement).

<sup>18</sup> AMRPA APP 3 (HCFA License Agreement), Introductory Statement and Section 2(b (bracketed inset supplied)).

<sup>19</sup> AMRPA APP 3 (HCFA License Agreement), Section 2(b)(iii).

The HCFA License Agreement contains an acknowledgement by HCFA that UBFA owns the FIM™ mark.<sup>20</sup> Similarly, the rehabilitation assessment tool (IRF-PAI) issued by the government for its Medicare prospective-payment system contains an acknowledgment that “[t]he FIM mark is owned by UBFA, Inc.”<sup>21</sup> Carolyn Zollar, currently an AMRPA lobbyist<sup>22</sup>, who, at the time the HCFA License Agreement was signed was employed by the National Association of Rehabilitation Facilities<sup>23</sup>, reviewed this language in the HCFA License Agreement but never wrote to the government to object that it was incorrect.<sup>24</sup> She also saw the acknowledgment on the IRF-PAI form but does not recall having voiced any complaints or objections to the government.<sup>25</sup>

## 2. Facts Relating to Genericness

- a. **There are many rehabilitation coding tools, only one of which is referred to as the FIM™ instrument or functional independence measure.**

There are many rehabilitation coding tools, **only one of which** is referred to as the FIM™ instrument or the functional independence measure or a functional independence

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<sup>20</sup> AMRPA APP 3 (HCFA License Agreement), Section 5 (b). AMRPA incorrectly states that UBFA is arguing that UBFA has service mark rights *because* the government acknowledged those rights, thereby bestowing those rights on UBFA. AMRPA Brief, pp. 29-31. UBFA is not making that argument. The government’s acknowledgment is simply one more piece of evidence, taken together with acknowledgments in journal articles, in license agreements, and in unsolicited media coverage, to establish that the relevant public identifies FIM™ instruments with a single source.

<sup>21</sup> AMRPA Ex. 16, and Zoller 4/24/07 Test at pp. 50-51.

<sup>22</sup> Zollar 4/24/07 Test. at p. 25, lines 1-25.

<sup>23</sup> Zollar 4/24/07 Test. at p. 63, line 25 - p. 64, line 4.

<sup>24</sup> Zoller 4/24/07 Test. at p. 70, lines 9-14.

<sup>25</sup> Zoller 4/24/07 Test. at p. 50-2.

measure. A chart identifying eighteen of these tools, and citations to testimony from both UBFA and AMRPA witnesses confirming that these other tools are not referred to as “FIM” or functional independence measure, are set forth at pages 29 - 30 of this Brief.

The literature in the rehabilitation field confirms this. Elizabeth Eisenhauer, UDS’s Information Resource Specialist, performed a literature search for the period 1987 - 1998. Her search found dozens of articles identifying UDS as a source of the FIM™ instrument and THE FIM SYSTEM® services. Many of these documents discuss other rehabilitation assessment tools, most of them with coined names of their own, in addition to the FIM™ instrument but **none of these articles refers to any of the other assessment tools as *the* “FIM” or *a* “FIM” or as a functional independence measure.** Those articles are described in detail in Section 3(i) of the Facts section of this Brief, at pages 17 - 22.

**b. Literature cited by AMRPA establishes that FIM™ and THE FIM SYSTEM® are not generic.**

In its Brief, AMRPA cites to seventeen documents that it claims prove that FIM™ is a generic term. These documents prove the polar opposite – i.e. that FIM™ is the source-identifier of a specific rehabilitation assessment tool and that the authors of those documents know that they are referring to the UDS instrument when they use the term. These seventeen documents are described in detail in Point I(B)(3) of this Brief, at pages 33 - 36.

3. **Facts Relating to Acquired Distinctiveness**

a. **Number of FIM™ instrument subscribers, license revenues, and number of patients accessed using the instrument**

In 1994, there were 622 subscribers to the FIM™ instrument and THE FIM SYSTEM® goods and services. These subscribers were facilities with written-license agreements with UDS, such as subacute-nursing facilities, inpatient-rehabilitation facilities, and Veterans Affairs. The number of subscribers was 751 in 1995; 893 in 1996; 1029 in 1997; 1128 in 1998; 1011 in 1999; 1075 in 2000; 1053 in 2001; 1021 in 2002; 1017 in 2003; 1004 in 2004; 1078 in 2005; and 1130 in 2006.<sup>26</sup>

The license revenues between 1994 and 2006 for use of the FIM™ instrument and THE FIM SYSTEM® goods and services increased as follows.<sup>27</sup>

<b>YEAR</b>	<b>\$ VOLUME OF FIM™ SALES</b>
1994	1,533,767
1995	1,988,290
1996	2,577,173
1997	2,299,901
1998	2,867,441
1999	4,003,216
2000	4,547,631
2001	5,250,592
2002	7,086,511
2003	6,005,286
2004	6,052,216
2005	6,372,430
2006	6,334,837
<b>TOTAL</b>	<b>\$56,919,291</b>

<sup>26</sup> App. Ex. 6 and Dann Test. at p. 9, line 18 - p. 10, line 21.

<sup>27</sup> App. Ex. 6 and Dann Test. at p. 11, lines 3-15.

The FIM™ instrument has been used to assess hundreds of thousands of patients each year<sup>28</sup>:

<b>YEAR</b>	<b>Total FIM™ Patients Assessed</b>	<b>Total FIM™ &amp; UDS PRO® Patients Assessed</b>
1998	391,684	391,684
1999	402,570	402,570
2000	519,833	519,833
2001	546,630	548,327
2002	60,288	550,672
2003	53,056	555,979
2004	47,049	549,223
2005	41,693	494,469
2006	26,350	368,073 (through portion of 4 <sup>th</sup> quarter)
<b>TOTAL</b>		<b>4,380,830</b>

The first column represents patients assessed using the FIM™ instrument outside the Medicare-reimbursement context. The second column adds to the first column those patients assessed using the FIM™ instrument that is incorporated into the IRF-PAI in a Medicare context. The facilities doing the Medicare assessments are licensed to use the FIM™ instrument for Medicare assessments under the government's royalty-free license with UDSMR.<sup>29</sup>

**b. Market penetration**

UDS's market penetration of inpatient-rehabilitation facilities using the FIM™ instrument under license as a percentage of all such facilities (including those using other

<sup>28</sup> App. Ex. 11. Dann Test. at p. 19, lines 14 - p. 20, line 20.

<sup>29</sup> Dann. Test. at p. 19, line 14 - p. 20, line 20. The government's license for Medicare assessments is discussed at pages 8-9 of this Brief.

measures of functional assessment) has ranged from 65% to 80% between 1992 and 2006.<sup>30</sup>

AMRPA witness Gerben DeJong estimates UDS's market penetration as 70% to 80%.<sup>31</sup>

**c. Use of FIM™ and THE FIM SYSTEM® marks on UDS website**

UDS has used FIM™ as a mark on its website, and has identified FIM SYSTEM® as a mark on its website. Samples of UDS's website in 1998 and 2006 appear in the record. FIM™ is identified as a mark on both, and THE FIM SYSTEM® is identified as a registered mark on the 2006 website.<sup>32</sup>

That website has a section describing UDS's trademarks and service marks. The record contains a printout of this section from 2006; with periodic revisions, that section has been on the website for years.<sup>33</sup> This section of the website describes both the FIM™ and THE FIM SYSTEM® marks.

In addition, the UDS website has, for a number of years, contained an on-line brochure describing THE FIM SYSTEM® subscription package.<sup>34</sup>

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<sup>30</sup> Dann Test. at p. 11, lines 16 - p. 21, line 1. Dann testified that this was the range of market penetration during her tenure at UDS, which began in 1992. App. Ex. 5 (establishes when Dann began working at UDS).

<sup>31</sup> DeJong Test. at p. 89, line 20 - p. 90, line 1.

<sup>32</sup> App. Ex. 7 (1998 website) and 8 (2006 website). Dann Test. at p. 13, lines 2 - p. 15, line 15.

<sup>33</sup> App. Ex. 9. Dann Test. at p. 16, lines 11 - p. 17, line 4.

<sup>34</sup> App. Ex. 10. Dann Test. at p. 18, lines 19 - p. 19, line 4.

**d. Trade Shows**

UDS has attended trade shows every year from 1994 to date. These trade shows have been throughout the United States, including Washington, D.C.; Florida; New York; California; Georgia; Tennessee; Colorado; Louisiana; Minnesota; Arizona; South Carolina; Nevada; Pennsylvania; Massachusetts; Washington State; Maryland; Illinois; New Mexico; Texas; North Carolina; and Hawaii.<sup>35</sup> At each of these conferences, UDS has displayed literature or other materials bearing the FIM™ and FIM SYSTEM® marks.<sup>36</sup> These materials consist of literature; exhibit materials (banners, exhibit graphics); sample guides; and promotional handouts, such as mugs, pens and trinkets.<sup>37</sup>

At the educational portions of rehabilitation and trade shows, UDS's Dr. Carl Granger has given educational presentations concerning the FIM™ instrument. In these presentations, he has used posters describing the FIM™ instrument, displaying the FIM™ trademark and noting that "All marks associated with FIM...are owned by UBFA."<sup>38</sup>

At trade shows and educational conferences since 2002, UDS has publicly displayed an eight foot color banner. The banner displays THE FIM SYSTEM® mark and identifies UDS as its source.<sup>39</sup>

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<sup>35</sup> App. Ex. 19; Hagerty Test. at p. 94, lines 1-12.

<sup>36</sup> Hagerty Test. at p. 94, lines 13 - p. 95, line 4, and p. 96, lines 1-7.

<sup>37</sup> Hagerty Test. at p. 95, lines 5-16 (general); p. 105, lines 11 - p. 106, line 1 (App. Ex. 28); p. 106, lines 19- p. 108, line 21 (App. Ex. 29); p. 108, lines 6-18 (App. Ex. 30). See e.g. App. Exs. 28, 29, 30.

<sup>38</sup> App. Exs. 25, 26. Hagerty Test. at p. 102, lines 1- p. 103, line 16.

<sup>39</sup> App. Ex. 27. Hagerty Test. at p. 104, lines 1- p. 105, line 3.

e. **Promotional Items**

For many years, UDS has given away promotional items bearing the FIM™ and/or THE FIM SYSTEM® marks. For example, since 1995 UDS has handed out mugs bearing the FIM™ and THE FIM SYSTEM® marks at trade shows, to guests to its offices, and to potential subscribers and partners.<sup>40</sup> UDS hands out at trade shows and sells in its catalog a mousepad bearing the FIM™ mark.<sup>41</sup>

f. **Newsletters**

From April 1997 - February 1999, UDS produced a newsletter titled "The FIM SYSTEM™ Update" for its subscribers and for nonsubscribers on UDS's mailing list. The newsletter prominently displayed the FIM and THE FIM SYSTEM™ marks.<sup>42</sup>

g. **Advertisements**

From 1996 to present, UDS has advertised its FIM™ and THE FIM SYSTEM® marks in rehabilitation journals. Examples of this advertising from Rehab Management are in the record.<sup>43</sup>

Expenditures for FIM-related advertising, including trade shows and other advertising, has increased from \$73,185 in 1994 to \$368,466 in 2005:<sup>44</sup>

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<sup>40</sup> App. Ex. 20. Hagerty Test. at p. 96, line 16 - p. 97, line 10.

<sup>41</sup> App. Ex. 21. Hagerty Test. at p. 97, line 19 - p. 98, line 14.

<sup>42</sup> App. Ex. 22. Hagerty Test. at p. 99, lines 1-15.

<sup>43</sup> App. Ex. 23-24. Hagerty Test. at p. 99, line 1 - p. 100, line 23.

<sup>44</sup> App. Ex. 33. Hagerty Test. at p. 111, line 20 - p. 112, line 22.

YEAR	TOTAL
1994	73,185
1995	83,224
1996	117,192
1997	69,452
1998	174,435
1999	120,350
2000	159,933
2001	267,818
2002	276,207
2003	182,242
2004	258,625
2005	368,466
THRU 9/2006	288,910

**h. Unsolicited Media Coverage**

The FIM™ and THE FIM SYSTEM® marks have received unsolicited media coverage.<sup>45</sup> The following examples of unsolicited media coverage are in the record:

- FIM, *Advance for Physical Therapists*, June 5, 1995 (“The FIM was developed by researchers at the State University of New York, Buffalo as part of the Uniform Data Set for Medical Rehabilitation (UDS<sub>MR</sub><sup>SM</sup>)”).<sup>46</sup>
- AAP Distinguished Academician Award Presented, *Association of Academic Physiatrists Journal*, March/April 1999 (FIM mark noted).<sup>47</sup>
- The Utility of External Performance Measurement Tools in Program Evaluation, *Rehabilitation Nursing*, Jan/Feb 1998 (identifies FIM instrument as a UDS tool; also identifies other assessment tools, such as PECS, RIC-FAS, and LORS).<sup>48</sup>

<sup>45</sup> Hagerty Test. at p. 108, lines 19 - p. 111, line 12.

<sup>46</sup> App. Ex. 31. Hagerty Test. at p. 109, lines 12-20; p. 110, lines 11-21.

<sup>47</sup> App. Ex. 31. Hagerty Test. at p. 109, lines 12-20; p. 110, lines 11-21.

