

This Opinion is not a  
Precedent of the TTAB

Hearing: July 18, 2019

Mailed: November 20, 2019

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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*In re Electronic Payments Inc.*

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Serial No. 87049492

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Sean L. Ingram of Ingram IP Law PA,  
for Electronic Payments Inc.

Anne M. Farrell, Trademark Examining Attorney, Law Office 118,  
Michael W. Baird, Managing Attorney.

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Before Kuhlke, Goodman and Heasley,  
Administrative Trademark Judges.

Opinion by Kuhlke, Administrative Trademark Judge:

On May 25, 2016, Electronic Payments Inc. (“Applicant”) filed an application to register ELECTRONIC PAYMENTS (in standard characters) for services ultimately identified as “Credit card transaction processing services, namely, obtaining transaction authorization codes for merchants; Gift card transaction processing services, namely, obtaining transaction authorization codes for merchants; Merchant services, namely, payment transaction dispute processing services; Electronic credit card transaction processing services, namely, obtaining transaction authorization

codes for merchants; Payment dispute processing services, namely, providing credit card and debit card transaction chargeback processing services for merchants; and not available to cardholder markets” in International Class 36, on the Principal Register.<sup>1</sup>

## I. Procedural Background

The Trademark Examining Attorney initially refused registration of Applicant’s applied-for mark on the ground that the mark is merely descriptive of Applicant’s services under Trademark Act Section 2(e)(1), 15 U.S.C. § 1052(e)(1). In response, Applicant argued its mark is suggestive and, in the alternative, Applicant submitted a declaration of five years of substantially exclusive and continuous use in commerce to support a claim of acquired distinctiveness under Section 2(f) of the Trademark

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<sup>1</sup> Application Serial No. 87049492 was filed under Section 1(a) of the Trademark Act, 15 U.S.C. § 1051(a), based upon Applicant’s claim of first use anywhere and use in commerce since at least as early as January 29, 2004. The original identification of services read as follows: “Credit card transaction processing services; Merchant services, namely, payment transaction processing services; Electronic credit card transaction processing; Payment processing services, namely, credit card and debit card transaction processing services; Providing electronic processing of credit card transactions and electronic payments via a global computer network.” During prosecution of the application, the Examining Attorney noted that the identification “shows that the services feature processing of ‘electronic payments’ [and therefore] merely describes a primary feature of the services.” September 18, 2016 Office Action, TSDR at 1. Applicant amended the identification to remove the word “electronic” from the following: “Providing electronic processing of credit card transactions and electronic payments via a global computer network.” June 9, 2017 Response TSDR at 1. The Examining Attorney did not accept this amendment because it exceeded the scope of the original identification. July 11, 2017 Office Action TSDR at 1. Applicant subsequently provided the above-listed amended identification of services, which was accepted by the Examining Attorney. August 9, 2018 Req. Recon. TSDR at 1; September 17, 2018 Req. Recon. Denied TSDR at 1.

Page references herein to the application record refer to the online database of the USPTO’s Trademark Status & Document Retrieval (TSDR) database. References to the briefs on appeal refer to the Board’s TTABVue docket system.

Act, 15 U.S.C. § 1052(f). The Examining Attorney issued a second nonfinal Office Action maintaining the mere descriptiveness refusal and finding the declaration of acquired distinctiveness insufficient to support registration under Section 2(f). In response to this Office Action, Applicant submitted further evidence to support registration under Section 2(f) and did not maintain in the alternative that its mark is inherently distinctive. Thereafter, in a third nonfinal Office Action registration was refused on the ground that the proposed mark is generic as used in connection with the services. The Examining Attorney also maintained the mere descriptiveness refusal, noting Applicant's claim of acquired distinctiveness is a concession of mere descriptiveness and that Applicant's evidence to support a claim of distinctiveness is insufficient due to the highly descriptive nature of the mark. In response, Applicant argued against the genericness refusal, resurrected its argument that the proposed mark is suggestive, and submitted further evidence of acquired distinctiveness. In the Final Office Action the Examining Attorney maintained the genericness and mere descriptiveness refusals and her finding that the evidence of acquired distinctiveness is insufficient. Thereafter, Applicant filed a notice of appeal and a request for reconsideration. In its request for reconsideration, Applicant again argued that its mark is not generic but rather suggestive, and in the alternative has acquired distinctiveness. After the Examining Attorney denied the request for reconsideration, the appeal resumed. We affirm the refusal to register on both grounds.

## II. The Record

The Examining Attorney submitted excerpts from third-party websites showing use of the phrase “electronic payment[s]” to name a payment method through an electronic medium. Representative samples are reproduced below:

The electronic payment system has grown increasingly over the last decades due to the widely [sic] spread of internet-based banking and shopping. As the world advance[s] more on technology development, a lot of electronic payment systems and payment processing devices have been developed to increase, improve and provide secure e-payment transactions while decreasing the percentage of check and cash transaction. Electronic payment methods E-payment methods could be classified into two areas ... [www.securionpay.com](http://www.securionpay.com) (July 11, 2017 Office Action TSDR at 2);

Electronic Payment Services for Commercial Business ... Our suite of electronic payment services offers you speed, security, accuracy and flexibility. ... We can even help you move more of your payments from paper to electronic by driving supplier acceptance of electronic payments. ... We offer a variety of electronic payment initiation options, including online and direct data transmission for both domestic and foreign payments [www.usbank.com](http://www.usbank.com) (*Id.* at 7);

