

THIS OPINION IS NOT A
PRECEDENT OF THE TTAB

Hearing:
April 20, 2006

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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Salt Creek, Inc.
v.
Hikari Sales USA, Inc.

Opposition No. 91158777
to application Serial No. 78009371
filed on May 23, 2000

Robert E. Mansfield, Scott M. Lilja and Nicole M. Deforge of
Van Cott, Bagley, Cornwall & McCarthy for Salt Creek, Inc.

Peter M. Lancaster and Heather D. Redmond of Dorsey &
Whitney for Hikari Sales USA, Inc.

Before Quinn, Rogers and Drost, Administrative Trademark
Judges.

Opinion by Quinn, Administrative Trademark Judge:

An application was filed by Hikari Sales USA, Inc. to
register the mark ALGAE WAFERS ("WAFERS" disclaimed) for
"pet foods, namely fish foods."¹ Applicant has claimed that

¹ Application Serial No. 78009371, filed May 23, 2000, alleging first use anywhere and first use in commerce on January 1, 1992. The drawing in the application is set forth as ALGAE WAFER and, in the application, the mark is described as ALGAE WAFER. The specimens, however, reveal that the mark as actually used is ALGAE WAFERS. The examining attorney never noted the discrepancy between the singular and plural forms of "WAFER". The parties have referred in all their papers to applicant's mark as the

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ALGAE WAFERS has acquired distinctiveness under Section 2(f) of the Trademark Act.

Salt Creek, Inc. has opposed registration on the ground that applicant's designation ALGAE WAFERS is highly descriptive and that the evidence of acquired distinctiveness is insufficient to permit registration on the Principal Register under Section 2(f). Opposer also claims that applicant has committed fraud in its Section 2(f) declarations in the involved application.

Applicant, in its answer, denied the salient allegations of the notice of opposition.

The record consists of the pleadings; the file of the involved application; trial testimony, with related exhibits, taken by each party; portions of two discovery depositions introduced by opposer in its notice of reliance; and portions of a discovery deposition made of record by way of applicant's notice of reliance. Both parties filed briefs, and both parties were represented by counsel at an oral hearing held before the Board.

plural version. Accordingly, and inasmuch as ALGAE WAFERS is the mark as actually used, we will do the same. Our decision on the merits would not change if the mark were, in fact, singular. See *Wilson v. Delaunay*, 245 F.2d 877, 114 USPQ 339, 341 (CCPA 1957) ["It is evident that there is no material difference, in a trademark sense, between the singular and plural forms of the word 'Zombie' and they will therefore be regarded here as the same mark."] We would add, however, that in the event applicant ultimately prevails in this proceeding, it should file a substitute drawing or request that the Office amend the drawing to show the mark as ALGAE WAFERS. TMEP §§ 807.12(a), 807.15 and 807.16.

Each party has filed numerous objections against certain testimony and exhibits introduced by its adversary. Opposer's objections number twenty-four, while applicant, for its part, made sixteen specific objections; each party has responded to the other's objections.

None of the testimony and/or exhibits sought to be excluded is outcome determinative. Given this fact, coupled with the number of objections (40), we see no compelling reason to discuss the objections in a detailed fashion. Suffice it to say, we have considered all of the testimony and exhibits submitted by the parties. In doing so, we have kept in mind the various objections raised by the parties, and we have accorded whatever probative value the subject testimony and exhibits merit.²

The parties have designated significant portions of the record and the briefs as "confidential." Although the numbers play a crucial role in determining whether or not acquired distinctiveness has been established, we are mindful that the sales and advertising figures were

² We would specifically point out, however, that opposer's delay in producing documents is hardly commendable. Although some documents were produced during discovery, the bulk of the production was not made until the eve of trial. Thus, rather than having the benefit of the documents during discovery for possible followup, and in ample time before trial, applicant was left with less than three weeks to review the documents in preparation for opposer's testimony. Despite opposer's late production, however, applicant did not seek a reopening of discovery to conduct follow-up or a delay of trial to allow more time to review the production.