<sup>48</sup> App. Ex. 32. Hagerty Test. at p. 111, lines 7-12.

i. **The relevant public identifies FIM™ and THE FIM SYSTEM® as source-identifying marks.**

The relevant public – i.e. those researchers and practitioners in the medical rehabilitation field – recognizes FIM™ and THE FIM SYSTEM® as source-identifying marks. UDS' Information Resource Specialist<sup>49</sup> performed a literature search for the period 1987-1998, finding many articles identifying UDS as the source of the FIM™ instrument and THE FIM SYSTEM® services.<sup>50</sup> While many of these documents discuss rehabilitation assessment tools other than the FIM™ instrument, **none of these articles refers to any of those other assessment tools as the “FIM” or a “FIM” or as a functional independence measure.** For example, the following articles were identified in the search:

- Davis CH, Fardanesh, L., Rubner, D., Wanlass, R.L., McDonald, C.M. Profiles of functional recovery in fifty traumatically brain-injured patients after acute rehabilitation. *American Journal of Physical and Rehabilitation Medicine*. 1997;76(3):213-218 (Compares FIM instrument with another assessment tool, the DFSM. “The ‘FIM’ mark is both a trademark and a service mark owned by UDSMR . . .” In the article, the other tool, the DFSM, is never referred to as a functional independence measure or FIM.) (App. Ex. 36:UBF 1924).
- Dellarosa DM, Chan, R.S.K., Toglia, J.P., Finkelstein, N. ADL assessment in acute care: Simultaneous grading of physical and verbal levels of assistance. *Occupational Therapy Practice*. 1991;2(2):38-45 (Compares FIM instrument with another assessment tool, the New York Hospital functional assessment. Attributes FIM instrument to Research Foundation of State University of New York. Article never refers to the New York Hospital functional assessment as a functional independence measure or FIM.) (App. Ex. 36:UBF 1936-1943 and footnote 14).
- Disler PB, Roy, C.W., Smith, B.P. Predicting hours of Care needed. *Archives of Physical Medicine and Rehabilitation*. 1993;74:139-143

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<sup>49</sup> App. Ex. 34, p. 2.

<sup>50</sup> Eisenhauer Test. at p. 148-50.

(Discusses two assessment tools, the FIM instrument and the Edinburgh Rehabilitation Status Scale, and identifies Research Foundation of State University of New York as source of FIM instrument. Also mentions the Barthel index. Does not refer to either Barthel or Edinburgh tool as a functional independence measure or FIM.) (App. Ex. 36: UBF 1965-69 and footnote 8).

- Greenspan, Al, Wrigley, J.M., Kresnow, M., Branche-Dorsey, C.M., Fine, P.R. Factors influencing failure to return to work due to traumatic brain injury. *Brain Injury*. 1996;10(3):207-218 (Refers to FIM instrument and cites to UDS and Dr. Granger. Also refers to another tool, the AIS, but does not refer to any other tool as a functional independence measure or FIM.) (App. Ex. 36: UBF 1978-89 and footnote 21).
- Hetherington H, Earlam, R.J., Kirk, C.J.C. The disability status of injured patients measured by the functional independence measure (FIM) and their use of rehabilitation services. *Injury*. 1995;26(2):97-101 (Identifies FIM tool as originating from Buffalo, New York and cites to UDS as source. Refers to other tools such as the AIS and the Glasgow Outcome Scale but does not refer to any of these other tools as a functional independence measure or FIM.) (App. Ex. 36: UBF 1992-96 and footnote 3).
- Lee LA, Eager, K.M., Smith, M.C. Subacute and non-acute casemix in Australia. *MJA*. 1998;169:S22-S25 (FIM instrument referenced with cite to UDS as source. Also refers to another tool – the AN-SNAP system – but does not refer to the AN-SNAP system as a functional independence measure or FIM.) (App. Ex. 36, UBF 2011-2016 and footnote 22).
- Ring H, Feder, M., Schwartz, J., Samuels, G. Functional measures of first stroke rehabilitation inpatients: Usefulness of the Functional Independence Measure total score with a clinical rationale. *Archives of Physical Medicine and Rehabilitation*. 1997; 78:630-635 (“The FIM is part of the Uniform Data System (UDS). . .” Also refers to other tools, such as the Northwick Park ADL Index, the LOTCA battery, the BIT and the ILAT, but does not refer to any of those tools as a functional independence measure or FIM.) (App. Ex. 36, 2042-2047 at 2042).
- Smith-Knapp K, Corrigan, J.R., Arnett, J.D. Predicting functional independence from neuropsychological tests following traumatic brain injury. *Brain Injury*, 1996; 10(9): 651-661. (Refers to FIM instrument and cites to UDS. Also refers to other tools such as the HRNTB and the LNNB-S memory scale but these other scales are not referred to as a functional independence measure or FIM.) (App. Ex. 36: UBF 2071-2081 and footnote 4).

- Wilkander B, Ekelund, P., Milsom, I. An evaluation of multidisciplinary intervention governed by Functional Independence Measure [FIM SM] in incontinent stroke patients. *Scandinavian Journal of Rehabilitation Medicine*. 1998; 30:15-21 (“FIM<sup>SM</sup> is a service mark of the Uniform Data System for Medical Rehabilitation, a division of UB Foundation Activities, Inc.”) (Refers to other assessment tools, such as the Katz scale and the PGWB index, but does not refer to any of these other tools as a functional independence measure or FIM.) (App. Ex. 36: UBF 2141-2147 and footnote 1 on p. 2141).
- Carlson JE, Zocchi, K.A., Bettencourt, D.M., Gambrel, M.L., Freeman, J.L., Zhang, D. Goodwin, J.S. Measuring frailty in the hospitalized elderly: Concept of functional homeostatis. *American Journal of Physical and Rehabilitation Medicine*. 1998; 77(3):252-257 (“FIM<sup>TM</sup> is a trademark of the Uniform Data Set for Medical Rehabilitation, a division of UB Foundation Activities, Inc..”) (App. Ex. 36: UBF 1977).
- Cichowski KC. The Rehabilitation Institute of Chicago Functional Assessment Scale. *Journal of Rehabilitation Outcomes Measurement*. 1997;1(4):66-71 (FIM<sup>SM</sup> is a service mark of the Uniform Data Set for Medical Rehabilitation - UDS<sub>MR</sub>.) (App. Ex. 36: UBF 1905).
- Meythaler JM, DeVivo, M.J., Braswell, W.C. Rehabilitation outcomes of patients who have developed Guillain-Barre Syndrome. *American Journal of Physical Rehabilitation Medicine*. 1997;76(5):411-419 (References FIM instrument and states “FIM<sup>SM</sup> is a service mark of the Uniform Data Set for Medical Rehabilitation, a division of UB Foundation Activities, Inc.”) (App. Ex. 36: UBF 2018-2033 at 2018).
- Tanaka S, Hachisuka, K., Nara, S., Ogata, H., Kobayashi, Y., Tanaka, H. Effect of activities of daily living on fiber type atrophy of the vastus litalis muscle in patients with joint disorders. *American Journal of Physical and Rehabilitation Medicine*. 1998; 77(2):122-127. (“FIM<sup>TM</sup> is a trademark of the Uniform Data Set for Medical rehabilitation.”) (App. Ex. 36: UBF 2090-2101 at 2090).
- Deshpande SA, MacNeil, S.E., Lichtenburg, P.A., Pithadia, J., Velez, L. Functional outcome differences in acute versus sub-acute geriatric rehabilitation. *Topics in Geriatric Rehabilitation*. 1998;13(4):30-38 (“The FIM is a seven-point rating scale created as part of the Uniform Data Set for Medical Rehabilitation.”) (App. Ex. 25: UBF 1950).
- Dombovy ML, Drew-Cates, J., Serdars, R. Recovery and rehabilitation following subarachnoid haemorrhage: Part II long-term follow-up. *Brain Injury*. 1998;12(10):887-894 (Refers to numerous assessment tools,

including FIM tool, and identifies UDS as source of FIM instrument. Does not refer to any of the other tools as a functional independence measure or FIM.) (App. Ex. 36: UBF 1970-77 and footnotes 19-20).

- Smith SW, Struger, J. Haley, J.A. Successful experiences with clinical pathways in rehabilitation. *Journal of Rehabilitation*. 1998; 64(2):29. ("The FIM was developed by UDSMR.") (App. Ex. 36: UBF 2082-2089 at 2084).
- Charlifue SW, Gerhart, K. A., Whiteneck, G. G. Conceptualizing and quantifying functional change: An examination of aging with spinal cord injury. *Topics in Geriatric Rehabilitation*. 1998; 13(3):35-48 (Refers to FIM instrument and references UDS as the source in footnote 26; references several other measurement tools but does not refer to any of them as the FIM or a functional independence measure.) (App. Ex. 36:UBF 1890-1904).
- Di Scala C, Grant, C.C., Brooke, M.M., Gans, B.M. Functional outcome in children with traumatic brain injury. *American Journal of Physical and Rehabilitation Medicine*. 1992;71(3):145-148 (Refers to numerous assessment tools and identifies the FIM tool with UDS. Does not refer to any other tool as a functional independence measure or FIM.) (App. Ex. 36: UBF 1958-1961 and footnotes 3-5).
- Bohannon RW. Acute care occupational therapy, functional performance and disability disposition. *International Journal of Rehabilitation Research*. 1994; 17(a):61-63 (Identified FIM rating scale as being UDS's.) (App. Ex. 36: UBF 1876).
- Clinchot DM, Bogner, J.A., Kaplan, P.E. Cerebral aneurysms: Analysis of rehabilitation outcomes. *Archives of Physical Medicine and Rehabilitation*. 1997;78:346-349 (Refers to FIM instrument and references UDS guide for use.) (App. Ex. 36: UBF 1912 and footnotes 29-34).
- Cook L, Smith, D.S., Truman, G. Using Functional Independence Measure profiles as an index of outcomes in the rehabilitation of brain-injured patients. *Archives of Physical Medicine and Rehabilitation*. 1994;75:390-392 (Refers to FIM as one assessment tool and references UDS as source.) (App. Ex. 36: UBF 1915 and footnote 2).
- Czyrny JJ, Merrill, A. Rehabilitation of amputees with end-stage renal disease. *American Journal of Physical and Rehabilitation Medicine*. 1994;73(5):353-357 (Refers to FIM scores and attributes FIM to UDS.) (App. Ex. 36: UBF 1919-1920 and footnotes 11-13).

- DiBlasi M, Savage, J. Revitalizing a documentation system. *Rehabilitation Nursing*. 1992;7(1):27-29 (Refers to FIM scoring system and identifies UDS as source.) (App. Ex. 36:UDS 1962-64 at 1963).
- Miller MA, Miller, L.D. Effects of the program-management model: A case study on professional rehabilitation nursing. *Nursing Administration Quarterly*. 1997;21(2):47-55 (Identifies FIM instrument with UDS.) (App. Ex. 36: UBF 2034-2041 at 2037).
- Sandstrom R, Mokler, P.J., Hoppe, K.M. Discharge Destination and Motor Function outcome in several stroke as measured by the Functional Independence Measure/Function-Related Group Classification System. *Archives of Physical Medicine and Rehabilitation*. 1998; 79:762-765. (References the FIM instrument and cites to UDS.) (App. Ex. 36: UBF 2049-52 and footnote 13).
- Segal ME, Schall, R.R. Life satisfaction and caregiving stress for individuals with stroke and their primary caregivers. *Rehabilitation Psychology*. 1996;41(4):303-320. (Refers to FIM as “a well-known and frequently used measure” and cites to UDS.) (App. Ex. 36: UBF 2053-2070 at 2057).
- Vanetzian E. Learning readiness for patient teaching in stroke rehabilitation. *Journal of Advanced Nursing*. 1997; 26:589-594 (Refers to FIM and references Research Foundation.) (App. Ex. 36:UBF 2130-2135 and References).
- Vaughan N, Anger D., Clinchot, D.M. Preservation and wandering as a predictor variable after brain injury. *Brain Injury*. 1997; 11(11):815-819 (FIM instrument referenced with citations to UDS and Dr. Granger.) (App. Ex. 36: UBF 2136-2140 and footnotes 4-5).
- Kong KH, Kevorkian, G.C., Rossi, C.D. Functional outcomes of patients on a rehabilitation unit after open heart surgery. *Journal of Cardiopulmonary Rehabilitation*. 1996;16(6):413-418 (References the FIM instrument and cites to an article by Dr. Granger.) (App. Ex. 36: UBF 1997-2010 and footnote 17).
- Mann NR, DeSantis, N.M., Zafonte, R.D., Wood, D.L., Stathakios, J., Pelshaw, C. Outcome Prediction: Crystal ball or clinical skill. *American Journal of Physical Medicine and Rehabilitation*. 1997; 76(2):171 (Refers to FIM scores and references UDS as training practitioners to administer test.) (App. Ex. 36: UBF 2017).

- Tepper S., Betatty, P., Dejong, G. Outcomes in traumatic brain injury: Self-report versus report of significant others. *Brain Injury*. 1996; 10(8): 575-581. (References the Fone FIM version of the FIM instrument and references UDS.) (App. Ex. 36: UBF 2102-2108 and footnote 21).
- Tofil S., Clinchot, D.M. Recovery of automatic and cognitive functions in traumatic brain injury using the functional independence measure. *Brain Injury*. 1996; 10(12):901-910. (Refers to FIM and UDS.) (App. Ex. 36:UBF 2109-2118 and footnotes 2-3 referring to articles by Dr. Granger).
- Turpin RS, Ratner, D.H. A method of risk-adjust rehabilitation outcomes using functional related groups. *American Journal of Physical and Rehabilitation Medicine*. 1997;76(2):138-143 (Discusses FIM instrument as one of several measurement tools.) (App. Ex. 36: UBF 2119-2129 at 2120).