Learn about Electronic Payments ... Electronic Payments via ACH ... Easy, secure deposits and receivables with Direct Deposit and Direct Payment via ACH. <https://electronicpayments.nacha.org> (*Id.* at 11-12);

Government Finance Officers Association Electronic Payments ... Background: Moving funds electronically is efficient, effective, and common within local government ... While electronic payments are not immune from fraud, and criminals are becoming more sophisticated ... Many types of electronic payments exist, and banks may offer specific products or services as the market evolves. The most popular types of electronic payments include ... Purchasing (procurement) cards – a credit card transaction designed to reduce the volume of purchase orders ... Electronic accounts payable – a credit card transaction, often without

physical cards, that allows governments to pay invoices electronically. [www.gfoa.org](http://www.gfoa.org) (*Id.* at 13); and

Vantage Pointsmarter Payments Electronic Payments for Business How electronic payments can help your business ... See how and why electronic payments should at least be an option for your business. ... Taking electronic payments gives your company some reach. [www.vantiv.com](http://www.vantiv.com) (*Id.* at 15).

In addition, the Examining Attorney submitted excerpts from third-party websites describing aspects of the electronic payment process to show that Applicant's services are part of the process of processing electronic payments. February 9, 2018 Office Action TSDR at 2-16. This excerpt comes from [www.squareup.com](http://www.squareup.com):

Understanding how an electronic payment works can get technical since there are a lot of moving parts. Here's a breakdown of the main participants required for an electronic payment transaction: The cardholder is identified as the consumer who purchases a product or service online. The merchant is the person or business that sells the product or service to the cardholder. The issuer is the financial institution that provides the cardholder the payment card. This is usually the cardholder's bank. The acquirer, or merchant account provider, is the financial institution that establishes an account with the merchant. The acquirer authorizes the legitimacy of the cardholder account. The payments processor handles the official transaction between the cardholder and merchant. The payment gateway processes merchant payment messages and uses security protocols and encryptions to ensure transaction safety. <https://squareup.com/townsquare> (*Id.* at 7-8).

Applicant submitted the following evidence to traverse the genericness refusal and to support its claim of acquired distinctiveness under Section 2(f):

The affidavit of Michael Nardy Applicant's Chief Executive Officer attesting that "the mark has become distinctive of the goods and/or services through applicants substantially exclusive and continuous use of the mark in commerce that

the U.S. Congress may lawfully regulate for at least the five years immediately before the date of this statement.” (December 12, 2016 Response TSDR at 2-3);

Applicant’s press release that includes results from The Nilson Report ranking Applicant as the 34<sup>th</sup> largest payment processor (June 9, 2017 Response TSDR at 2-3);

Excerpt from a third-party website describing a procure-to-pay service (*Id.* at 4);

A flowchart showing the entities that participate in payment card transactions (January 11, 2018 Response TSDR at 7);

Declaration of Michael Nardy (“Nardy Decl.”) attesting, inter alia, that Applicant is a merchant acquirer in the payment card industry (*Id.* at 2-6);

Declarations from 23 merchants and a competitor attesting, inter alia, that Applicant is a well-known and prominent industry leader in the payment card industry (*Id.* at 12-59);

Search results from the Google search engine for the wording electronic payments and “electronic payments” (*Id.* at 8-11);

Excerpt from Merriam-Webster online dictionary showing no results for “electronic payments” (August 9, 2018 Req. for Recon. at 2-5); and

Excerpt from Merriam-Webster online dictionary showing the definition of payment as “the act of paying” “something that is paid” and “requit” (*Id.* at 7-15).

### III. Genericness

“A generic mark, being the ‘ultimate in descriptiveness,’ cannot acquire distinctiveness, and is not entitled to registration on either the Principal or Supplemental Register under any circumstances. *In re La. Fish Fry Prods., Ltd.*, 797 F.3d 1332, 116 USPQ2d 1262, 1264 (Fed. Cir. 2015) (quoting *H. Marvin Ginn Corp.*

*v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d 987, 228 USPQ 528, 530 (Fed. Cir. 1986)). A designation is generic if it refers to the class or category of goods or services on or in connection with which it is used. *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 57 USPQ2d 1807 (Fed. Cir. 2001) (citing *Marvin Ginn*, 228 USPQ 528). “[A] term [also] is generic if the relevant public understands the term to refer to part of the claimed genus of goods or services, even if the public does not understand the term to refer to the broad genus as a whole.” *In re Cordua Rests., Inc.*, 823 F.3d 594, 118 USPQ2d 1632, 1638 (Fed. Cir. 2016) (“the term ‘pizzeria’ would be generic for restaurant services, even though the public understands the term to refer to a particular sub-group or type of restaurant rather than to all restaurants”). “The test is not only whether the relevant public would itself **use** the term to describe the genus, but also whether the relevant public would **understand** the term to be generic.” *In re 1800Mattress.com IP LLC*, 586 F.3d 1359, 92 USPQ2d 1682, 1685 (Fed. Cir. 2009).

The test for determining whether a proposed mark is generic is its primary significance to the relevant public. *Magic Wand Inc. v. RDB Inc.*, 940 F.2d 638, 19 USPQ2d 1551, 1553-54 (Fed. Cir. 1991); *Marvin Ginn*, 228 USPQ at 530. Making this determination “involves a two-step inquiry: First, what is the genus 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 of goods or services?” *Marvin Ginn*, 228 USPQ at 530.