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introduced under seal. Thus, while we are privy to the specific figures, we will refer to them in only a very general fashion. Such figures, were we able to disclose them in this opinion, would assist any reader beyond the parties to better understand our reasoning in reaching our decision. Also, the figures would reveal the compelling case in support of our decision that this opinion might not otherwise convey.

The facts, as set forth by the parties in each respective "Recitation of Facts," are largely undisputed. It is the legal conclusion to be drawn from these facts that forms the crux of this controversy.

Opposer is engaged in the manufacture and sale of aquaculture and aquarium tropical fish feeds. In 2000, opposer purchased the assets, including the designation ALGAE WAFERS, of one of its customers. The product sold under the designation is an algae-based, wafer-shaped food used to feed herbivorous tropical fish. Beginning in the mid 1990s, opposer's predecessor in interest marketed its product under the designation ALGAE GALORE. In the late 1990s, the predecessor began identifying its product as ALGAE WAFERS. From 2000 to the present time, opposer has continuously used this designation for its tropical fish food. Between December 2000 and 2004, total sales of the product were very modest, and only at a fraction of the

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level of applicant's sales. Annual expenditures made to advertise the product under ALGAE WAFERS in trade magazines likewise were very modest. Opposer also promoted its product through its catalogs and website, and through its appearances at trade shows. Opposer identifies three third-party uses of the term "algae wafers" in the tropical fish food industry. No specifics are given relative to these uses.

Applicant is a competitor that is also engaged in selling tropical fish foods. Applicant began selling an aquarium fish food under the designation ALGAE WAFERS in 1992. The food is in the form of a sinking wafer that is fed to algae eating fish; algae comprise approximately 3% of the product's ingredients. Applicant has continuously used the designation ALGAE WAFERS from 1992 to the present. In a recent nine-year period, total sales under the designation were modest, but certainly at a level far exceeding opposer's sales. Applicant has marketed its product through aquarium magazines and trade magazines, brochures, product catalogs, product samples, and at trade shows. Total advertising expenditures for a recent ten-year period likewise were modest; additional money is spent annually on attending trade shows. Applicant did not learn of opposer's use or its predecessor's use of ALGAE WAFERS until June

2000. In October 2000 applicant sent to opposer a cease and desist letter, but did not follow up.

Acquired Distinctiveness

Opposer essentially contends that applicant has not enjoyed substantially exclusive use due to opposer's use of the identical mark for identical goods, as well as to third-party usage of the identical mark for identical goods.

Opposer also argues that applicant's mark is highly descriptive, as determined by the examining attorney, and that, in view thereof, applicant's evidence falls short of proving acquired distinctiveness. Thus, opposer contends, the term applicant seeks to register has not acquired distinctiveness. See *Minnesota Mining & Mfg. Co. v. Addressograph-Multigraph Corp.*, 155 USPQ 470 (TTAB 1967).

"Where, as here, an applicant seeks a registration based on acquired distinctiveness under Section 2(f), the statute accepts a lack of distinctiveness as an established fact." *Yamaha International Corp. v. Hoshino Gakki Co.*, 840 F.2d 1571, 6 USPQ2d 1001, 1005 (Fed. Cir. 1988). Thus, opposer, not needing to worry about the descriptiveness of the term ALGAE WAFERS, concentrated its case on the question of acquired distinctiveness.

As Yamaha explains, when matter proposed for registration under Section 2(f) is approved by the USPTO for publication, there is a presumption that the examining

attorney found a prima facie case of acquired distinctiveness by the applicant for registration. Id., 6 USPQ2d at 1004. In an opposition, "the opposer has the initial burden to establish prima facie that the applicant did not satisfy the acquired distinctiveness requirement of Section 2(f)." Id., 6 USPQ2d at 1005. "If the opposer does present its prima facie case challenging the sufficiency of applicant's proof of acquired distinctiveness, the applicant may then find it necessary to present additional evidence and argument to rebut or overcome the opposer's showing..." Id.