In addition to the articles that make it clear that the FIM™ and THE FIM SYSTEM® are source-identifying, the more than 1000 license agreements<sup>51</sup> between UDS and rehabilitation and other healthcare facilities show that these facilities acknowledge FIM™ and THE FIM SYSTEM® as being identified with a single source. For example, the “FIM Systems® Facility Service and Software License Agreement for Subacute/SNF/Transitional Hospital”<sup>52</sup> provides explicitly that trademarks and service marks related to the products and services are owned by UDS<sub>MR</sub><sup>53</sup>. Those trademarks and service marks, including FIM™ and THE FIM

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<sup>51</sup> App. Ex. 6 and Dann Test. at p. 9. Samples of the license agreements are provided in App. Ex. 38, authenticated by Jan Bailey at Bailey Test. p. 10, and admitted into evidence at Bailey Test. p. 33, line 21 - p. 34, line 2.

<sup>52</sup> App. Ex. 38: UBF 1515-1532.

<sup>53</sup> *Id.* at 1516 (¶2(c)).

SYSTEM<sup>®</sup>, are identified in the License Agreement.<sup>54</sup> By way of further example, the “UDS-PRO SYSTEM Facility Service and Software License Agreement” contains similar provisions.<sup>55</sup>

### **SUMMARY OF ARGUMENT**

FIM<sup>™</sup> and THE FIM SYSTEM<sup>®</sup> are not generic terms. The relevant generic term – that is, the genus – is “rehabilitation coding tool” or “functional assessment tool” or “assessment measure.” There are many functional assessment tools. The FIM<sup>™</sup> instrument is one specific functional assessment tool. People in the industry do not refer to any of the other functional assessment tools as the FIM instrument or a functional independence measure or the functional independence measure. Rather, they refer to competing assessment tools by such names as Barthel index, PULSES matrix, ESCROW scale, LORS, REHABIS measure, and PECS, to name a few.

The FIM<sup>™</sup> and THE FIM SYSTEM<sup>®</sup> marks have acquired distinctiveness. The FIM<sup>™</sup> instrument has a 65% - 80% market penetration, with that percentage of inpatient rehabilitation facilities using the FIM<sup>™</sup> instrument under licenses that acknowledge UDS’s trademarks and service marks. The literature in the field confirms that those in the field – i.e. members of the relevant public – view the FIM<sup>™</sup> and FIM SYSTEM<sup>®</sup> marks as source identifiers. UDS promotes its marks with substantial advertising, including trade shows and journal advertisements, both of which focus on the marks. Unsolicited articles have

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<sup>54</sup> Eg. *id.*, at UBF 1515 (THE FIM SYSTEM<sup>®</sup>), UBF 1526 (FIM<sup>™</sup>).

<sup>55</sup> App. Ex. 38: UBF 1655-1670 at UBF 1658 and 1665 (FIM<sup>™</sup>).

acknowledged the UDS goods and services in conjunction with the marks and noted that UDS is the source of those goods and services.

## ARGUMENT

### **POINT I. The FIM™ Mark Is Entitled To Registration. THE FIM SYSTEM® Mark Should Not Be Cancelled.**

#### **A. Both registration applications were converted into Section 2(f) applications. Therefore, the only issues are genericness and acquired distinctiveness.**

On June 4, 1998, UBFA applied to register FIM in International Class 16, with a first use date of January 1, 1994,<sup>56</sup> for “printed publications in the field of rehabilitation, namely printed coding forms, guides, measurement instruments and reports.”<sup>57</sup> Faced with a descriptiveness refusal,<sup>58</sup> UBFA converted its application to one under Section 2(f), based upon acquired distinctiveness.<sup>59</sup> UBFA submitted evidence of acquired distinctiveness.<sup>60</sup> The Examiner reviewed the evidence of acquired distinctiveness and passed the application to publication.<sup>61</sup> AMRPA then opposed the registration of FIM.

Also on June 4, 1998, UBFA applied to register THE FIM SYSTEM in International Class 41.<sup>62</sup> After an initial refusal for descriptiveness,<sup>63</sup> UBFA converted its

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<sup>56</sup> AMRPA Ex. 54, p. 3.

<sup>57</sup> *Id.*

<sup>58</sup> *Id.* at p. 6-8.

<sup>59</sup> *See id.* at p. 50-51.

<sup>60</sup> *Id.* at p. 54-77.

<sup>61</sup> *Id.* at p. 78.

<sup>62</sup> AMRPA Ex. 55, pp. 1-5.

application to one under Section 2(f), based upon acquired distinctiveness.<sup>64</sup> UBFA submitted evidence of acquired distinctiveness,<sup>65</sup> and THE FIM SYSTEM passed to publication on March 6, 2002.<sup>66</sup> THE FIM SYSTEM® was registered on November 12, 2002 in International Class 41 for “Developing measuring instruments and educational manuals for use by others in the field of rehabilitation; teaching others to measure and report rehabilitation outcomes; analyzing rehabilitation outcomes for others,”<sup>67</sup> with a first use date of January 1, 1996.<sup>68</sup>

Where, as here, a party seeks registration based on acquired distinctiveness, it is assumed that the mark is merely descriptive and the only issue remaining under 2(f) is whether the mark or proposed mark has acquired distinctiveness.<sup>69</sup> “Mere descriptiveness” is not an issue.<sup>70</sup> “The issue of acquired distinctiveness is a question of fact.”<sup>71</sup> The applicant bears the burden of establishing acquired distinctiveness<sup>72</sup> by a preponderance of the evidence.<sup>73</sup>

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<sup>63</sup> *Id.* at p. 6-8.

<sup>64</sup> *See Id.* at p. 41-42.

<sup>65</sup> *Id.* at p. 43-83.

<sup>66</sup> *Id.* at p. 86.

<sup>67</sup> *Id.* at p. 87.

<sup>68</sup> *Id.*

<sup>69</sup> *Yamaha International Corporation v. Hoshino Gakki Co., Ltd.*, 6 U.S.P.Q. 2d 1001, 1005, 840 F.2d 1572, 1577 (Fed. Cir. 1988).

<sup>70</sup> *In re The Council on Certification of Nurse Anesthetists*, 2007 TTAB LEXIS 49, n. 2 (TTAB 2007)

<sup>71</sup> *Yamaha, supra*, 6 U.S.P.Q. 2d at 1008.

<sup>72</sup> *Id.*

<sup>73</sup> *Id.*

AMRPA opposes the registration of FIM™ and seeks to cancel THE FIM SYSTEM® registration on the additional ground that it claims those terms are generic. AMRPA bears the burden of proving genericness by a preponderance of the evidence.<sup>74</sup>

**B. FIM™ and THE FIM SYSTEM® are not generic.**

AMRPA argues that FIM™ is generic.<sup>75</sup> It does not, however, argue that THE FIM SYSTEM® is generic.<sup>76</sup> In any event, although it bears the burden of proving genericness by a preponderance of the evidence, it offers no evidence at all to that effect.<sup>77</sup>

**1. *The legal standard for genericness.***

The Board's test for genericness is well known<sup>78</sup>:

A generic term is the common descriptive name of a class of goods or services..." H. Marvin Ginn Corp. v. International Association of Fire Chiefs, Inc., 782 F.2d 987, 228 USPQ 528, 530 (Fed. Cir. 1986). The critical issue in genericness cases such as this one is whether members of the relevant public primarily use or understand the term sought to be registered to refer to the genus of goods or services in question. Our primary reviewing court has set forth a two-step inquiry to determine whether a mark is generic: First, what is the genus (category or class) of goods or services at issue? Second, is the term sought to be registered understood by the relevant public primarily to refer to that genus (category or class) of goods or services? 228 USPQ at 530.

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<sup>74</sup> *The Tea Board of India v. The Republic of Tea, Inc.*, 80 U.S.P.Q. 2d 1881, 1887 (TTAB 2006).

<sup>75</sup> AMRPA Brief, pp. 27-38.

<sup>76</sup> See AMRPA Brief, pp. 27-44.

<sup>77</sup> *Tea Board, supra*, 80 U.S.P.Q.2d at 1887.

<sup>78</sup> *In re The Council of Certification of Nurse Anesthetists, supra*, 2007 TTAB LEXIS 49, at \*26. See also *Magic Wand, Inc. v. RDB, Inc.*, 19 U.S.P.Q.2d 1551, 940 F.2d 638 (Fed. Cir. 1991) (the test for determining whether a mark is generic is its primary significance to the relevant public).

2. ***There are many rehabilitation coding tools and functional assessment tools and only one is referred to as the FIM™ instrument or as a functional independence measure.***

In this case, the genus of goods or services is defined by the goods set forth in the FIM™ application and THE FIM SYSTEM® registration. FIM™ is sought to be registered for “printed publications in the field of rehabilitation, namely printed coding forms, guides, measurement instruments and reports.”<sup>79</sup> THE FIM SYSTEM® was registered for “developing measuring instruments and educational manuals for use by others in the field of rehabilitation; teaching others to measure and report rehabilitation outcomes; analyzing rehabilitation outcomes for others.”<sup>80</sup> AMRPA does not attempt to identify the genus. By implication, AMRPA contends that the genus is the name of a form, or a number or a score<sup>81</sup>, but it provides no support or evidence for that conclusory statement.

Contrary to the assertion that FIM™ or functional independence measure is a generic term for rehabilitation coding tools or functional assessment tools, the evidence is clear that there are and have been many different rehabilitation coding forms and functional assessment tools, and **only one of them** is known as the FIM™ instrument or referred to as *the* functional independence measure or *a* functional independence measure.<sup>82</sup> David Stover,

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<sup>79</sup> AMRPA Ex. 54, p. 3.

<sup>80</sup> AMRPA Ex. 55, p. 87.

<sup>81</sup> AMRPA Brief, p. 29.

<sup>82</sup> In a footnote, AMRPA refers to an assessment tool it says is known as the SFIM, which AMRPA says is an acronym for “spinal functional independence measure.” See AMRPA Brief, p. 14, n. 1. A review of the exhibits cited by AMRPA shows that the measure is actually known as the SCIM, not SFIM. See AMRPA Exs. 43, 47. The acronym SCIM stands for “Spinal Cord Independence Measure.” With respect to other measures that incorporate the letters FIM in their

AMRPA's Rule 30(b)(6) witness<sup>83</sup>, testified that there were many functional assessment measuring tools, some of them used by multiple hospitals.<sup>84</sup> AMRPA witness and lobbyist Carolyn Zollar also testified that there are various instruments that measure functional assessment:

Q: Are there other instruments besides the one [FIM™ instrument] that we have seen in Opposer's exhibits that measure functional assessment?

...

A. There are various instruments that measure different parts of functional independence and ability, yes.<sup>85</sup>

AMRPA presented the testimony of two expert witnesses, Gerben DeJong and Kenneth Adams. They each testified that there are other functional assessment tools or rehabilitation coding tools, and that none of them is referred to as FIM or THE FIM SYSTEM.<sup>86</sup> UDSMR presented the testimony of Dr. Samuel Markello, who gave similar testimony.<sup>87</sup> The following chart summarizes that testimony:

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name, AMRPA makes no showing that these are not measures owned by UBFA. For example, AMRPA Ex. 51 refers to WeeFIM. That measure is owned by UBFA (App. Ex. 9, 29).

<sup>83</sup> Applicant's Notice of Reliance No. 2, Stover Test. at p. 64, lines 6-18.

<sup>84</sup> *Id.*, Stover Test. at p. 84, lines 8-16.

<sup>85</sup> Zollar 4/24/07 Test. at p. 77, lines 1-12 (bracketed insert supplied).

<sup>86</sup> Adams was not familiar with many of the functional assessment tools, such as LORS, REHABIS, PECS or CADET. Adams Test. at p. 36-37.

<sup>87</sup> Dr. Markello is UDSMR's Associate Director, and was an Assistant Professor from 1995 to 2000 in the State University of New York at Buffalo Medical School's Department of Rehabilitation. App. Ex. 39; p. 1. He has taught workshops throughout the United States on "Data Analysis, Interpretation and Application of Rehabilitation Outcomes." App. Ex. 39, p. 3.