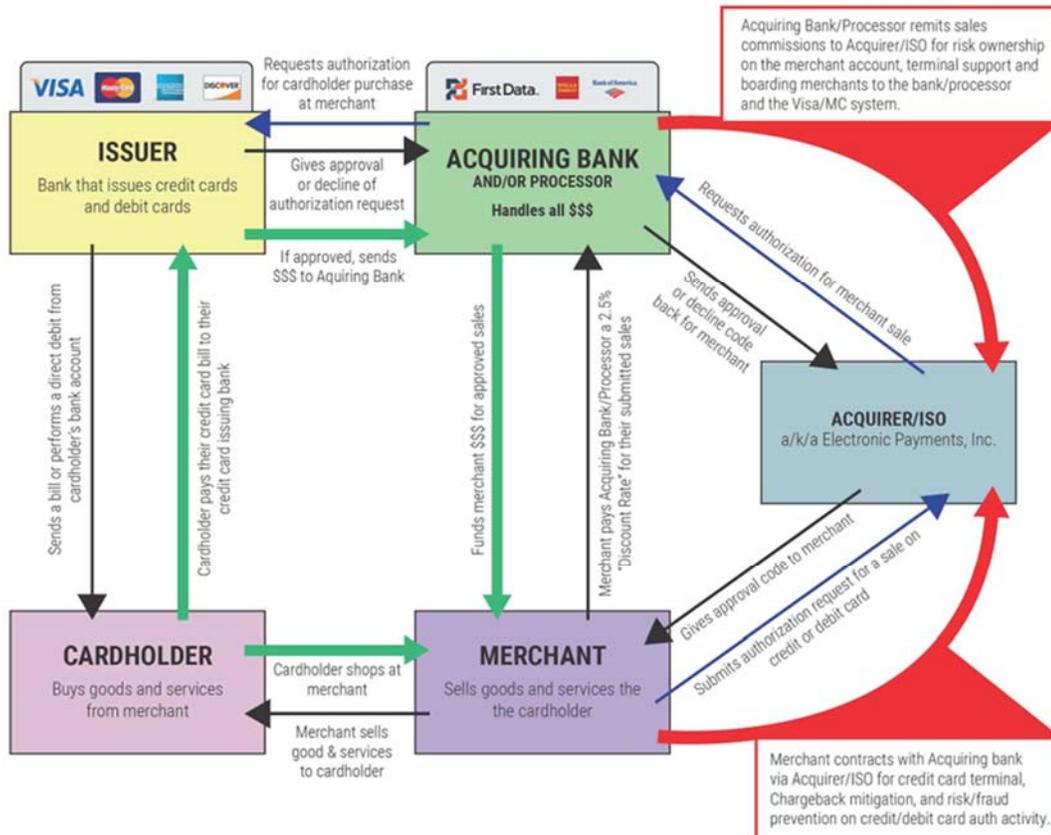
Addressing the first part of the genericness inquiry, we find in this case that the genus of goods is commensurate with Applicant's identification of services in the application. *See Magic Wand*, 19 USPQ2d at 1552 (“[A] proper genericness inquiry focuses on the description of [goods or] services set forth in the [application or] certificate of registration.”). The Examining Attorney and the Applicant are in agreement that “Credit card transaction processing services, namely, obtaining transaction authorization codes for merchants; Gift card transaction processing services, namely, obtaining transaction authorization codes for merchants; Merchant services, namely, payment transaction dispute processing services; Electronic credit card transaction processing services, namely, obtaining transaction authorization codes for merchants; Payment dispute processing services, namely, providing credit card and debit card transaction chargeback processing services for merchants; and not available to cardholder markets” is the genus.

We next proceed to the second part of the *Marvin Ginn* inquiry: whether ELECTRONIC PAYMENTS is understood by the relevant public primarily to refer to the services offered by Applicant. *Marvin Ginn*, 228 USPQ at 530. In this case, the relevant public would be what Applicant and the Examining Attorney refer to as consumers in non-cardholder markets. 7 TTABVUE 7; 9 TTABVUE 7. Applicant “provides products and services to merchants that facilitate acceptance of credit card, debit card, gift card, and value card transactions and resolve payment disputes due to chargebacks or fraud” and also “provides a broad range of services to merchants and acquiring banks... .” Nardy Decl. ¶¶ 26-27, January 11, 2018 Response TSDR at

5. In other words, Applicant's consumers are merchants and acquiring banks; they are the relevant public.

“Evidence of the public's understanding of the term may be obtained from any competent source, such as purchaser testimony, consumer surveys, listings in dictionaries, trade journals, newspapers and other publications.” *Royal Crown Co. v. Coca-Cola Co.*, 892 F.3d 1358, 127 USPQ2d 1041, 1046 (Fed. Cir. 2018) (citation omitted); *In re Mecca Grade Growers, LLC*, 125 USPQ2d 1950, 1958 (TTAB 2018) (“These examples [dictionary definitions and industry specific evidence] clearly show the meanings that relevant consumers attribute to those words when they are used separately and when they are used together.”); see also *In re Hotels.com, L.P.*, 573 F.3d 1300, 91 USPQ2d 1532, 1537 (Fed. Cir. 2009) (“the Board satisfied its evidentiary burden, by demonstrating that the separate terms ‘hotel’ and ‘.com’ in combination have a meaning identical to the common meaning of the separate components”); *In re Gould Paper Corp.*, 834 F.2d 1017, 5 USPQ2d 1110, 1111-12 (Fed. Cir. 1987).

Applicant is “a merchant acquirer within the payment card industry.” Nardy Decl. ¶ 3, January 11, 2018 Response TSDR at 2. Applicant submitted a flowchart that illustrates the payment process. *Id.* at 7.