The present case has been completely tried so "the only relevant issue...is which party should prevail on the entire record" regarding acquired distinctiveness, and it is therefore unnecessary to discuss the shifting of burdens or whether prima facie cases have been made out by either party. Id., 6 USPQ2d at 1006. However, under this analysis, the "ultimate burden of persuasion" is on the applicant. Id. Finally, the standard for applicant to meet is preponderance of the evidence, "although logically that standard becomes more difficult to meet as the mark's descriptiveness increases." Id., 6 USPQ2d at 1008.

In securing the examining attorney's approval of the involved mark for publication, applicant based its claim of acquired distinctiveness on two declarations. Chris

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Clevers, applicant's vice president, claimed in his first declaration that "ALGAE WAFERS has become distinctive of the goods throughout [sic] the substantially exclusive and continuous use in commerce by [applicant] for at least the five years commencing at least as early as January 1, 1992 preceding the filing date of the application." In response, the examining attorney maintained that the mark sought to be registered is "highly descriptive" and, therefore, the allegation of five years use alone was insufficient evidence of distinctiveness. Applicant was allowed an opportunity to submit actual evidence to prove the distinctiveness of the designation in commerce. Applicant followed up by submitting a second declaration of Mr. Clevers wherein he additionally set forth advertising expenditures and expenses associated with consumer samplings. The declaration was accompanied by examples of advertisements showing how the designation ALGAE WAFERS is actually used in commerce. This showing persuaded the examining attorney and the mark was published for opposition.

As indicated above, descriptiveness is not an issue given applicant's resort to Section 2(f) of the Trademark Act. Nonetheless, it is necessary to determine, at the outset, the degree of descriptiveness of ALGAE WAFERS ("WAFERS" disclaimed) for tropical fish foods, given that this determination will have a direct bearing on the amount

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of evidence necessary to show acquired distinctiveness. Id.; and *In re Merrill, Lynch, Pierce, Fenner & Smith, Inc.*, 828 F.2d 1567, 4 USPQ2d 1141 (Fed. Cir. 1987).

Opposer's position is that applicant has conceded to the examining attorney's view that its mark is "highly descriptive" because applicant "did not appeal that determination." Thus, opposer argues, the Board and the parties essentially are bound by this determination.

Opposer's view is ill founded. An applicant may, upon final refusal by the examining attorney, appeal to the Board; a second refusal on the same grounds may be considered as final by the applicant for purpose of appeal. See Trademark Rule 2.141. Here, there was no basis for appeal because there was no final refusal or second refusal on the same grounds.

Upon our review of the record, we find that the mark is highly descriptive. In its advertisements and product literature, applicant describes its product as a "sinking wafer" used "to feed all algae eaters." And, as indicated earlier, algae comprise 3% of the product's ingredients. In some of its product brochures, applicant highlights the following feature: "Through advanced manufacturing technology, this algae wafer will not dissolve or cloud the water." (Clevers ex. no. 29, Bates no. HK 000037; and Clevers ex. no. 47, Bates no. HK 000185).

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Given the commonly understood meanings of the words "algae" and "wafers," combined with applicant's own description of its product as "this algae wafer," the designation sought to be registered is, at the very least, highly descriptive as applied to the goods. Applicant's product is tropical fish food comprising, in part, algae, and in the form of a wafer used to feed algae eaters.

Having determined that applicant's mark is highly descriptive as used in connection with its goods, we now turn to the sufficiency of the evidence in support of applicant's claim of acquired distinctiveness.

Acquired distinctiveness and buyer recognition is to be tested in an opposition proceeding as of the date the issue is under consideration. The filing date is not a cutoff for any evidence developing after that time. Evidence of sales and advertising after the filing date of the application will be considered. *McCormick & Co. v. Summers*, 354 F.2d 668, 148 USPQ 272 (CCPA 1966); *Harsco Corp. v. Electrical Sciences, Inc.*, 9 USPQ2d 1570 (TTAB 1988); and *Kaiser Aluminum & Chemical Corp. v. American Meter Co.*, 153 USPQ 419 (TTAB 1967).