<b>Tool</b>	<b>Reference to Testimony Stating That This Tool is Not Referred to As FIM or THE FIM SYSTEM</b>
Barthel index	DeJong Test. at 81, lines 18-22 Adams Test. at 26, lines 13-21 Markello Test at 74
PULSES matrix	DeJong Test. at 83, lines 1-3 Markello Test. at p. 83, line 6 - p. 84, line 7
ESCROW scale	DeJong Test. at 83, lines 4-6 Markello Test. at p. 84, line 8 - p. 85, line 1
Level of Rehabilitation Scale (LORS)	DeJong Test. at p. 83, line 7 - p. 84, line 14 Markello Test. at p. 77, line 5 - p. 78, line 12
REHABIS measure	DeJong Test. at p. 84, line 15 - p. 85, line 5
PECS system	DeJong Test. at 85, lines 9-19 Markello Test. at p. 75, line 21 - p. 77, line 4
FAI	DeJong Test. at p. 85, line 19 - p. 86, line 7 Adams Test. at 37, lines 10-18 Markello Test. at p. 80, line 17 - p. 81, line 14
HUP	DeJong Test. at 86, lines 11-19
Disability Rating Scale	DeJong Test. at 87, lines 1-12 Markello Test. at p. 82, line 13 - p. 83, line 5
Functional Status Index (FSI)	DeJong Test. at p. 87, line 13 - p. 88, line 1 Markello Test. at p. 79, line 17 - p. 80, line 16
POLTIS	Adams Test. at 36, lines 6-11
Rankin scale	Markello Test. at p. 74, line 22 - p. 75, line 20
Glasgow coma scale	Markello Test. at p. 78, line 13 - p. 79, line 16
Glasgow Outcome scale	Markello Test. at p. 81, line 15 - p. 82, line 12
Functional Assessment Measure	Markello Test. at p. 85, line 2 - p. 86, line 6

Tool	Reference to Testimony Stating That This Tool is Not Referred to As FIM or THE FIM SYSTEM
RIC FAS	Markello Test. at 86, lines 7-23
SF-36 survey	Markello Test. at 87, lines 1-17
HUI index	Markello Test. at p. 87, line 18 - p. 88, line 9

Dr. DeJong testified that his employer, the National Rehabilitation Hospital, developed its own functional status measure. This measure is known as the Functional Data Assessment Team Feedback Form or, alternatively, as the “green monster.”<sup>88</sup> As Dr. DeJong conceded, the NRH “green monster” nowhere refers to itself as a functional independence measure.<sup>89</sup> A review of the “green monster” document shows that the instrument is not named or referred to as FIM, FIM SYSTEM, or even “functional independence measure.”<sup>90</sup> The “green monster” is one example of a functional assessment tool, just as the FIM<sup>TM</sup> instrument is another example of such a tool. The generic term is “functional assessment tool” or “rehabilitation coding tool”, not FIM<sup>TM</sup> or FIM SYSTEM® or even functional independence measure.

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<sup>88</sup> Adams Test. at p. 52, line 10 - p. 53, line 5. The Functional Data Assessment Team Feedback Form appears at AMRPA Ex. 25.

<sup>89</sup> DeJong Test. at p. 109, line 21 - p. 110, line 5.

<sup>90</sup> AMRPA Ex. 25.

AMRPA's witness, Dr. DeJong, also testified about an article that he co-authored for the June 2004 issue of the American Journal of Physical Medicine & Rehabilitation.<sup>91</sup> In the left-hand column of the first page of DeJong's article in a section titled "Disclosures", it states:

FIM™ is a trademark of the Uniform Data System for Medical Rehabilitation, a division of UB Foundation Activities, Inc.<sup>92</sup>

In his article's text, DeJong refers to the FIM instrument and footnotes a reference to UDS.<sup>93</sup> While DeJong tried to explain away the attribution in the "Disclosures" section of his article's first page by stating that he did not review the galleys and that the "Disclosure" was probably added by the editor, DeJong did not call or write the Journal to complain after the article was published.<sup>94</sup> And he conceded that since accuracy of journal articles appearing under his name is important to his reputation within the field, it is important to correct anything that is published that is incorrect.<sup>95</sup> Yet he did not, leading to the inference that his testimony about the Disclosure and attribution being inaccurate was nothing more than a litigation-inspired position taken long after the fact.

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<sup>91</sup> DeJong Test. at pp. 124-28. The article is App.Ex. 4.

<sup>92</sup> App. Ex. 4, p. 468.

<sup>93</sup> App. Ex. 4, p. 476 and n. 18.

<sup>94</sup> DeJong Test. at pp. 126, 128.

<sup>95</sup> *Id.* at p. 138, line 19 - p. 139, line 12.

AMRPA's other expert witness, Kenneth Adams, testified that he performed an Internet search for the term FIM.<sup>96</sup> He read the first five articles that came up from the search.<sup>97</sup> None of those articles referred to any assessment scale – other than UDS's – as the FIM.<sup>98</sup>

The conclusion that FIM<sup>TM</sup> and FIM SYSTEM<sup>®</sup> are not generic is further supported by industry literature. This literature establishes that there are multiple rehabilitation coding tools and functional assessment tools and that only the UDS tool is referred to as the FIM instrument or as the functional independence measure. This literature is summarized at length in Section 3 (i) of the Facts section of this Brief.<sup>99</sup> Not a single article discussed there refers to any other rehabilitation assessment tool as FIM or *a* functional independence measure or *the* functional dependence measure.

3. ***The documentary examples cited by AMRPA establish that FIM<sup>TM</sup> and THE FIM SYSTEM<sup>®</sup> are not generic.***

In its Brief, AMRPA offers examples of documents that it says prove that FIM<sup>TM</sup> is a generic term.<sup>100</sup> (It does not even attempt to do this with THE FIM SYSTEM<sup>®</sup> mark.)

AMRPA's examples prove just the opposite – i.e. that FIM<sup>TM</sup> is the name of a specific rehabilitation assessment tool, the one developed under the Research Foundation grant, and that

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<sup>96</sup> Adams Test. at p. 63, lines 21-25.

<sup>97</sup> *Id.* at p. 67, lines 18-24.

<sup>98</sup> *Id.* at p. 66, line 12 - p. 67, line 24.

<sup>99</sup> App. Ex. 36, admitted into evidence without objection at Eisenhauer Test. at p. 159.

<sup>100</sup> AMRPA Brief, pp. 32-37.

the authors of the documents referenced by AMRPA know that they are referring to the UDS-owned instrument when they use the term.

AMRPA begins with a reference to six documents in which, it claims, “usages of FIM in the text are generic references to the test.”<sup>101</sup> A review of those documents, however, reveals that the authors were referring to only one specific rehabilitation assessment tool when they referred to FIM – the UDS tool – and not to the general category of assessment tools, and that the author knew the source of that tool:<sup>102</sup>

1. AMRPA Ex. 57 (UBF 0848) - Page 1 of a letter from a UDSMR subscriber to UDSMR (addressee is missing but writer identifies facility as a UDS subscriber). Asks for UDSMR’s permission to use a modified version of the FIM™ instrument. As a subscriber, the facility was licensed to use the FIM™ instrument and would know that UDSMR is the source of the instrument and related services.
2. AMRPA Ex. 57 (UBF 0980) - Letter from a college to UDSMR (addressed to UDSMR’s Director of Subscriber Services) asking for UDSMR’s permission to use FIM™-related materials in courses for students. Notes that 51% of the school’s clinical fieldwork centers are UDSMR subscribers that require the students to use the FIM instrument. Since the letter notes that majority of school’s fieldwork centers are subscribers, the letter’s author indicates knowledge that UDSMR is the source of the FIM™ instrument and related materials.
3. AMRPA Ex. 57 (UBF 1919-1923) - Journal article with a reference to “FIM scores” that cites (1) an article whose authors include Byron Hamilton and Carl Granger (principals under the Research Foundation

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<sup>101</sup> AMRPA Brief, pp. 32-33.

<sup>102</sup> AMRPA implies that in order for a term to serve as a trademark or service mark, the public must be able to identify the source of the good or service. That is not the law. A word or name may serve as a trademark or service mark as long as it distinguishes the goods or service of the mark holder from the goods or services of others, “even if that source is unknown.” 15 U.S.C. § 1127. See also *A.J. Canfield Co. v. Honickman*, 1 U.S.P.Q. 2d 1364, 808 F.2d 291 (3d Cir. 1986)(the 1984 amendment to the Lanham Act endorses the “long recognized anonymous source rule”). See also McCarthy, *Trademarks and Unfair Competition* § 15:8 (2007 ed).

grant), (2) the 1987 version of the Guide for Use of the Uniform Data Set for Medical Rehabilitation that is attributed to the Research Foundation (grant recipient) and (3) a second article authored by Hamilton and Granger entitled "UDS report: the uniform data system for medical rehabilitation report of first admissions for 1990." (Footnotes 11-13) Indicates that article's author is aware that UDSMR is the source of the FIM™ instrument and related materials.

4. AMRPA Ex. 57 (UBF 0835-0841) - Journal article with reference to "Functional Independence Measure" that cites two articles whose authors include Hamilton and Granger.
5. AMRPA Ex. 57 (UBF 1936-1943) - Journal article that refers to an instrument known as the "New York Hospital functional assessment" that is separate and distinct from the FIM instrument but incorporates some modified elements of the FIM instrument. Shows that when FIM instrument is modified, it is no longer called the FIM instrument. Also supports idea that health care facilities do not refer to all assessment instruments as "FIM instruments" or as a functional independence measure.
6. AMRPA Ex. 57 (UBF 001944-1946) - Journal article (case study) that refers to two separate tables contrasting "FIM score" with "NRS-R score." Description of tables states that "NRS-R" stands for "Neurobehavioral Rating Scale - revised," an assessment instrument that is separate and distinct from the FIM instrument. Shows that FIM refers to a specific assessment tool and is not a generic name for all assessment tools. Does not refer to the NRS-R scale as FIM or as a functional independence measure.

In addition to referring to only the UDS-owned assessment tool as the FIM instrument or FIM, *none* of these documents refers to any other assessment tool as a functional independence measure.

Next, AMRPA refers to five documents that it characterizes as examples of competitors and media using that term FIM in a generic sense.<sup>103</sup> But in each case, the document

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<sup>103</sup> AMRPA Brief, pp. 35-36.

refers to FIM as a specific rehabilitation assessment tool, that tool being the UDS tool, thereby proving that FIM is not a generic term for “rehabilitation assessment tool”:

1. AMRPA Ex. 59 (UBF 0155-0245) - Teaching guide/course materials relating to the FIM instrument. Course outline states (0160) that “The Uniform Data System for Medical Rehabilitation (UDS) originated the FIM.”
2. AMRPA Ex. 60 (UBF 0254) - Flyer for “FIM Certification Training Class.” There is nothing to indicate that the training provider does not attribute the FIM instrument to UDSMR.
3. AMRPA Ex. 61 (UBF 0926-27) - Trade publication article that refers specifically to the eighteen items in the FIM instrument and refers to the Minimum Data Set (MDS) as a separate assessment instrument that incorporates only some of the FIM instrument’s eighteen items. The article also notes that HCFA has a license with UDSMR that allows HCFA to use the FIM instrument.
4. AMRPA Ex. 62 (UBF 1120) - Trade publication - quoted language is not on the page AMRPA provided. That language does refer to the FIM instrument as a separate and distinct assessment instrument.
5. AMRPA Ex. 63 (UBF 0680) - Business First news article about UDSMR’s WeeFIM instrument. Article notes that UDSMR was the “brainchild” of Dr. Granger and states that the FIM instrument (referred to as the Functional Independence Measure) “was the first product to come from Granger’s initiative.” Links the FIM instrument to UDSMR through Dr. Granger.

In addition to referring to only the UDS-owned assessment tool as the FIM instrument or FIM, *none* of these documents refers to any other assessment tool as a functional independence measure.

Finally, AMRPA identifies six documents which it says are examples of UBFA using FIM as “a generic term for a medical rehabilitation test.”<sup>104</sup> Reference to the documents

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<sup>104</sup> AMRPA Brief, p. 37.

themselves, instead of to AMRPA's characterization of them, shows that each document refers to the specific rehabilitation assessment tool owned by UDS and not to other tools or to the genus of "rehabilitation tools":

1. AMRPA Ex. 64 (UBF 0046) - Appears to be a page from a UDSMR report prepared for a UDSMR subscriber. Since subscribers are licensed to use the FIM™ instrument, the report would relate to subscriber data collected using that instrument (page also contains UDSMR copyright notice).
2. AMRPA Ex. 65 (UBF 0095) - 1987 version of the FIM™ instrument. Contains Research Foundation copyright notice.
3. AMRPA Ex. 66 (UBF 0097) - 1985 version of the FIM™ instrument coding sheet with early version of the FIM™ instrument (18 items but only 4 levels). Contains a copyright notice but does not indicate the copyright owner. Heading refers to "National Data System for Medical Rehabilitation."
4. AMRPA Ex. 67 (UBF 0106) - 1987 version of FIM Profile graph. Contains Research Foundation copyright notice.
5. AMRPA Ex. 68 (UBF 0876) - Letter from UDSMR librarian giving permission to a hospital to use subsets of the FIM instrument in a proposal. Requires hospital to give "proper credit" for such usage.
6. AMRPA Ex. 69 (UBF 0948) - E-mail from UDSMR copyright librarian indicating that the FIM instrument was developed under a federal grant but is not in the public domain. Intended to refute the common misperception that works developed under federal grants are automatically in the public domain (copyright concept, not a trademark concept).

In addition to referring to only the UDS-owned assessment tool as the FIM instrument or FIM, *none* of these documents refers to any other assessment tool as a functional independence measure.

As to THE FIM SYSTEM® mark, AMRPA's Rule 30(b)(6) witness, David Stover, testified that the mark THE FIM SYSTEM® is used by UDSMR, that the mark THE

FIM SYSTEM® is *not* used by AMRPA and that he does not know of any third-party that has used that mark.<sup>105</sup>

4. ***Dr. DeJong's and Dr. Adams' testimony that FIM is a generic term is not probative.***

AMRPA attempts to bolster its argument that FIM is a generic term by citing to the testimony of Dr. Gerben DeJong and Dr. Kenneth Adams that FIM is a generic acronym for functional independence measure. These witnesses are anything but independent witnesses. Their opinion testimony is not probative and should be given no weight.