Applicant’s services are described as follows:

13. EPI [Applicant] provides point of sales (POS) devices to merchants that enables them to process sales, receive payments, and maintain records of sales, transactions, and inventory. A cardholder inserts a credit or debit card into a POS device provided at a merchant site when checking out at “brick and mortar” store. ...

15. The POS device triggers an authorization step.... as shown by arrows linking the rectangles labeled “Merchant,” “Acquirer/ISO,” and “Acquiring Bank.” For example, the POS device sends an authorization request to [Applicant] that may include information identifying the cardholder, the merchant, the acquiring bank, and the issuer.

16. [Applicant] relays the identifying information to the acquiring bank for ultimate delivery to the issuer.

17. The issuer performs a fraud check and determines whether the cardholder has sufficient available credit to

cover the desired purchase. Based on the fraud check and the available credit, the issuer generates a response either granting or denying authorization.

18. [Applicant] obtains authorization codes or results from the acquiring bank and forwards these codes to the POS device provided at the merchant site. If the credit or debit card transaction is approved, the cardholder is permitted to complete checkout. If the credit or debit card transaction is declined, the cardholder [sic] the transaction is declined. The authorization process takes a few seconds to complete and is performed while the cardholder is at the point of sale.

19. [Applicant] participates in an authorization process that occurs prior to transfer of any funds to the merchant. In other words, the authorization process does not involve transfer of funds or payment.

20. The merchant receives payment for any sales directly from the acquiring bank at a second stage known as clearing and settlement, which typically occurs in batch form within 24 to 48 hours to capture payment from various authorization processes. This batch payment is depicted in the flowchart as a green arrow between the rectangles labeled “Acquiring Bank” and “Merchant.”

21. [Applicant] does not make payments for purchases within the payment card environment.

22. [Applicant] also provides chargeback mitigation services and fraud risk services after purchases have been made by cardholders. Chargebacks typically occur when a cardholder is not satisfied with a product or service provided by a merchant. In this case, the cardholder may dispute a charge and the corresponding transaction amount is deducted from a merchant’s account. [Applicant] provides chargeback mitigation services to resolve a disputed charge and provides insurance to the acquiring bank against financial loss.

23. [Applicant] also provides risk/fraud services to merchants for charges made using stolen credit or debit card. ...

25. Electronic Payments Inc. also provides ongoing services to our business that includes obtaining transaction authorization codes for payment card purchases and resolving any payment disputes involving chargebacks or fraud.

26. [Applicant] provides products and services to merchants that facilitate acceptance of credit card, debit card, gift card, and value card transactions and resolve payment disputes due to chargebacks or fraud. ... (*Id.* at 3-5.)

The Examining Attorney argues that Applicant's identified services are "payment processing services that are performed electronically. Therefore, Applicant's services feature electronic payments as a key aspect, central focus or feature, or main characteristic of these services." 9 TTABVUE 10.

Applicant argues that the Examining Attorney has not shown that ELECTRONIC PAYMENTS is generic for Applicant's services and that Applicant's services "are several steps removed from the actual offering of or rendering of electronic payment services." 7 TTABVUE 9. Applicant asserts that although its services are provided prior to or after the transfer of funds, its services are not part of the process of processing electronic payments. *Id.* In this regard, Applicant focuses on its "payment dispute processing services." But even if ELECTRONIC PAYMENTS is not generic for payment dispute processing services, a term that is generic as to certain of the services in Class 36 renders the mark unregistrable as to this entire class of services. *In re Katch, LLC*, 2019 USPQ2d 233842, 10 (TTAB 2019); *In re Analog Devices Inc.*, 6 USPQ2d 1808, 1810 (TTAB 1988), *aff'd*, 871 F.2d 1097, 10 USPQ2d 1879 (Fed. Cir. 1989) (unpublished).

Applicant also points to a dictionary result that shows no entry for “electronic payments.” However, the presence or absence of “Electronic Payments” in dictionaries is not controlling on the question of whether a term is generic. *In re ActiveVideo Networks, Inc.*, 111 USPQ2d 1581, 1603 (TTAB 2014); *In re Dairimetics, Ltd.*, 169 USPQ 572, 573 (TTAB 1971); *cf. Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 786 F.3d 960, 114 USPQ2d 1827, 1832-33 (Fed. Cir. 2015) (“[E]ven in circumstances where the Board finds it useful to consider the public’s understanding of the individual words in a compound term as a first step in its analysis, the Board must then consider available record evidence of the public’s understanding of whether joining those individual words into one lends additional meaning to the mark as a whole.”).

Applicant states that it is not aware of any competitors that use the name ELECTRONIC PAYMENTS with similar services. Nardy Decl. ¶ 28, January 11, 2018 Response TSDR at 5. We acknowledge that none of the third-party examples provided by the Examining Attorney appears to be a company that specializes in only the merchant acquirer aspect of the electronic payment process, but the fact remains that the purpose of Applicant’s service is to assist in completing the electronic payment process. We find probative the generic uses of the phrase “electronic payment[s]” by others involved in the electronic payment processing industry (*see, e.g.,* [www.usbank.com](http://www.usbank.com), July 11, 2017 Office Action TSDR at 2, <https://squareup.com>, *Id.* at 6-10). The third-party websites showing use of “electronic payments” have sufficient context and reflect generic use of the term as they are in lower case letters

and are used to refer to the electronic payments process generally. *See generally Plyboo Am. Inc. v. Smith & Fong Co.*, 51 USPQ2d 1633, 1638 (TTAB 1999) (discussing generic third-party use); *see also Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 124 USPQ2d 1184, 1190, 1193 (TTAB 2017) (because business and industry publications are the work of authors who have an understanding that a brand is expressed in capital letters, their use of lower case letters to refer to “pretzel crisps” evidences the relevant public’s understanding that the term is a category of goods, not a brand).