Opposer's first attack on applicant's Section 2(f) claim is based on opposer's contention that applicant's use has not been substantially exclusive. In this connection, opposer points to its own use of ALGAE WAFERS, as well as to

the uses of the same designation by three other entities in the industry.

We agree with applicant's assessment that the cumulative effect of opposer's use and the third-party uses of ALGAE WAFERS is inconsequential and, thus, applicant's use qualifies as "substantially exclusive" as required under Section 2(f). Opposer's predecessor in interest began selling fish food under ALGAE GALORE in the mid 1990s before switching to ALGAE WAFERS sometime in the late 1990s.³ Opposer has failed, however, to indicate the level of sales or advertising of its predecessor; thus, we have no way of confirming opposer's claim that the predecessor's use of either ALGAE GALORE or ALGAE WAFERS was "substantial." (Brief, p. 16). Since 2000, opposer has used the designation ALGAE WAFERS in connection with its algae-based, wafer-shaped tropical fish food. Total sales are very modest. Likewise, total expenditures for advertisements in trade magazines and for appearances at trade shows are very

³ Opposer contends that its predecessor used ALGAE GALORE WAFERS while applicant argues that the designation used was ALGAE GALORE. Although Mr. Cole, one of opposer's founders, identified the designation as ALGAE GALORE WAFERS (as reflected in some distributor price lists), the advertisements and product packaging for the product (see, e.g., Clevers ex. nos. 36, 37 and 55) show actual use of ALGAE GALORE. Regardless of whether the predecessor used ALGAE GALORE WAFERS as opposer contends, or ALGAE GALORE as applicant contends, there is no corroborating evidence to show the extent of use by the predecessor. Thus, this use is of little moment in our analysis.

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modest.⁴ Opposer also has distributed catalogs and product brochures.

Opposer also identified uses of ALGAE WAFERS by three third parties, namely PETSMART, Tropical and jehmco.com. Opposer has not identified any other third-party uses of ALGAE WAFERS in the trade; and applicant has stated that it is unaware of any uses other than opposer's and its predecessor's, and PETSMART's use. As for the use by PETSMART, this party ceased use of ALGAE WAFERS in 2003 after applicant's objection thereto. Moreover, in each of these three examples cited by opposer, there is no evidence bearing on the extent of these uses.

From the evidence of record, we conclude that opposer's use and the third-party uses have not been substantial and, thus, do not nullify applicant's claim of distinctiveness. Applicant was the exclusive user of ALGAE WAFERS for several years prior to its application in May 2000, and prior to opposer's adoption of the same designation. To the extent that opposer's predecessor may have used ALGAE WAFERS, the record is devoid of any evidence as to the extent of such use. Further, opposer's own use of ALGAE WAFERS has been

⁴ These advertisements feature products other than the one sold under ALGAE WAFERS, and we suspect that applicant likewise promotes these other products at its trade shows. In any event, there is no breakdown of the expenses relative to the promotion of ALGAE WAFERS only.

relatively modest. And, there is no evidence bearing on the extent of the third-party uses.

Thus, we find that applicant enjoyed a period of exclusive use, followed by use at a level no less than substantially exclusive as contemplated by Section 2(f). These years of exclusive use or substantially exclusive use do not necessarily compel, however, a finding of acquired distinctiveness.

Opposer's second attack is based on its claim that ALGAE WAFERS is highly descriptive and, thus, applicant's evidence is insufficient to establish acquired distinctiveness. Applicant's exclusive or substantially exclusive and continuous use since 1992 is a fairly lengthy period, but not necessarily conclusive or persuasive on the Section 2(f) showing. In prior cases involving usage of comparable or even longer duration, and with some of these uses even being coupled with significant sales and advertising expenditures (not to mention direct evidence of customers' perceptions), the Board or its primary reviewing court found a failure to demonstrate acquired distinctiveness within the meaning of Section 2(f). See *In re Andes Candies, Inc.*, 478 F.2d 1264, 178 USPQ 156 (CCPA 1973); and *In re Packaging Specialists, Inc.*, 221 USPQ 917, 920 (TTAB 1984).