Neither Dr. DeJong nor Dr. Adams is an independent witness. Dr. DeJong's employer, the National Rehabilitation Hospital ("NRH"), is the recipient of a \$400,000 grant from AMRPA, a portion of which will be allocated to Dr. DeJong's salary.<sup>106</sup> The CEO of Dr. DeJong's employer is an AMRPA Board member.<sup>107</sup>

Dr. Kenneth Adams has acted as a lobbyist for AMRPA before Congress<sup>108</sup> and has acted as an industry spokesman for AMRPA.<sup>109</sup> He was at the time of his testimonial examination a member of AMRPA's Board of Directors.<sup>110</sup>

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<sup>105</sup> Stover Test. at p. 95, lines 17 - p. 96, line 5 (attached to Applicant's Notice of Reliance No.2, Item 1).

<sup>106</sup> DeJong Test. at p. 14, lines 5-14, and p. 74, lines 16 - p. 75, line 10.

<sup>107</sup> DeJong Test. at p. 76, line 21 - p. 77, line 6.

<sup>108</sup> Adams Test. at p. 43.

<sup>109</sup> Adams Test., at p. 45, line 23 - p. 46, line 5.

<sup>110</sup> AMRPA Ex. 41.

When asked, Dr. DeJong conceded that he did not know the meaning of “generic” in the trademark context.<sup>111</sup> Dr. Adams testified that he did not conduct any surveys to determine how people in the industry perceive the term FIM.<sup>112</sup> As a scientist, Dr. Adams admitted that his method of determining how people perceive the term FIM did not pass scientific muster – “[M]y scientific method was not valid . . .”<sup>113</sup>

When the characterizations testified to by Drs. DeJong and Adams are stripped away and their testimony regarding facts is considered, it is clear that FIM™ is not generic. Both DeJong and Adams testified that there are many rehabilitation assessment tools and that no one refers to any of those tools other than the UDS-owned instrument as the FIM instrument or THE FIM SYSTEM. That testimony is cited in the chart at pages 29 - 30 of this Brief.

AMRPA’s burden here is to show both that 1) “functional independence measure” is a generic term for the class of goods and services in UBFA’s applications for the registration of the FIM™ and THE FIM SYSTEM® marks and 2) that the relevant public understands “FIM” to be an abbreviation for a full generic phrase.<sup>114</sup> AMRPA has not met either burden.

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<sup>111</sup> DeJong Test. at p. 72, line 20 - p. 73, line 3 (“I don’t know.”).

<sup>112</sup> Adams Test. at p. 57, lines 9-10.

<sup>113</sup> *Id.*, at p. 58, lines 5-6. Dr. Adams testified that he had not heard of many of the other functional assessment tools, the implication being that those tests were not known to persons in the rehabilitation field. Adams Test. at p. 37, lines 2 - p. 38, line 9. AMRPA’s other expert witness was more forthright - he readily testified to his familiarity with other assessment tools, all of which are known by names other than FIM. DeJong Test. at pp. 81-87.

<sup>114</sup> *See eg. Capital Project Management, Inc. v. IMDSIS, Inc.*, 70 U.S.P.Q.2d 1172 (TTAB 2003).

AMRPA has submitted no evidence to show that the relevant public used “functional independence measure” or “FIM” in a generic sense, i.e. as referring to the entire genus of rehabilitation assessment tools or functional assessment measures. In fact, AMRPA acknowledges in its Brief that FIM refers to a single specific assessment tool and not to the class of all assessment tools: “The functional independence measure (FIM) is *a* well-known assessment tool for measuring the condition of medical rehabilitation patients and potential rehabilitation patients. . . .”<sup>115</sup> The overwhelming weight of the evidence confirms this, that both “functional independence measure” and “FIM” are used by the relevant public to refer to a single rehabilitation assessment tool and no other: the 18-item, 7-level assessment tool developed by the Research Foundation under a government grant, and later assigned to UBFA.

AMPRA points to the inclusion of “FIM” in *Acronyms, Initialisms & Abbreviations* as an acronym for “functional independence measure” as proof that FIM is generic.<sup>116</sup> It is no proof of genericness. The appearance of “FIM” or “functional independence measure” in an acronym listing does not speak to whether the relevant public considers “FIM” or “functional independence measure” to be a description for the entire genus of rehabilitation assessment tools. In fact, the proof in the record is that those terms refer not to the genus of rehabilitation assessment tools, but to only one specific rehabilitation assessment tool, the one owned by UDS. Even the *Acronyms, Initialisms & Abbreviations* publication itself warns that the inclusion of an acronym in its listing has no trademark significance: “The inclusion of an acronym, initialism, or abbreviation (acronym) does not represent an expression of the

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<sup>115</sup> AMRPA Brief, p. 11 (emphasis supplied).

<sup>116</sup> AMRPA Brief, p. 17.

publisher's opinion as to any legal rights, trademark or otherwise, in such acronym, nor should it be relied upon as having any bearing on the validity or ownership of any trademark. The failure to indicate that as [sic] acronym is a trademark is not intended as a representation by the publisher that no trademark right exists in the acronym and does not affect any legal rights in such acronym."<sup>117</sup>

Where, as here, an acronym is not generally understood to be a recognized term for a *generic* phrase, acronyms have been registered as marks, even in the face of challenge. For example, "CV" (continuous vision)<sup>118</sup>, "PCA" (Professional Cleaners Association)<sup>119</sup>, "RWP" (registered will plan)<sup>120</sup> "PDA" (property damage appraiser)<sup>121</sup>, and "CLF" (current-limiting fuse)<sup>122</sup> have all been registered, either after an opposition or after an appeal from an Examiner's refusal.

Because AMRPA has not met its burden of proving genericness, the only remaining issue is acquired distinctiveness.

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<sup>117</sup> AMRPA Ex. 54, p. 11. *Acronyms, Initialisms & Abbreviations* (38<sup>th</sup> ed. 2007) itself lists such well-known registered marks as Nasdaq, NBA, MLB and PBS. *Id.* at Vol.1, Part 3, pp. 3072, 3250, 3268.

<sup>118</sup> *Modern Optics, Inc. v. Univis Lens Co.*, 110 U.S.P.Q. 293, 234 F.2d 504 (CCPA 1956).

<sup>119</sup> *Racine Industries, Inc. v. Bane-Clene Corp.*, 35 U.S.P.Q.2d 1832 (TTAB 1995).

<sup>120</sup> *In re First National Bank of Canton*, 152 U.S.P.Q. 293 (TTAB 1967).

<sup>121</sup> *Property Damage Appraisers, Inc. v. Property Damage Appraisers, Inc.*, 177 U.S.P.Q. 792 (TTAB 1973).

<sup>122</sup> *General Electric Company, Inc. v. The Chase-Schawmut Company*, 133 U.S.P.Q. 341 (TTAB 1962).

**C. The FIM™ and THE FIM SYSTEM® marks have acquired distinctiveness.**

The Federal Circuit has held that “a mark has acquired secondary meaning if it has become ‘distinctive of the applicant’s goods in commerce.’ Whether a mark has acquired distinctiveness is a question of fact.”<sup>123</sup> “The exact kind and amount of evidence necessarily depends on the circumstances of the particular case” and “Congress has chosen to leave the exact degree of proof necessary to qualify a mark for registration to the judgment of the Patent Office and the courts.”<sup>124</sup> “All that is necessary to establish secondary meaning is that the ordinary buyer associates the mark with a single, albeit anonymous, source.”<sup>125</sup>

In an opposition proceeding (such as the opposition proceeding challenging registration of FIM™), the acquired distinctiveness determination is made as of the date the issue is being determined.<sup>126</sup> In a cancellation proceeding (such as the proceeding seeking to cancel THE FIM SYSTEM® registration), the date as of which to determine acquired distinctiveness is the date of registration.<sup>127</sup> THE FIM SYSTEM® was registered on November 12, 2002.<sup>128</sup>

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<sup>123</sup> *The Hoover Company v. Royal Appliance Mg. Co.*, 57 U.S.P.Q.2d 1720, 1722, 238 F.3d 1357, 1360 (Fed. Cir. 2001) citing 15 U.S.C. §1052(f).

<sup>124</sup> *In re Owens’ Corning Fiberglas Corporation*, 227 U.S.P.Q. 417, 422, 774 F.2d 1116, 1125 (Fed. Cir. 1985), quoting *In re Hehr Manufacturing Company*, 126 U.S.P.Q. 381, 383, 279 F.2d 526, 528 (CCPA 1960).

<sup>125</sup> McCarthy, *Trademarks and Unfair Competition*, §15:8 (2007 ed). See also *In re Polar Music Intern AB*, 221 U.S.P.Q. 315, 317, 714 F.2d 1567, 1571 (Fed. Cir. 1983) (“the public need not know the name of the owner of the marks”).

<sup>126</sup> McCarthy, *Trademarks and Unfair Competition*, §15:71 (2007 ed). See also *McCormick & Co. v. Summers*, 148 U.S.P.Q. 272, 276, 354 F.2d 668 (CCPA 1966).

<sup>127</sup> McCarthy, *Trademarks and Unfair Competition*, §15:71 (2007 ed). See also *Harsco Corp. v. Electrical Sciences, Inc.*, 9 U.S.P.Q.2d 1570 (TTAB 1988).

<sup>128</sup> App. Ex. 55 at p. 87.

Despite the fact that there is a full record of testimony and exhibits before the Board, AMRPA has limited its discussion of acquired distinctiveness to those items that were submitted to the Examiner during the trademark and service mark application process.<sup>129</sup> Whether the submissions to the PTO were sufficient to establish acquired distinctiveness is, however, irrelevant. Where, as here, “both sides presented all their evidence, filed briefs and [will make] closing arguments, the only relevant issue . . . is which party should prevail on the entire record. At this stage, evaluation of the entire record, not the prima facie showings previously made by the respective parties, is the only issue relevant to the outcome.”<sup>130</sup> We now turn to that issue – whether, based on the entire record, FIM and THE FIM SYSTEM have acquired distinctiveness.

The evidence of acquired distinctiveness of the FIM<sup>TM</sup> and THE FIM SYSTEM<sup>®</sup> marks is strong. Both marks have been in use since at least the mid-1990s. Since at least 1993, UDS has licensed its FIM<sup>TM</sup> instrument.<sup>131</sup> The number of licensed subscribers has risen from 622 in 1994, to 1021 in 2002, and to 1130 in 2006.<sup>132</sup> Revenues for use of the FIM<sup>TM</sup> instrument and THE FIM SYSTEM<sup>®</sup> goods and services has increased from \$1,533,767 in 1994; to \$7,086,511 in 2002, and, in 2006, was \$6,334,837<sup>133</sup> through November, the month in which UDS’s Kathy Dann testified. From 1998 through late in 2006, more than 4.3 million patients

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<sup>129</sup> AMRPA Brief, pp. 17-27, 42-43.

<sup>130</sup> *Yamaha, supra*, 6 U.S.P.Q.2d at 1006 (bracketed insert supplied and internal footnote omitted).

<sup>131</sup> Bailey Test. at p. 10 - p. 33 and App. Ex. 38 (forms of license agreements).

<sup>132</sup> App. Ex. 6 and Dann Test. at p. 9, line 18 - p. 10, line 21.

<sup>133</sup> App. Ex. 6 and Dann Test. at p. 11, lines 3-15.

have been assessed using the FIM<sup>TM</sup> instrument.<sup>134</sup> UDS's market penetration of inpatient rehabilitation facilities using the FIM instrument<sup>TM</sup> under license as a percentage of all such facilities (including those using other measures of functional assessment) has ranged from 65% to 80% between 1992 and 2006.<sup>135</sup>

Because they have entered into license agreements, all of those facilities administering the FIM<sup>TM</sup> instrument or utilizing THE FIM SYSTEM® goods or services pursuant to a license agreement with UDS – representing 65% to 80% of the market – realize that the FIM<sup>TM</sup> and THE FIM SYSTEM® marks designate source. AMRPA witness Gerben DeJong agreed with these market penetration percentages – he estimates UDS's market percentage at 70% to 80%.<sup>136</sup>

UDS makes and has made affirmative and substantial efforts to promote the FIM<sup>TM</sup> and THE FIM SYSTEM® marks as source identifiers. Each year, UDS attends trade shows throughout the United States. From 1994 through 2006, UDS has attended 108 trade shows in twenty states and the District of Columbia.<sup>137</sup> At these shows (and elsewhere), UDS displays literature bearing the FIM<sup>TM</sup> and THE FIM SYSTEM® marks, exhibited banners and graphic materials displaying those marks, provided sample guides with the marks, and handed

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<sup>134</sup> App. Ex. 11 and Dann Test. at p. 19, line 14 - p. 20, line 20.

<sup>135</sup> Dann Test. at p. 11, line 16 - p. 21, line 1. Dann testified that this was the range of market penetration during her tenure at UDS, which commenced in 1992. App. Ex. 5 (establishes when Dann began working at UDS).

<sup>136</sup> DeJong Test. at p. 80, line 20 - p. 90, line 1.