Moreover, the fact that an applicant may be the first or only user of a generic designation does not justify registration if the only significance conveyed by the term is that of a category of goods or services. *In re Empire Tech, Dev. LLC*, 123 USPQ2d 1544, 1549 (TTAB 2017) (citing *In re Greenliant Systems Ltd.*, 97 USPQ2d 1078, 1083 (TTAB 2010). *See also In re Merrill Lynch, Pierce, Fenner, & Smith, Inc.*, 828 F.2d 1567, 1569, 4 USPQ2d 1141, 1142 (Fed. Cir. 1987) (“To allow trademark protection for generic terms, *i.e.*, names which describe the genus of goods being sold, even when these have become identified with a first user, would grant the owner of the mark a monopoly, since a competitor could not describe his goods as what they are.”); *In re Preformed Prods. Co.*, 323 F.2d 1007, 139 USPQ 271, 273 (CCPA 1963) (exclusive use, even when coupled with “large sales volume of such goods and its substantial advertising expenditure . . . cannot take the common descriptive name of an article out of the public domain and give the temporarily exclusive user of it exclusive rights to it, no matter how much money or effort it pours into promoting the sale of the

merchandise”) (quoting *J. Kohnstam, Ltd. v. Louis Marx & Co.*, 280 F.2d 437, 126 USPQ 362, 364 (CCPA 1960)).

Applicant’s specimen and marketing materials also are probative in indicating how the public perceives the term ELECTRONIC PAYMENTS. *Gould*, 5 USPQ2d at 1112 (stating that owner’s generic reference to its own product provided “the most damaging evidence” that the alleged mark is generic); *Mecca Grade Growers*, 125 USPQ2d at 1958 (Board considered applicant’s specimen in finding the mark descriptive and generic); *Empire Tech.*, 123 USPQ2d at 1544 (Board considered applicant’s specimen, website and promotional video in finding “Coffee Flour” generic). Applicant’s specimen and brochure explain that it provides “customized payment processing solutions.” May 25, 2016 Specimen of Use TSDR at 1-6. On its website, Applicant refers to itself as “one of the nation’s oldest and largest privately held merchant service providers of electronic payment products to businesses and ISO’s.” February 9, 2018 Response TSDR at 11. Although Applicant argues that it does not make the actual payment transfer, it is clear that Applicant’s authorization service is part of the electronic payment process effectuating electronic payments. *Royal Crown*, 127 USPQ2d at 1045. The uses of “electronic payments” by third-parties reflect use as a common name for an electronic payment process that includes as a key part or step the authorization for the transfer of the electronic payment. This process is also shown in Applicant’s flowchart supra.

Indeed, in its initial application, Applicant recognized the pivotal role its services play in the electronic payment process by providing this identification:

Credit card transaction processing services; Merchant services, namely, payment transaction processing services; Electronic credit card transaction processing; Payment processing services, namely, credit card and debit card transaction processing services; Providing electronic processing of credit card transactions and electronic payments via a global computer network.

Similarly, in *In re DNI Holdings Ltd.*, 77 USPQ2d 1435 (TTAB 2005), the applicant applied for SPORTSBETTING.COM for online casino games and providing information on gaming, and specifically carved out of its applied-for services its sports betting services. Nonetheless the Board found:

where a single website is offering a variety of interrelated, interactive services, it seems appropriate to take all of those largely undifferentiated services into consideration when defining the genus of services. Accordingly, despite applicant's tactical decision to carve them out of its recitation of services, we find that the relevant genus of services herein includes wagering on sporting events.

*Id.* at 1438.

Here, Applicant's services are an integral part of the electronic payment process that Applicant carved out of its identification. As in *DNI Holdings*, even if we confine our analysis to Applicant's authorization service as the class or category of services, it still clearly includes the process of completing electronic payments. *Id.* (quoting *In re CyberFinancial.Net Inc.*, 65 USPQ2d 1789 (TTAB 2002) (BONDS.COM generic for identified information services related to investment securities even where applicant does not buy or sell bonds). *See also In re Reed Elsevier Props. Inc.*, 482 F.3d 1376, 82 USPQ2d 1378 (Fed. Cir. 2007) (integral aspect of the applied-for services "information exchange about legal services" concerns identifying and helping to select lawyers).

Applicant relies on the declarations of 22 customers and one competitor as evidence of “the public’s understanding of the term in question.” Reply Br. 10 TTABVUE 8. Applicant argues that these declarations support its position that ELECTRONIC PAYMENTS is not generic but rather support a finding that it is inherently distinctive. *Id.* Applicant specifically requests that the Board address whether such evidence should be considered as evidence of non-genericness. *Id.* Evidence of acquired distinctiveness does not overcome a refusal where the matter has been shown to be generic. See TRADEMARK MANUAL OF EXAMINING PROCEDURE (TMEP) § 1212.02(i) (Oct. 2018) and cases cited therein. This general principle has some relationship to the concept discussed above that even when an entity is the first and only user of a term and there may be some level of association with the entity, this does not justify registration where the only significance conveyed by the term is that of a category of goods. See *Merrill Lynch*, 4 USPQ2d at 1142. However, Applicant presents these declarations as direct evidence of consumer perception of the term and we consider them in connection with the genericness refusal. The declarations are from a handful of Applicant’s clients and one competitor. We discuss them more thoroughly below in connection with the assertion of acquired distinctiveness, but, here, in connection with the genericness refusal, we find these declarations to be of limited probative value and not sufficient to outweigh the other evidence from the industry, Applicant’s use of the term, the plain meaning of the words, and the integral relationship between Applicant’s applied-for services and payment transfers which are all part of an electronic payment process.