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Applicant's sales over a nine-year period suggest that applicant has enjoyed some modest degree of success with its ALGAE WAFERS product. It is difficult, however, to accurately gauge the level of this success in the tropical fish food industry in the absence of additional information such as applicant's market share or how the ALGAE WAFERS product ranks in terms of sales in the trade. The sales figures for nine years, standing alone and without any context in the trade, are not so impressive as to elevate applicant's highly descriptive designation to the status of a distinctive mark. In any event, the sales figures show only the popularity of applicant's product, not that the relevant customers of such products (namely, ordinary consumers) have come to view the term ALGAE WAFERS as applicant's source-identifying mark. In re Candy Bouquet International, Inc., 73 USPQ2d 1883, 1889 (TTAB 2004).

Advertising expenditures over a ten-year period are a modest sum. It is noted that the advertisements showing applicant's ALGAE WAFERS product also feature other products sold by applicant. Likewise, although applicant incurs expenses to attend trade shows, it is likely that these expenses include the promotion of other products at the trade shows. Thus, it is uncertain how much of the advertising and trade show expenses are allocated to

products sold under ALGAE WAFERS.⁵ Further, we note the hundreds of thousands of product samples that applicant has distributed over a six-year period, but we also note that this cost is fairly minimal. While there is no question that applicant has spent money to promote its product under the designation ALGAE WAFERS, the numbers only suggest the efforts made to acquire distinctiveness, and do not demonstrate that the efforts have borne fruit. In re Pennzoil Products Co., 20 USPQ2d 1753 (TTAB 1991).

The issue here is the achievement of distinctiveness. Applicant's evidence falls short of establishing this under Section 2(f). Given the highly descriptive nature of ALGAE WAFERS for wafers used to feed algae eating fish, much more evidence than what applicant has submitted, especially in the form of *direct* evidence from customers, would be necessary to show that the designation has become distinctive of applicant's goods. So as to be clear, the record is devoid of direct evidence that ordinary consumers view ALGAE WAFERS as a distinctive source indicator for applicant's goods. As stated earlier, the greater the degree of descriptiveness, the greater the evidentiary burden on the applicant to establish acquired distinctiveness. The evidence of record does not persuade

⁵ Even if the entire amount spent on advertising and trade shows were in furtherance of promoting only the ALGAE WAFERS product, it would not change the result herein.

us that the public associates the designation ALGAE WAFERS with applicant, or recognizes the designation as a mark identifying goods emanating from applicant.

We conclude that applicant's designation is, at the very least, highly descriptive as used in connection with applicant's goods, and that the evidence is insufficient to support registration on the Principal Register under Section 2(f).

Fraud

Opposer has alleged that applicant has committed fraud on the Office in connection with its application and supporting declarations of acquired distinctiveness under Section 2(f). More specifically, opposer points to applicant's failure to use the standard language as indicated in TMEP § 1212.05(d). Opposer alleges that "[i]n an apparent attempt to confuse and deceive the examining attorney, [applicant] instead threw in a reference to five years use amongst other almost incomprehensible verbiage, misrepresenting the true nature and extent of its use of the ALGAE WAFERS name." (Brief, p. 22). As a second basis for its fraud claim, opposer points to the failure of applicant in its declarations to disclose opposer's "continuous and more than inconsequential" use, as well as the use by others of ALGAE WAFERS, despite applicant's knowledge of same. Thus, according to opposer, applicant could not claim that

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its use was substantially exclusive; had applicant not withheld this information, opposer contends, the Office would have refused registration.

Applicant maintains that its statements were true, made in good faith and not intended to deceive the Office. Applicant, while readily conceding that its statement of acquired distinctiveness does not mirror the specific language of the TMEP, claims that its declarations are absolutely true. Applicant contends that it has been either the exclusive user or a substantially exclusive user of ALGAE WAFERS for fish food. According to applicant, it had a good faith belief that any use by opposer of ALGAE WAFERS was inconsequential, infringing, or both. Mr. Clevers testified at trial as to the veracity of his statements made in the declarations.