<sup>137</sup> App. Ex. 19.

out promotional items such as coffee mugs, pens and mousepads displaying the marks.<sup>138</sup> At the educational portions of some of these trade shows, UDS's Dr. Granger has given educational presentations concerning the FIM™ instrument. In doing so, he has used posters describing the FIM™ instrument, displaying the FIM™ trademark and noting that "All marks associated with FIM . . . are owned by UBFA."<sup>139</sup>

These efforts to promote the FIM™ and THE FIM SYSTEM® marks at trade shows have been successful. Even AMRPA witness Gerben DeJong acknowledges that he has seen UDS's booth at numerous trade shows<sup>140</sup> and that UDS displays the FIM™ mark:

Q. At those trade shows do they [UDS] use the FIM mark and display the FIM mark?

A. Yes, they do. I can't recall the most recent one. But I've seen that mark used frequently.<sup>141</sup>

UDS has advertised its goods and services. The FIM™ mark has been prominently displayed in those advertisements. From 1994 through September 30, 2006, UDS has spent more than \$2.4 million on advertising, including trade shows and industry publication ads.<sup>142</sup> Examples of written advertisements in *Rehab Management* are in the record.<sup>143</sup>

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<sup>138</sup> App. Exs. 27, 28, 29, 30 and Hagerty Test. at p. 95, lines 5-16; p. 105, line 11 - p. 106, line 1; p. 106, line 19 - p. 108, line 21; and p. 108, lines 6-18.

<sup>139</sup> App. Exs. 25, 26. Hagerty Test. at p. 102, line 1 - p. 103, line 16.

<sup>140</sup> DeJong Test. at p. 90, lines 2-13.

<sup>141</sup> DeJong Test. at p. 90, lines 14-18 (bracketed insert supplied).

<sup>142</sup> App. Ex. 33 (advertising expenditures). Hagerty Test. at 111, line 20 - p. 112, line 22.

<sup>143</sup> App. Ex. 22-24. Hagerty Test. at p. 99, line 1 - p. 100, line 23.

UDS's promotion of the FIM<sup>TM</sup> and THE FIM SYSTEM® marks has resulted in unsolicited media coverage. Unsolicited articles referring to the UDS goods and services and identifying them with the FIM<sup>TM</sup> marks are in the record.<sup>144</sup>

Perhaps the best indication that the public has come to treat the FIM<sup>TM</sup> and THE FIM SYSTEM® marks as a source identifier is the plethora of professional articles identifying UDS as the source of the FIM<sup>TM</sup> instrument and THE FIM SYSTEM® goods and services. Several dozens of these articles are summarized at pages 17 - 22 of this Brief. In addition, in its discussion of genericness, AMRPA refers to seventeen documents.<sup>145</sup> An actual review of these documents reveals that the documents' authors not only did not use FIM as a generic term, but they were well aware that UDS was the source of the FIM<sup>TM</sup> instrument. These seventeen documents are discussed at pages 33 - 36 of this Brief.

**POINT II. "Policing" And "Abandonment" Are Not Issues In This Proceeding.**

**A. Policing the Marks**

During discovery, AMRPA stated the "Opposer is *not* claiming that Applicant did not adequately police 'FIM.'"<sup>146</sup> Even without this concession, the record is undisputed that UDSMR has extensively policed and controlled the FIM<sup>TM</sup> and THE FIM SYSTEM® marks.

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<sup>144</sup> App. Exs. 31, 32. Hagerty Test. at p. 109, lines 12-20; p. 110, lines 11-21; and p. 111, lines 7-12.

<sup>145</sup> AMRPA Brief, pp. 32-37.

<sup>146</sup> Applicant's Notice of Reliance No. 1, ¶ 1: Opposer's Response to Applicant's First Set of Interrogatories to Opposer, Response No. 6 (emphasis supplied).

It has long been settled that “[t]he owner of a mark is not required to constantly monitor every nook and cranny of the entire nation and to fire both barrels of his shotgun instantly upon spotting a possible infringer.”<sup>147</sup> Instead, “the owner must take reasonable steps, under all the circumstances of the case, to prevent the public from being misled.”<sup>148</sup> Occasional or sporadic misuses by non-licensees are insufficient to show that a mark has become generic because of a failure to police the mark.<sup>149</sup>

UDSMR has written to hundreds of vendors, subscribers, authors, journals, the government and lobbying groups in a continuing effort to ensure that the marks are used appropriately.<sup>150</sup> AMRPA has pointed to only a few examples of what it claims to be generic use of FIM™ or THE FIM SYSTEM®.<sup>151</sup> And, in each of those instances, the references to FIM™ or THE FIM SYSTEM® are to the assessment tool and related materials developed under the Research Foundation grant (and assigned to UDS) or developed later by UDS. None of those

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<sup>147</sup> *Engineered Mechanical Services, Inc. v. Applied Medical Technology, Inc.*, 223 U.S.P.Q. 324, 332, 584 F. Supp. 1149 (M.D. La. 1984). *See also Tea Board of India v. The Republic of Tea, Inc.*, 80 U.S.P.Q. 1881, 1888 (TTAB 2006).

<sup>148</sup> *Midwest Plastic Fabricators, Inc. v. Underwriters Labs, Inc.*, 15 U.S.P.Q. 2d 1359, 1363, 906 F.2d 1568 (Fed. Cir. 1990).

<sup>149</sup> *University Book Store v. University of Wisconsin Board of Regents*, 33 U.S.P.Q. 2d 1385 (TTAB 1994) (few occasional and transitory incidents regarding quality insufficient); *Midwest, supra* (occasional, sporadic problem insufficient); McCarthy, *Trademarks and Unfair Competition* § 18:58 (2007 ed.).

<sup>150</sup> Dann Test. at pp. 21-29 and App. Exs. 12-16 (letters to and from vendors, subscribers, authors, journals and others).

<sup>151</sup> See AMRPA Brief, pp. 32-33, 35-36, 37.

examples is an instance of anyone referring to a different assessment tool (or materials related to a different assessment tool) as FIM or THE FIM SYSTEM.<sup>152</sup>

**B. Abandonment**

AMRPA has conceded that it is not claiming that Applicant has abandoned the challenged marks. In its responses to interrogatories, AMRPA stated: “ Opposer does *not* claim that Applicant has abandoned ‘Applicant’s Mark.’”<sup>153</sup>

**CONCLUSION**

Beginning in 1984, the Research Foundation of the State University of New York obtained a federal grant and developed an assessment tool, known as the FIM™ instrument, to measure and categorize the condition of medical-rehabilitation patients. The Research Foundation assigned its rights in the FIM™ instrument and related marks, goods and services to UB Foundation Activities, Inc.

The FIM™ instrument is but one of many assessment tools. Only the UBFA instrument is known as the FIM™ instrument. None of the other assessment tools is referred to as FIM or THE FIM SYSTEM or “functional independence measure.” The extensive literature in the rehabilitation field consistently refers to only the UBFA assessment tool as the FIM or

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<sup>152</sup> See discussion of AMRPA’s references at pages 33-36 of this Brief.

<sup>153</sup> Applicant’s Notice of Reliance No. 1, ¶ 1: Opposer’s Response to Applicant’s First Set of Interrogatories to Opposer, Response No. 5 (emphasis supplied).

THE FIM SYSTEM or “functional independence measure.” Even AMRPA concedes that “FIM” refers to “a well-known assessment tool,”<sup>154</sup> and not to the genus of all such assessment tools.

The FIM™ and THE FIM SYSTEM® marks have acquired distinctiveness. The industry literature, the more than 1000 licenses entered into by UDS representing a 65% to 85% market penetration, the 4.3 million patients assessed using UDS’s FIM™ instrument, the advertising and promotion of the marks by UDS throughout the United States, and unsolicited media coverage all point to the same conclusion – that the ordinary buyer associates the FIM™ and THE FIM SYSTEM® marks with a single source.

Because FIM™ and THE FIM SYSTEM® are not generic and have acquired distinctiveness, AMRPA’s opposition to registration of FIM™ should be dismissed, and its petition to cancel the registration of THE FIM SYSTEM® should be denied.

Dated: September 21, 2007

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\_\_\_\_\_

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<sup>154</sup> AMRPA Brief, p. 11 (emphasis supplied).

# APPENDIX

## APPENDIX

### I. Description of the Trial Record:

AMRPA has described a portion of its trial record and has not described any of UBFA's trial record.

#### A. Additional AMRPA Testimony and Exhibits

On September 13, 2007, AMRPA submitted the following additional testimony and exhibits, which were not identified in its brief:

1. Carolyn Zollar Test. of 4/24/07<sup>155</sup>; and
2. App. Ex. 4: Marked during testimony of AMRPA witness Gerben DeJong. Beatty, Neri, Bell, and DeJong. "Use of Outcomes Information in Acute Inpatient Rehabilitation," *Am. J. Phys. Med. Rehab*, Vol. 83, No. 6, June 2004.<sup>156</sup>

#### B. UBFA Testimony and Exhibits <sup>157</sup>:

UBFA has submitted certified copies of the following testimony:

1. Kathleen Dann, Chief Operating Officer, Uniform Data Systems, a division of UBFA (Dann Test. begins at 6 of 11/29/06 transcript);
2. Francis Hagerty, Director of Marketing, Uniform Data Systems and Product Manager for UDS-Pro (Hagerty Test. begins at 88 of 11/29/06 transcript);
3. Elizabeth Eisenhauer, Information Resources Specialist, Uniform Data Systems (Eisenhauer Test. begins at 146 of 11/29/06 transcript);
4. Janet Bailey, Director of Clinical trials, Uniform Data Systems (Bailey Test. begins at 5 of 11/30/06 transcript);
5. Dr. Samuel J. Markello, Associate Director, Uniform Data Systems (Markello Test. begins at 69 of 11/30/06 transcript); and

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<sup>155</sup> Docket Entry 67 (pp. 360 et seq.) in Opposition 91158512.

<sup>156</sup> Docket Entry 67 (pp. 350-59) in Opposition 91158512.

<sup>157</sup> Docket Entries 44-51 in Opposition No. 91158512.

6. Dr. Carl Granger, Executive Director, Uniform Data Systems  
(Granger Test. begins at 101 of 11/30/06 transcript).

With the certified copies of the testimony, UBFA submitted certified copies of the exhibits introduced during that testimony:

- APP Ex. 5: Kathy Dann education and employment history
- APP Ex. 6: Estimated Number of FIM™ subscribers and Estimated \$ Volume of FIM™ sales
- APP Ex. 7: Pages from UDS website, 1998
- APP Ex. 8: Pages from UDS website, 2006
- APP Ex. 9: Marks and Proper Citations for UDSMR Publications
- APP Ex. 10: FIM System® Advantage
- APP Ex. 11: Total FIM™ Patients Assessed and Total FIM™ UDS-PRO Patients Assessed
- APP Ex. 12: Documents relating to UDS's "policing efforts"
- APP Ex. 13: Documents relating to UDS's "policing efforts"
- APP Ex. 14: Documents relating to UDS's "policing efforts"
- APP Ex. 15: Documents relating to UDS's "policing efforts"
- APP Ex. 16: Documents relating to UDS's "policing efforts"
- APP Ex. 17: FIM application Response to Office Action No. 4
- APP Ex. 18: Fran Hagerty education and employment history
- APP Ex. 19: Trade shows attended by UDS (1994-2006)
- APP Ex. 20: Photograph - UDS FIM™ and THE FIM SYSTEM® coffee mug
- APP Ex. 21: UDS FIM™ Decision Tree mousepad
- APP Ex. 22: The FIM System™ Update (Newsletter), April 1997
- APP Ex. 23: UDS advertisements in REHAB Management, April/May 1997

- APP Ex. 24: UDS advertisements in REHAB Management, February/March 1997
- APP Ex. 25: Poster used by UDS's Dr. Granger in educational seminars
- APP Ex. 26: Poster used by UDS's Dr. Granger in educational seminars
- APP Ex. 27: UDS Banner: The FIM System®
- APP Ex. 28: UDS tri-fold brochure
- APP Ex. 29: UDS document holder brochure
- APP Ex. 30: UDS tri-fold brochure
- APP Ex. 31: Journal articles
- APP Ex. 32: The Utility of External Performance Measurement Tools in Program Evaluation, Rehabilitation Nursing, Jan/Feb 1998
- APP Ex. 33: UDS advertising expenditures
- APP Ex. 34: Elizabeth Eisenhower Resume
- APP Ex. 35: Literature search results
- APP Ex. 36: Journal articles
- APP Ex. 37: Janet Bailey education and employment history
- APP Ex. 38: UDS forms of license agreements
- APP Ex. 39: Samuel J. Markello Curriculum Vitae
- OPP Ex. 27: Dann Declaration outlining the number of subscribers and uses of the FIM™ instrument (June 21, 1999)
- OPP Ex. 28: UDSMR Data Management Service Facility Agreement
- OPP Ex. 29: Service Agreement, dated July 1, 1999
- OPP Ex. 30: Service Agreement
- OPP Ex. 31: Letter from Ela Weiss
- OPP Ex. 32: Dann Declaration, June 21, 2000

OPP Ex. 33: Dann Declaration, January 28, 2002

OPP Ex. 34: Letter to Ron Miller

OPP Ex. 35: Letter dated August 22, 2001

OPP Ex. 36: Project Report

OPP Ex. 37: UDSMR National Advisory Committee, Oct. 28, 1991

OPP Ex. 38: UDSMR National Advisory Committee, Nov. 14, 1992

OPP Ex. 39: UDSMR National Advisory Committee, July 21, 1993

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# **REGULATORY APPENDIX**

NOTICES

OFFICE OF MANAGEMENT AND BUDGET

[Circular No. A-110]

GRANTS AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, AND OTHER NONPROFIT ORGANIZATIONS

Uniform Administrative Requirements

JULY 1, 1976.