The combination of the two words “electronic” and “payments” results in a designation that has a plain and readily understood meaning. Applicant’s services are a key aspect of the payment process, and consumers would understand electronic payment to refer to all aspects of the process, including Applicant’s integral step in that process. However, the authorization and transfer of funds are all part of a payment processing system, one does not work or exist without the other; therefore, in this circumstance the term continues to be generic because Applicant’s services are engaged in, integrally necessary, and part of completing the transfer of funds in an electronic payment process.

In view of the foregoing, we find that the term ELECTRONIC PAYMENTS is generic when used in connection with “Credit card transaction processing services, namely, obtaining transaction authorization codes for merchants; Gift card transaction processing services, namely, obtaining transaction authorization codes for merchants; Electronic credit card transaction processing services, namely, obtaining transaction authorization codes for merchants; and not available to cardholder markets.” Because the phrase ELECTRONIC PAYMENTS is generic when used in connection with the services identified in the application, it is not registrable.

#### IV. Mere Descriptiveness and Lack of Acquired Distinctiveness

For completeness, we address the alternative refusal that ELECTRONIC PAYMENTS is merely descriptive and has not acquired distinctiveness. Although Applicant appears ultimately to have acquiesced to the mere descriptiveness

determination (App. Br. 7 TTABVUE 3), to the extent Applicant has preserved its argument that the term is suggestive, based on the evidence above, we find that “electronic payments” immediately describes a significant feature of the services, namely “obtaining transaction authorization codes for merchants” to complete the electronic payment process.<sup>2</sup> See *In re TriVita, Inc.*, 783 F.3d 872, 114 USPQ2d 1574 (Fed. Cir. 2015) (term is merely descriptive if it describes an ingredient, quality, characteristic, function, feature, purpose, or use of the specified goods or services).

“To show that a mark has acquired distinctiveness, an applicant must demonstrate that the relevant public understands the primary significance of the mark as identifying the source of a product or service rather than the product or service itself.” *In re Steelbuilding.com*, 415 F.3d 1293, 75 USPQ2d 1420, 1422 (Fed. Cir. 2005); see also *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 101 USPQ2d 1713, 1729 (Fed. Cir. 2012). “The applicant ... bears the burden of proving acquired distinctiveness.” *La. Fish Fry Prods., Ltd.*, 116 USPQ2d at 1265 (Fed. Cir. 2015).

In determining whether Applicant has demonstrated acquired distinctiveness of the proposed mark for its goods, we examine the evidence of record as it relates to six

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<sup>2</sup> To the extent Applicant has not preserved its argument of suggestiveness, “[w]here ... an applicant seeks a registration based on acquired distinctiveness under Section 2(f), the statute accepts a lack of [inherent] distinctiveness as an established fact.” *Yamaha Int’l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1571, 6 USPQ2d 1001, 1005 (Fed. Cir. 1988). For an applicant seeking “registration on the basis of Section 2(f), the mark’s descriptiveness is a nonissue; an applicant’s reliance on Section 2(f) during prosecution presumes that the mark is descriptive.” *Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 586 F.3d 1352, 92 USPQ2d 1626, 1629 (Fed. Cir. 2009). The Examining Attorney may rely on this concession alone. TMEP § 1212.02(b).

categories of facts that are evaluated together: (1) association of the mark with a particular source by actual purchasers (typically measured by customer surveys); (2) length, degree, and exclusivity of use; (3) amount and manner of advertising; (4) amount of sales and number of customers; (5) intentional copying; and (6) unsolicited media coverage of the product embodying the mark. *Converse, Inc. v. ITC*, 909 F.3d 1110, 128 USPQ2d 1538, 1546 (Fed. Cir. 2018); *In re SnoWizard, Inc.*, 129 USPQ2d 1001, 1005 & n.8 (TTAB 2018) (holding *Converse* applicable to Board proceedings). No single factor is determinative. *Converse*, 128 USPQ2d at 1548 (citing *Steelbuilding*, 75 USPQ2d at 1424); *In re Tires, Tires, Tires Inc.*, 94 USPQ2d 1153, 1157 (TTAB 2009); *see also In re Ennco Display Sys. Inc.*, 56 USPQ2d 1279, 1283 (TTAB 2000) (“Direct evidence [of acquired distinctiveness] includes actual testimony, declarations or surveys of consumers as to their state of mind. Circumstantial evidence, on the other hand, is evidence from which consumer association might be inferred, such as years of use, extensive amount of sales and advertising, and any similar evidence showing wide exposure of the mark to consumers.”).