Fraud in obtaining a trademark registration occurs "when an applicant knowingly makes false, material representations of fact in connection with his application." *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986). Thus, to constitute fraud on the USPTO, the statement must be (1) false, (2) a material representation and (3) made knowingly. *Mister Leonard Inc. v. Jacques Leonard Couture Inc.*, 23 USPQ2d 1064, 1065 (TTAB 1992). The false material representation of fact may be one the applicant made knowingly or one that it should have

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known to be false. See *Medinol Ltd. v. Neuro Vasx Inc.*, 67 USPQ2d (TTAB 2003) ["A trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it knows or should know to be false."].

Fraud must be proven with clear and convincing evidence, and any doubt must be resolved against a finding of fraud. See *Giant Food, Inc. v. Standard Terry Mills, Inc.*, 229 USPQ 955 (TTAB 1986). See also *Smith International, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981) ["The very nature of the charge of fraud requires that it be proven 'to the hilt'...There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party."].

Furthermore, fraud will not lie if it can be proven that the statement, though false, was made with a reasonable and honest belief that it was true. *Woodstock's Enterprises Inc. (California) v. Woodstock's Enterprises Inc. (Oregon)*, 43 USPQ2d 1440 (TTAB 1997).

As to the form of Section 2(f) declarations, a claim of acquired distinctiveness based on five years use generally reads as follows: "The mark has become distinctive of the goods through the applicant's substantially exclusive use in commerce for at least the five years immediately before the date of this statement." Use of the precise statutory

wording is desirable, but variations may be accepted if they do not affect the essential allegations. TMEP § 1212.05(d).

We see no fatal problem with the following language used by Mr. Clevers: "ALGAE WAFERS has become distinctive of the goods throughout [sic] the substantially exclusive and continuous use in commerce by [applicant] for at least the five years commencing at least as early as January 1, 1992 preceding the filing date of the application." We find that the two declarations at issue contain all of the essential elements of an acceptable claim under Section 2(f). Id. Contrary to the criticism leveled by opposer, we find the declarations essentially set forth allegations that applicant's first use dates back to January 1, 1992, a date that is at least five years prior to the filing date of the involved application, and that such use has been substantially exclusive and continuous. In no way would we characterize applicant's language as an "attempt to confuse and deceive the examining attorney" as opposer charges.

Further, we found above that applicant's use has been substantially exclusive as required by the statute. As is apparent from our earlier discussion regarding the inconsequential use by opposer and third parties of ALGAE WAFERS, applicant committed no fraud in not disclosing these uses. Applicant was not even aware of two of the third-party uses. In the words of Professor McCarthy:

Fraud in a § 2(f) declaration claiming the existence of secondary meaning is possible but very difficult to prove. The mere fact that some other uses of the same mark existed does not mean that the declaration was fraudulent because applicant's use was not "substantially exclusive." If such uses were either inconsequential or were infringing, there was no fraud.

McCarthy on Trademarks and Unfair Competition, § 15:62 (4th ed. 2007). See *L.D. Kichler Co. v. Davoil Inc.*, 192 F.3d 1349, 52 USPQ2d 1307, 1309 (Fed. Cir. 1999) [In noting that the five years of use may be substantially exclusive, the Court states "[t]his makes allowance for use by others which may be inconsequential or infringing and which therefore does not necessarily invalidate the applicant's claim."]. See also *Heaton Enterprises of Nevada Inc. v. Lang*, 7 USPQ2d 1842, 1849 (TTAB 1988) [Where a party "believed and was claiming that it had a right superior to that of other parties who might be using it, fraud is not shown by proof that [defendant] was aware of those other uses."].

Accordingly, the fraud claim fails.

Decision: The opposition is dismissed on the ground of fraud. The opposition is sustained on the ground that ALGAE WAFERS for fish foods is highly descriptive, and that the evidence in support of acquired distinctiveness is insufficient. Accordingly, registration to applicant is refused.