To the heads of executive departments and establishments.

Subject: Uniform administrative requirements for grants and other agreements with institutions of higher education, hospitals, and other nonprofit organizations

1. *Purpose.*—This Circular promulgates standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to, and other agreements with, public and private institutions of higher education, public and private hospitals, and other quasi-public and private nonprofit organizations. This Circular does not apply to grants, contracts, or other agreements between the Federal Government and units of State or local governments covered by Federal Management Circular 74-7.

2. *Effective date.*—The standards in the attachments to this Circular will be applied as soon as practicable but not later than January 1, 1977.

3. *Supersession.*—This Circular rescinds and replaces parts III and IV of the Appendix to Federal Management Circular 73-7, Administration of college and university research grants.

4. *Policy intent.*—The uniform standards and requirements included in the attachments to this Circular replace the varying and often conflicting requirements that have been imposed by Federal agencies as conditions of grants and other agreements with recipients.

5. *Applicability and scope.*—Except as provided below, the standards promulgated by this Circular are applicable to all Federal agencies. If any statute expressly prescribes policies or specific requirements that differ from the standards provided herein, the provisions of the statute shall govern.

The provisions of the attachments of this Circular shall be applied to subrecipients performing substantive work under grants that are passed through or awarded by the primary recipient if such subrecipients are organizations described in paragraph 1.

6. *Definitions.*

a. The term "grant" means money or property provided in lieu of money paid or furnished by the Federal Government to recipients under programs that provide financial assistance or that provide support or stimulation to accomplish a public purpose. The term "other agreements" does not include contracts which are required to be entered into and administered under procurement laws and regulations. Grants and other agreements exclude (a) technical assistance programs, which provide services instead of money, (b) assistance in the form of

general revenue sharing, loans, loan guarantees, or insurance, and (c) direct payments of any kind to individuals.

b. The term "recipient" includes the following types of nonprofit organizations that are receiving Federal funds from a Federal agency or through a State or local government:

Public and private institutions of higher education; public and private hospitals; and other quasi-public and private nonprofit organizations such as (but not limited to) community action agencies, research institutes, educational associations, and health centers.

The term does not include foreign or international organizations (such as agencies of the United Nations) and Government-owned contractor operated facilities or research centers providing continued support for mission-oriented, large scale programs that are Government-owned or controlled, or are designed as federally-funded research and development centers.

7. *Requests for exceptions.*—The Office of Management and Budget may grant exceptions from the requirements of this Circular when exceptions are not prohibited under existing laws.

However, in the interest of maximum uniformity, exceptions from the requirements of the Circular will be permitted only in unusual cases. Agencies may apply more restrictive requirements to a class of recipients when approved by the Office of Management and Budget.

8. *Attachments.*—The standards promulgated by this Circular are set forth in the Attachments, which are:

- Attachment A Cash depositories.
- Attachment B Bonding and insurance.
- Attachment C Retention and custodial requirements for records.
- Attachment D Program income.
- Attachment E Cost sharing and matching.
- Attachment F Standards for financial management systems.
- Attachment G Financial reporting requirements.
- Attachment H Monitoring and reporting program performance.
- Attachment I Payment requirements.
- Attachment J Revision of financial plans.
- Attachment K Closeout procedures.
- Attachment L Suspension and termination procedures.
- Attachment M Standard form for applying for federal assistance.
- Attachment N Property management standards.
- Attachment O Procurement standards.

9. *Exceptions for certain recipients.*—Notwithstanding the provisions of paragraph 7 if an applicant/recipient has a history of poor performance, is not financially stable, or its management system does not meet the standards prescribed in the Circular, Federal agencies may impose additional requirements as needed provided that such applicant/recipient is notified in writing as to:

- a. Why the additional standards are being imposed;
- b. What corrective action is needed.

Copies of such notifications shall be sent to the Office of Management and Budget and other agencies funding that recipient at the same time the recipient is notified.

10. *Responsibilities.*—Agencies responsible for administering programs that involve grants and other agreements with recipients shall issue the appropriate regulations necessary to implement the provisions of this Circular. All portions of such regulations that involve record-keeping and/or reporting requirements subject to the provisions of the Federal Reports Act and OMB Circular A-40 must be submitted to OMB for clearance before being introduced into use. Upon request all regulations and instructions implementing this Circular shall be furnished to the Office of Management and Budget. Agencies shall also designate an official to serve as the agency representative on matters relating to the implementation of this Circular. The name and title of such representative shall be furnished to the Office of Management and Budget not later than August 30, 1976.

11. *Inquiries.*—Further information concerning this Circular may be obtained by contracting the Financial Management Branch, Budget Review Division, Office of Management and Budget, Washington, D.C. 20503, telephone 395-3993.

JAMES T. LYNN,  
Director.

ATTACHMENT A.—CIRCULAR No. A-110

CASH DEPOSITORIES

1. This attachment sets forth standards governing the use of banks and other institutions as depositories of funds advanced under grants and other agreements.

2. Except for situations described in paragraphs 3, 4, and 5, no Federal sponsoring agency shall:

- a. Require physical segregation of cash depositories for funds which are provided to a recipient.
- b. Establish any eligibility requirements for cash depositories for funds which are provided to a recipient.

3. A separate bank account shall be required when applicable letter-of-credit agreements provide that drawdowns will be made when the recipient's checks are presented to the bank for payment.

4. Any monies advanced to a recipient which are subject to the control or regulation of the United States or any of its officers, agents or employees' (public monies as defined in Treasury Circular No. 170, as amended) must be deposited in a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage and the balance exceeding the FDIC coverage must be collateralized.

5. Consistent with the national goal of expanding the opportunities for minority business enterprises, recipients and subrecipients shall be encouraged to use minority banks (a bank which is owned at least 50 percent by minority group members).

ATTACHMENT B.—CIRCULAR No. A-110

BONDING AND INSURANCE

1. This attachment sets forth bonding and insurance requirements for grants and other agreements with recipients. No other bonding and insurance requirements shall be imposed other than those normally required by the recipient.

2. Except as otherwise required by law, a grant or other agreement that requires the contracting (or subcontracting) for construction or facility improvements shall provide for the recipient to follow its own re-

## ATTACHMENT N.—CIRCULAR NO. A-110

## PROPERTY MANAGEMENT STANDARDS

1. This attachment prescribes uniform standards governing management of property furnished by the Federal Government or whose cost was charged to a project supported by a Federal grant or other agreement. Federal sponsoring agencies shall require recipients to observe these standards under grants and other agreements and shall not impose additional requirements unless specifically required by Federal law. The recipient may use its own property management standards and procedures provided it observes the provisions of this attachment. This attachment also applies to subrecipients as referred to in paragraph 5 of the basic circular.

2. The following definitions apply for the purpose of this attachment:

a. *Real property.*—Real property means land, including land improvements, structures and appurtenances thereto, but excluding movable machinery and equipment.

b. *Personal property.*—Personal property of any kind except real property. It may be tangible—having physical existence, or intangible—having no physical existence, such as patents, inventions and copyrights.

c. *Nonexpendable personal property.*—Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit exempt that recipients subject to Cost Accounting Standards Board regulations may use the CASB standard of \$500 per unit and useful life of two years. A recipient may use its own definition of nonexpendable personal property provided that the definition would at least include all tangible personal property as defined above.

d. *Expendable personal property.*—Expendable personal property refers to all tangible personal property other than nonexpendable property.

e. *Excess property.*—Excess property means property under the control of any Federal agency that, as determined by the head thereof, is no longer required for its needs or the discharge of its responsibilities.

f. *Acquisition cost of purchased nonexpendable personal property.*—Acquisition cost of an item of purchased nonexpendable personal property means the net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.

g. *Exempt property.*—Exempt property means tangible personal property acquired in whole or in part with Federal funds, and title to which is vested in the recipient without further obligation to the Federal Government except as provided in subparagraph 6a below. Such unconditional vesting of title will be pursuant to any Federal legislation that provides the Federal sponsoring agency with adequate authority.

3. *Real property.*—Each Federal sponsoring agency shall prescribe requirements for recipients concerning the use and disposition of real property acquired partly or wholly under grants or other agreements. Unless otherwise provided by statute, such requirements, as a minimum, shall contain the following:

a. Title to real property shall vest in the recipient subject to the condition that the recipient shall use the real property for the authorized purpose of the project, as long as it is needed.

b. The recipient shall obtain approval by the Federal sponsoring agency for the use of real property in other projects when the recipient determines that the property is no longer needed for the purpose of the original project. Use in other projects shall be limited to those under other federally sponsored projects (i.e., grants or other agreements) or programs that have purposes consistent with those authorized for support by the Federal sponsoring agency.

c. When the real property is no longer needed as provided in a and b above, the recipient shall request disposition instructions from the Federal sponsoring agency or its successor Federal sponsoring agency. The Federal sponsoring agency shall observe the following rules in the disposition instructions:

(1) The recipient may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(2) The recipient may be directed to sell the property under guidelines provided by the Federal sponsoring agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original project to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sales proceeds). When the recipient is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(3) The recipient may be directed to transfer title to the property to the Federal Government provided that in such cases the recipient shall be entitled to compensation computed by applying the recipient's percentage of participation in the cost of the program or project to the current fair market value of the property.

4. *Federally-owned nonexpendable personal property.*—Title to federally-owned property remains vested in the Federal Government. Recipients shall submit annually an inventory listing of federally-owned property in their custody to the Federal sponsoring agency. Upon completion of the agreement or when the property is no longer needed, the recipient shall report the property to the Federal sponsoring agency for further agency utilization.

If the Federal sponsoring agency has no further need for the property, it shall be declared excess and reported to the General Services Administration. Appropriate disposition instructions will be issued to the recipient after completion of the Federal agency review.

5. *Exempt property.*—When statutory authority exists, (e.g., P.L. 85-934, 42 U.S.C. 1892) title to nonexpendable personal property acquired with project funds, shall be vested in the recipient upon acquisition unless it is determined that to do so is not in furtherance of the objectives of the Federal sponsoring agency. When title is vested in the recipient, the recipient shall have no other obligation or accountability to the Federal Government for its use or disposition except as provided in 6a below.

6. *Other nonexpendable property.*—When other nonexpendable tangible personal property is acquired by a recipient with project funds, title shall not be taken by the Federal Government but shall vest in the recipient subject to the following conditions:

a. *Right to transfer title.*—For items of nonexpendable personal property having a unit acquisition cost of \$1,000 or more, the Federal sponsoring agency may reserve the right to transfer the title to the Federal

Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

(1) The property shall be appropriately identified in the grant or other agreement or otherwise made known to the recipient in writing.

(2) The Federal sponsoring agency shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Federal sponsoring agency fails to issue disposition instructions within the 120 calendar day period, the recipient shall apply the standards of subparagraphs 6b and 6c as appropriate.

(3) When the Federal sponsoring agency exercises its right to take title, the personal property shall be subject to the provisions for federally-owned nonexpendable property discussed in paragraph 4, above.

(4) When title is transferred either to the Federal Government or to a third party the provisions of subparagraph 6c(2)(b) should be followed.

b. *Use of other tangible nonexpendable property for which the recipient has title.*

(1) The recipient shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original project or program, the recipient shall use the property in connection with its other federally sponsored activities, in the following order of priority:

(a) Activities, in the following order of priority:

(b) Activities sponsored by other Federal agencies.

(2) *Shared use.*—During the time that nonexempt nonexpendable personal property is held for use on the project or program for which it was acquired, the recipient shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by the Federal agency that financed the property; second preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by the Federal agency. User charges should be considered if appropriate.

c. *Disposition of other nonexpendable property.*—When the recipient no longer needs the property as provided in 6b above, the property may be used for other activities in accordance with the following standards:

(1) *Nonexpendable property with a unit acquisition cost of less than \$1,000.*—The recipient may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(2) *Nonexpendable personal property with a unit acquisition cost of \$1,000 or more.*—The recipient may retain the property for other uses provided that compensation is made to the original Federal sponsoring agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the recipient has no need for the property and the property has further use value, the recipient shall request disposition instructions from the original sponsoring agency.

The Federal sponsoring agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported to the General Services Administration by the Federal agency to determine whether a requirement for the property exists in other Federal agencies. The Federal sponsoring agency shall issue instructions to the recipient no later than 120 days after the recipient's request and the following procedures shall govern:

(a) If so instructed or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the property and reimburse the Federal sponsoring agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the recipient shall be permitted to deduct and retain from the Federal share \$100 or ten percent of the proceeds, whichever is greater, for the recipient's selling and handling expenses.

(b) If the recipient is instructed to ship the property elsewhere, the recipient shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the recipient's participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(c) If the recipient is instructed to otherwise dispose of the property, the recipient shall be reimbursed by the Federal sponsoring agency for such costs incurred in its disposition.

d. *Property management standards for nonexpendable property.*—The recipient's property management standards for nonexpendable personal property shall include the following procedural requirements:

(1) Property records shall be maintained accurately and shall include:

(a) A description of the property.  
(b) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(c) Source of the property, including grant or other agreement number.

(d) Whether title vests in the recipient or the Federal Government.

(e) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

(f) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government.)

(g) Location, use and condition of the property and the date the information was reported.