#### A. Degree of Descriptiveness

We begin by assessing the degree of descriptiveness because that bears on the sufficiency of the evidence required to prove acquired distinctiveness. *See, e.g., Royal Crown*, 127 USP2d at 1048 (“[H]igher levels of descriptiveness require a more substantial showing of acquired distinctiveness.”); *Real Foods Pty Ltd. v. Frito-Lay N. Am., Inc.*, 906 F.3d 965, 128 USPQ2d 1370, 1378 (Fed. Cir. 2018) (same);

*Steelbuilding.com*, 75 USPQ2d at 1424 (“[A]pplicant’s burden of showing acquired distinctiveness increases with the level of descriptiveness; a more descriptive term requires more evidence of secondary meaning.”); *In re Bongrain Int’l Corp.*, 894 F.2d 1316, 13 USPQ2d 1727, 1727 n.4 (Fed. Cir. 1990) (quoting *Yamaha Int’l*, 6 USPQ2d at 1008 (“the greater the degree of descriptiveness the term has, the heavier the burden to prove it has attained secondary meaning”)); *Tires, Tires, Tires Inc.*, 94 USPQ2d at 1157 (highly descriptive terms are less likely to be perceived as trademarks, and therefore more persuasive evidence of secondary meaning will ordinarily be required to establish their distinctiveness).

In this case, we find that the designation ELECTRONIC PAYMENTS is highly descriptive. The record establishes that the wording directly and immediately identifies significant features of the services without requiring thought or imagination to discern the nature of the services. Applicant’s transaction authorization services are required in order to complete the electronic payment process. The authorization services are merely descriptive as a primary part of the electronic payment process in the way a primary feature of a good is merely descriptive of the goods. *See Real Foods*, 128 USPQ2d at 1374-75 (“Substantial evidence supports the TTAB’s finding that the proposed marks are highly descriptive. The terms ‘corn’ and ‘rice’ ... describe the primary ingredient in Real Foods’ respective goods .... Moreover, the term thins describes physical characteristics of the corn and rice cakes.”). Given the term’s highly descriptive nature, Applicant has a higher burden to establish acquired distinctiveness.

B. Evidence of Acquired Distinctiveness

Applicant has used ELECTRONIC PAYMENTS continuously and exclusively since at least January 29, 2004. Nardy Decl. ¶ 4 January 11, 2018 Response TSDR at 2. It is ranked as the 34<sup>th</sup> largest merchant acquirer by The Nilson Report with over “\$8 billion in purchase volume through 40,000 merchant outlets.” *Id.* ¶ 5. Since 2004 its “top line revenue” has increased steadily. *Id.* ¶ 7. Applicant has not provided marketing figures or information by which to measure consumer impressions. This evidence does not show how and the extent to which consumers are exposed to the phrase.

Applicant has received some limited unsolicited media coverage for five consecutive years (2008-2012) from Inc. magazine and for three consecutive years (2010-2012) from Deloitte Touche Tohmatsu Limited for earning the Deloitte Technology Fast 500 Award for three consecutive years. *Id.* ¶ 9 TSDR at 3.

Applicant has owned the [www.electronicpayments.com](http://www.electronicpayments.com) domain since 1998, and its website is the first listed search result by the Google search engine upon performing searches for “electronic payments” and electronic payments. *Id.* ¶¶ 10-12, TSDR at 3; Exs. C-D, TSDR at 8-11. This may simply reflect Applicant’s use of metatags and purchase of higher placement in search results. Although it does show consumer exposure to Applicant when searching to obtain information on the electronic payment process generally, it also shows exposure to third-party generic usage. For example, the search also retrieved the following: “Adyen electronic payment – One solution for all payments [www.adyen.com/electronic/payments](http://www.adyen.com/electronic/payments)” and “The Benefits of

Electronic Payments in Financial Software – The Balance ... In addition, most financial institutions offer electronic payments online directly from their web site to the payee. You may also be able to set up electronic bill payments through your ...” January 11, 2018 Response TSDR at 8-10.

Applicant “is not aware of any competitors that use the name ELECTRONIC PAYMENTS with similar services.” Nardy Decl. ¶ 28, *id.* TSDR at 5. However, even if Applicant is the first and only user of ELECTRONIC PAYMENTS for authorization services, that does not justify registration if the only significance conveyed by the term is merely descriptive. *See In re Fat Boys Water Sports LLC*, 118 USPQ2d 1511, 1514 (TTAB 2016); *In re Nat’l Shooting Sports Found., Inc.*, 219 USPQ 1018, 1020 (TTAB 1983); *see also KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 72 USPQ2d 1833, 1838 (2004) (trademark law does not countenance someone obtaining “a complete monopoly on use of a descriptive term simply by grabbing it first”) (citation omitted).

Finally, as direct evidence, Applicant submitted declarations from 22 customers and one competitor.<sup>3</sup> The declarations include the identical paragraphs as follows:

7. Electronic Payments Inc. provided a point of sales (POS) system that enables our business to process orders, receive payments, and maintain records of sales, transactions, and inventory.

8. Electronic Payments Inc. also provides ongoing services to our business that includes obtaining transaction authorization codes for payment card purchases and

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<sup>3</sup> The merchant customers include 3 restaurant owners, 6 retail businesses, 1 event center, 1 manufacturer, 2 marketing merchandisers, 1 credit card solutions company, 1 dentist, 1 investment company, 1 hotel group, a web hoster and retailer, 1 cleaning company, 1 limo and 1 cab company, 1 collision repair company, and 1 competitor acquirer.

resolving any payment disputes involving charge-backs or fraud.

10. Electronic Payments Inc. provides products and services to merchants that facilitate acceptance of credit card, debit card, gift card, and value card transactions and resolve payment disputes due to charge-backs or fraud.

9. I believe that Electronics Payments Inc. is a well-known and prominent industry leader in the payment card industry.

11. The name ELECTRONIC PAYMENTS is associated in my mind with the company Electronic Payments Inc. and with their products and services.

13. When I encounter the name ELECTRONIC PAYMENTS, I associate that name with Electronic Payments Inc. and their products and services and not with a generic or descriptive term for the services of resolving payment disputes or providing value card transaction processing that includes obtaining transaction authorization codes for merchants.

14. In my mind, the name ELECTRONIC PAYMENTS has acquired distinctiveness as a name identifying the products and services of Electronic Payments Inc., and it effectively distinguishes the products and services provided by Electronic Payments Inc. from the same or similar services provided by others in the U.S.

*See, e.g.,* Flores Decl. January 11, 2018 TSDR at 12-13.

The declarations are nearly identical and formulaic, indicating that someone other than the declarants prepared these documents. In addition, although merchants are the ones who pay for the service provided by Applicant, everyone involved in the electronic payment process—merchants, banks, purchasers—are part of and benefit from the payment process. *See In re Pennzoil Products Co.*, 20 USPQ2d 1753, 1758 (TTAB 1991) (form declarations from nine marketers of oil products who have

business relationships with the applicant “lack persuasiveness on the issue of the primary significance of the [proposed mark] to the purchasing public.”).

In light of the highly descriptive nature of ELECTRONIC PAYMENTS, the customer and competitor declarations alone do not convince us that ordinary consumers of merchant acquirers or payment processing companies have come to view that term primarily as an indicator of source. *See SnoWizard*, 129 USPQ2d at 1006 (length of use of mark for over nine years insufficient by itself to bestow acquired distinctiveness); *Target Brands, Inc. v. Hughes*, 85 USPQ2d 1676, 1681 (TTAB 2007) (“Applicant’s continuous use since 1992 is a fairly lengthy period, but not necessarily conclusive or persuasive on the Section 2(f) showing.”); *In re Kalmbach Publ’g Co.*, 14 USPQ2d 1490, 1494 (TTAB 1989) (for highly descriptive term, applicant’s statement of long use of a purported mark was insufficient to establish distinctiveness, absent specific evidence of the extent of the mark’s exposure to the purchasing public and of the purchasers’ perception of the asserted mark). We further note these are 22 customers out of “40,000 merchant outlet[]” customers. Nardy Decl. ¶ 5, January 11, 2018 TSDR at 7.

Moreover, as noted above, Applicant did not provide information as to its advertising expenditures or context. *Mini Melts, Inc. v. Reckitt Benckiser LLC*, 118 USPQ2d 1464, 1480 (TTAB 2016) (probative value of sales revenue figures quantified as doses sold is diminished by the fact that the amount is just a raw number without context as to applicant’s market share or whether this amount is significant in the industry). In other cases, annual advertising expenditures of \$100,000 or less have

been considered relatively modest for a highly descriptive designation. *See Apollo Med. Extrusion Techs., Inc. v. Medical Extrusion Techs., Inc.*, 123 USPQ2d 1844, 1856 (finding \$75,000 for one year of advertising and promotion expenditures “hardly impressive, falling far below levels deemed persuasive in other cases involving the acquired distinctiveness of marks that may be highly descriptive”); *Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc.*, 871 F.2d 590, 10 USPQ2d 1443, 1447 (6th Cir. 1989) (finding \$100,000 for one year’s advertising expenditures did not evidence secondary meaning in “Appalachian Log Structures” for log houses without additional evidence “to establish the amount as extensive or to distinguish it as beyond that necessary to survive in the market”).

Applicant did not provide circulation figures for the two publications in which the unsolicited media about Applicant appeared. “Thus, we are at a disadvantage to accurately gauge the degree of exposure and the achievement of distinctiveness among the relevant classes of purchasers.” *Apollo Med. Extrusion Techs.*, 123 USPQ2d at 1855-56. In sum, the record falls far short of establishing that Applicant’s promotional efforts have borne fruit with respect to acquired distinctiveness. *Id.* at 1856; *see also Mini Melts*, 118 USPQ2d at 1480 (“The ultimate test in determining whether a designation has acquired distinctiveness is Applicant’s success, rather than its efforts, in educating the public to associate the proposed mark with a single source.”).

We find that Applicant has failed to establish that the designation “Electronic Payments” has acquired distinctiveness as a source-indicator for Applicant’s services.

That is, Applicant has not established that, “in the minds of the public, the primary significance of [Electronic Payments] is to identify the source of the product rather than the product itself.” *Coach Servs.*, 101 USPQ2d at 1729. The record establishes that the wording is, at a minimum, a highly descriptive designation that identifies a significant feature and purpose of the services, namely, Applicant’s services are one step in the electronic payment process. Given that the designation is highly descriptive, much more persuasive evidence than Applicant has submitted would be necessary to show that ELECTRONIC PAYMENTS has become distinctive as a source indicator for Applicant’s “obtaining transaction authorization codes.” *Cf. In re Boston Beer Co. L.P.*, 198 F.3d 1370, 53 USPQ2d 1056, 1057-58 (Fed. Cir. 1999) (even where there was evidence of “annual advertising expenditures in excess of ten million dollars and annual sales under the mark of approximately eighty-five million dollars,” the Court held that, “considering the highly descriptive nature of the proposed mark, [the applicant] has not met its burden to show that the proposed mark has acquired secondary meaning”).

The refusal to register based on mere descriptiveness and lack of acquired distinctiveness is affirmed.

**Decision:** The refusal to register Applicant’s proposed mark ELECTRONIC PAYMENTS is affirmed on the basis of genericness and on the basis that the mark is merely descriptive and Applicant has not demonstrated that the mark has acquired distinctiveness.