(h) Unit acquisition cost.  
(1) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal sponsoring agency for its share.

(2) Property owned by the Federal Government must be marked to indicate Federal ownership.

(3) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

(4) A control system shall be in effect to insure adequate safeguards to prevent loss,

damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented; if the property was owned by the Federal Government, the recipient shall promptly notify the Federal sponsoring agency.

(5) Adequately maintenance procedures shall be implemented to keep the property in good condition.

(6) Where the recipient is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

7. *Expendable personal property.*—Title to expendable personal property shall vest in the recipient upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant or other agreement, and the property is not needed for any other federally sponsored project or program, the recipient shall retain the property for use on nonfederally sponsored activities, or sell it, but must in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

8. *Intangible property.*

a. *Inventions and patents.*—If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Federal Government, such fact shall be promptly and fully reported to the Federal sponsoring agency. Unless there is a prior agreement between the recipient and the Federal sponsoring agency on disposition of such items, the Federal sponsoring agency shall determine whether protection on the invention or discovery shall be sought. The Federal sponsoring agency will also determine how the rights in the invention or discovery—including rights under any patent issued thereon—shall be allocated and administered in order to protect the public interest consistent with "Government Patent Policy" (President's Memorandum for Heads of Executive Departments and Agencies, August 23, 1971, and statement of Government Patent Policy as printed in 38 F.R. 16889).

b. *Copyrights.*—Except as otherwise provided in the terms and conditions of the agreement, the author or the recipient organization is free to copyright any books, publications, or other copyrightable materials developed in the course of or under a Federal agreement, but the Federal sponsoring agency shall reserve a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for Government purposes.

#### ATTACHMENT O.—CIRCULAR NO. A-110

##### PROCUREMENT STANDARDS

1. This attachment provides standards for use by recipients in establishing procedures for the procurement of supplies, equipment, construction and other services with Federal funds. These standards are furnished to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal law and executive orders. No additional procurement standards or requirements shall be imposed by the Federal sponsoring agencies upon recipients unless specifically required by Federal statute or executive orders.

2. The standards contained in this attachment do not relieve the recipient of the contractual responsibilities arising under its contracts. The recipient is the responsible authority, without recourse to the Federal sponsoring agency regarding the settlement and satisfaction of all contractual and adminis-

trative issues arising out of procurements entered into, in support of a grant or other agreement. This includes disputes, claims, protests of award, source evaluation or other matters of a contractual nature. Matters concerning violation of law are to be referred to such local, State or Federal authority as may have proper jurisdiction.

3. Recipients may use their own procurement policies and procedures. However, all recipients shall adhere to the standards set forth in paragraphs 3 and 4.

a. The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the awarding and administration of contracts using Federal funds. No employee, officer or agent shall participate in the selection, award or administration of a contract in which Federal funds are used, where, to his knowledge, he or his immediate family, partners, or organization in which he or his immediate family or partner has a financial interest or with whom he is negotiating or has any arrangement concerning prospective employment. The recipients' officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards shall provide for disciplinary actions to be applied for violations of such standards by the recipients' officers, employees or agents.

b. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient should be alert to organizational conflicts of interest or non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the bidder/offeree whose bid/offeree is responsive to the solicitation and is most advantageous to the recipient, price and other factors considered. Solicitations shall clearly set forth all requirements that the bidder/offeree must fulfill in order for his bid/offeree to be evaluated by the recipient. Any and all bids/offerees may be rejected when it is in the recipient's interest to do so.

c. All recipients shall establish procurement procedures that provide for, at a minimum, the following procedural requirements.

(1) Proposed procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary or duplicative items. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical, practical procurement.

(2) Solicitations for goods and services shall be based upon a clear and accurate description of the technical requirements for the material, product or service to be procured. Such a description shall not, in competitive procurements, contain features which unduly restrict competition. "Brand name or equal" descriptions may be used as a means to define the performance or other salient requirements of a procurement, and when so used the specific features of the named brand which must be met by bidders/offerees shall be clearly specified.

(3) Positive efforts shall be made by the recipients to utilize small business and minority-owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts utilizing Federal funds.

(4) The type of procuring instruments used, e.g., fixed price contracts, cost reimbursable contracts, etc., shall be clearly specified.

# code of federal regulations

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**Education**

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PARTS 1 to 299

Revised as of July 1, 1984

CONTAINING  
A CODIFICATION OF DOCUMENTS  
OF GENERAL APPLICABILITY  
AND FUTURE EFFECT

AS OF JULY 1, 1984

*With Ancillaries*

Published by  
the Office of the Federal Register  
National Archives and Records Service  
General Services Administration

as a Special Edition of  
the Federal Register



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**AUTHORITY: 5 U.S.C. 301.**

**SOURCE: 45 FR 30856, May 9, 1980, unless otherwise noted.**

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which \$150,000 was borne by the subgrant, only the \$150,000 shall be included in the grantee's costs.)

(2) If the property is acquired by a subgrantee, the Federal share of the subgrantee's costs under the grant and hence of the property shall be calculated by multiplying the Federal share of the grantee's costs by the latter's share of the subgrantee's costs. For example, if the Federal share of a grantee's costs is 50 percent and the subgrant bears only 50 percent of a subgrantee's costs, then the Federal share of that subgrantee's costs (and of the property acquired by that subgrantee) is 25 percent.

(b) *Property acquired only partly under a grant.* (1) Sometimes only a part of the acquisition cost of an item of property is borne as a direct cost by the grant or counted as a direct cost towards a cost-sharing or matching requirement. The remainder might, for example, represent voluntary cost sharing or matching, or it might be charged to a different activity. Occasionally, the amount paid for the property is only a part of its value, and the remainder is donated as an in-kind contribution by the party that provided the property.

(2) To calculate the Federal share of such property, first determine the Federal share of the acquiring party's total costs under the grant, as explained in the paragraph (a) of this section. Then multiply that share by the percentage of the property's acquisition cost (or its market value, if the item was partly donated) which was borne as a direct cost by the grant or counted as a direct cost towards a cost-sharing or matching requirement.

(c) *Replacement equipment.* The Federal share of replacement equipment shall be calculated as follows:

(1) *Step 1.* Determine the Federal share (percentage) of the equipment replaced.

(2) *Step 2.* Determine the percentage of the replacement equipment's cost that was covered by the amount received for trade-in or the sales proceeds from the equipment replaced.

(3) *Step 3.* Multiply the step 1 percentage by the step 2 percentage.

(4) *Step 4.* If an additional outlay for the replacement equipment was

charged as a direct cost either to ED grant funds or to required cost-sharing or matching funds, calculate the Federal share attributable to that additional outlay as explained in paragraph (b)(2) of this section. Add that additional percentage to the step 3 percentage.

(d) *Institutional cost-sharing agreements.* If a grant is subject to an institutional cost-sharing agreement (see § 74.130(e)), the Federal share of property acquired under the grant shall be calculated as though there were no cost-sharing requirement applicable to the grant (that is, as if all the grantee's cost sharing were voluntary).

§ 74.143 Subgrantee's share of market value or sales proceeds.

Where this subpart requires a sharing of the market value or sales proceeds of property acquired under a subgrant, the non-Federal share shall be proportionally divided between the grantee and the subgrantee. The subgrantee shall be entitled to the amount it would have received or retained if the award to it had been made directly by the Federal Government. The remainder of the non-Federal share shall belong to the grantee.

INTANGIBLE PERSONAL PROPERTY

§ 74.144 Inventions and patents.

ED's regulations on inventions and patents arising out of activities assisted by a grant are set forth in Parts 6 and 8 of this title.

§ 74.145 Copyrights.

(a) *Works under grants.* Unless otherwise provided by the terms of the grant, when copyrightable material is developed in the course of or under a grant, the grantee is free to copyright the material or permit others to do so.

(b) *Works under subgrants.* Unless otherwise provided by the terms of the grant or subgrant, when copyrightable material is developed in the course of or under a subgrant, the subgrantee is free to copyright the material or permit others to do so.

(c) *ED rights.* If any copyrightable material is developed in the course of or under an ED grant or subgrant, ED

shall have a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for Federal Government purposes. A grantee awarding a subgrant may reserve a similar right for itself with respect to copyrightable material developed under that subgrant.

(d) *Exemption of student-developed works.* ED awards training grants and other kinds of grants under which individuals are provided stipends or other financial assistance for the primary purpose of aiding them to further their education or training. Except as provided by the terms of the grant, copyrightable material developed by an individual or group of individuals in the course of education or training pursued with such assistance shall not be subject to the ED right described in paragraph (c) of this section, unless the development of the material also receives other forms of support under the same or another ED grant (such as a research grant).

**Subpart P—Procurement Standards**

**§ 74.160 Scope of subpart; terminology.**

(a) This subpart contains standards for use by recipients in establishing procedures for the procurement of supplies, equipment, construction, and other services whose cost is borne in whole or in part as a direct cost by Federal grant funds.

(b) No additional procurement standards or requirements shall be imposed by awarding parties upon recipients unless specifically required by Federal statutes or Executive Orders.

(c) As used in this subpart:

(1) "Formal advertising" refers to that procurement method which involves adequate purchase description, sealed bids, and public opening of bids.

(2) "Negotiation" refers to any method of procurement other than formal advertising.

**§ 74.161 General.**

(a) Recipients may use their own procurement policies: *Provided*, That procurements subject to this subpart are made in accordance with the standards in this subpart.

(b) The standards in this subpart do not relieve the recipient of the contractual responsibilities arising under its contracts. The recipient is the responsible authority, without recourse to ED, regarding issues arising out of its procurements. This includes but is not limited to: Disputes, claims, protests of award, source evaluation, or other matters of a contractual nature. Matters concerning violation of law are to be referred to such local, State, or Federal authority as may have proper jurisdiction.

**§ 74.162 Code of conduct.**

(a) The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the awarding and administration of contracts that are subject to this subpart. The code or standards shall provide for disciplinary actions to be applied for violations of the code or standards by the recipient's officers, employees, or agents. For governmental recipients, such disciplinary actions are required only to the extent otherwise permissible under the Government's laws, rules, or regulations. To the extent permissible under its laws, rules, or regulations, the governmental recipient shall also provide for actions to be taken against contractors or their agents who wrongfully take part in a violation of the code or standards of conduct.

(b) The recipient's officers, employees or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or potential contractors. This is not intended to preclude bona-fide institutional fund-raising activities.

(c) No employee, officer, or agent of a nongovernmental recipient shall participate in the selection, award, or administration of a contract subject to this subpart where, to his or her knowledge, any of the following has a financial interest in that contract:

- (1) The employee, officer, or agent;
- (2) Any member of his or her immediate family;
- (3) His or her partner;

to the participating educational institution; and

(5) Straight-time compensation of each employee for time spent attending classes during working hours not in excess of 156 hours per year where circumstances do not permit the operation of classes or attendance at classes after regular working hours.

(c) Costs of tuition, fees, training materials and textbooks (but not subsistence, salary, or any other emoluments) in connection with full time scientific and medical education at a post-graduate (but not undergraduate) college level related to the job requirements of bona fide employees for a total period not to exceed 1 school year for each employee so trained, are allowable when approved in writing by the awarding agency.

(d) Grants to educational or training institutions, including the donation of facilities or other properties, scholarships, or fellowships, are considered contributions and are unallowable.

45. *Transportation costs.* Transportation costs include freight, express, cartage, and postage charges relating either to goods purchased, in process, or delivered. These costs are allowable. When such costs can readily be identified with the items involved, they may be directly costed as transportation costs or added to the cost of such items (see section G-22).

Where identification with the materials received cannot readily be made, inbound transportation costs may be charged to the appropriate indirect cost accounts if the institution follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the grant or contract, shall be treated as a direct cost.

46. *Travel costs.* (a) Travel costs include costs of transportation, lodging, subsistence, and incidental expenses, incurred by institution personnel in a travel status while on official business.

(b) Travel costs may be based upon actual costs incurred, or on a per diem or mileage basis in lieu of actual costs, or on a combination of the two, provided the method used does not result in an unreasonable charge. The difference in cost between first-class and less than first-class air accommodations is unallowable except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements, such as where less than first-class accommodations would (1) require circuitous routing, (2) require travel during unreasonable hours, (3) greatly increase the duration of the flight, (4) result in additional costs which would offset the transportation savings, or (5) offer accommodations which are not reasonably adequate for the medical needs of the traveler.

(c) Travel costs incurred in the normal course of overall administration of the busi-

ness are allowable and shall be treated as indirect costs.

(d) Travel costs directly attributable to specific grant or contract performance are allowable and may be charged to the grant or contract in accordance with the principle of direct costing (see section C).

(e) Costs of personnel movement of a special or mass nature are allowable only when authorized or approved in writing by the sponsoring agency.

## PART 75—DIRECT GRANT PROGRAMS

### Subpart A—General

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**CERTIFICATE OF MAILING**

Date of Deposit: September 21, 2007

I hereby certify that this brief has been filed online on September 21, 2007, and an original and two copies are being deposited this date with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 CFR 1.10 and is addressed to the Trademark Trial and Appeal Board, P.O. Box 1451, Alexandria, V.A. 22313-1451.

Paul I. Perlman

Name of person signing the certification

Paul I. Perlman

Signature

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the *Applicant-Respondent's Trial Brief* was served by sending two copies of the same by Federal Express, payment prepaid to:

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