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**THIS DISPOSITION
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Paper No.9
RFC

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re Preferred Capital Corporation

Serial No. 75/385,899

William J. Brucker of Stetina Brunda Garred & Brucker for Preferred Capital Corporation.

Janel M. Pernell, Trademark Examining Attorney, Law Office 109 (Ronald R. Sussman, Managing Attorney).

Before Cissel, Hohein and Wendel, Administrative Trademark Judges.

Opinion by Cissel, Administrative Trademark Judge:

On November 6, 1997, applicant filed the above-referenced application seeking registration of the mark shown below

on the Principal Register for "financial services specializing in the purchase and leasing of business

equipment," in Class 35. The application was based on applicant's claim that it had used the mark in interstate commerce since as early as April of 1996.

The Examining Attorney refused registration under Section 2(e)(1) of the Lanham Act on the ground that applicant's mark is merely descriptive of the services identified in the application. Her reasoning was that applicant pre-qualifies its customers, thereby providing a "preferred leasing" program, and that the "equipment card" portion of the mark is descriptive of the services because applicant provides a card that is used in leasing the equipment.

Attached to the refusal to register were copies of excerpts from articles retrieved from the Nexis® database of published articles wherein the term "preferred lease" is used. The excerpts were taken from a variety of publications from 1981 to 1998. Examples include the following:

... offering extended lease terms and providing preferred lease rates for the very highest credit quality lessors, for example.

"Preferred lease program" will pre-approve the existing lease customers for new leases.

For example, under a "preferred lease program," Crow are granted first bidding rights on tribal property made available for leasing.

We're going to have space in the new building at a preferred lease rate...

... announced today that it has obtained a preferred lease credit line through Ladco Financial Group for its 1 One Medical Service program..

and

under the "Porsche Preferred Lease" program, customers can lease used 1981-94 cars for up to five years.

The Examining Attorney required applicant to indicate whether it offers its customers pre-approved cards or credit, and whether it offers its customers preferential rates or sets different interest rates for customers based on credit ratings. She also required amendment to make the recitation of services in the application more definite. She suggested the following language: "lease-purchase financing of office equipment."

Applicant responded to the first Office Action by amending the recitation of services. As amended, the services were identified as "financial services specializing in the lease-purchase financing of office equipment," in Class 36. Applicant also provided arguments on the issue of descriptiveness and enclosed one of its advertising brochures. The arguments and the brochure make it clear that the card referred to in the mark is issued to provide applicant's customers with their account numbers

and their pre-approved lease status. The card does not allow the customer to purchase equipment. Applicant does not extend credit to its customers. Instead, it pre-approves the amount of money which applicant is willing to spend to purchase the equipment that the customer requests, and then, as long as the equipment price is within that amount, applicant buys the equipment and leases it back to the customer. Like most lessors, applicant offers its customers the option to purchase the leased equipment at the end of the lease period. Applicant argued that the mark sought to be registered is not merely descriptive of its financial services specializing in the lease-purchase financing of office equipment in light of this explanation.

The Examining Attorney was not persuaded by applicant's arguments, and in the second Office Action, she made final the refusal to register under Section 2(e)(1) of the Act. Attached in support of the refusal were excerpts the Examining Attorney had taken from the Internet in an effort to show use of the phrase "PREFERRED LEASE" in relation to leasing services. One refers to the "preferred lease term." Another refers to the "Porsche Preferred Lease" in reference to a lease program offered by that automaker.

Also submitted with the final refusal to register were copies of third-party trademark registrations on the Supplemental Register. In one, the mark is "POSTAL PAYMENT CARD," and the services are identified as "financial services, namely, debit and credit card services for the purchase of stamps and other postal services." The term "PAYMENT CARD" is disclaimed apart to the mark as shown. The other third-party registered marks, all also on the Supplemental Register, are "The Cruise Card," with a disclaimer of "CARD," for credit services for the purchase of cruise and travel tickets; "THE MORTGAGE CARD," for residential pre-approved mortgage loan services; "THE LOAN CARD," for loan financing services; and "THE DENTIST'S CARD," for "financial services-namely, providing dental professionals with a pre-approved line of credit."

The Examining Attorney also made final the requirement for an acceptable recitation of services and the requirement for applicant to indicate if it sets different interest rates for customers based on credit ratings.

Applicant timely filed a Notice of Appeal. Both applicant and the Examining Attorney filed briefs, but applicant did not request an oral hearing before the Board.

In its appeal brief, applicant agreed to modify the recitation of services to adopt the language suggested by

the Examining Attorney in the second Office Action, specifically, "lease-purchase financing of office equipment." Thus, the issues on appeal are the requirement under Trademark Rule 2.61(b) for applicant to provide the requested information as to whether applicant sets different interest rates for customers based on credit ratings and the refusal to register the mark because it is merely descriptive of applicant's services within the meaning of Section 2(e)(1) of the Lanham Act. Based on careful consideration of the record before us in this appeal, we find that both the refusal to register and the requirement for applicant to submit the requested information are well taken.

Trademark Rule 2.61(b) provides that "the examiner may require the applicant to furnish such information and exhibits as may be reasonably necessary to the proper examination of the application." In the first Office Action, the Examining Attorney made the initial request for applicant to state whether it offers its customers preferential rates or sets different interest rates for customers based on credit ratings. This requirement was made final in the second Office Action. Applicant failed to address this question in either its response to the first Office Action or its response to the second Office

Action. Even after the Examining Attorney made it clear in her appeal brief that applicant still had not responded to this requirement, applicant yet again failed to respond by means of a reply brief.

The Examining Attorney argues that she needed this information because part of the determination of the registrability of the mark hinges on the answer to this question. She sought to determine whether some customers were preferred or received preferred lease rates.

As the Examining Attorney points out, refusal to register is warranted in a case such as this, where applicant has failed to comply with a legitimate requirement for information under Rule 2.61(b). In re Babies Beat Inc., 13 USPQ2d 1729 (TTAB 1990). Inasmuch as we find the Examining Attorney's position to be well taken, the requirement is affirmed and registration to applicant is refused on this basis.

We next turn to the refusal on the ground that the mark is merely descriptive of the services within the meaning of Section 2(e)(1) of the Lanham Act. It is well settled that a mark is merely descriptive under the Act if it describes a significant ingredient, quality, characteristic, function, feature, purpose or use of the relevant services. In re Gyulay, 820 F.2d 1216, 3 USPQ2d

1009 (Fed. Cir. 1987); In re Bed & Breakfast Registry, 791 F.2d 157, 229 USPQ 818 (Fed. Cir. 1986). The determination of descriptiveness must be made not in the abstract, but rather in relation to the services as they are identified in the application, considering the context in which the mark is used in connection with those services and the possible significance the mark would have in that context to the average purchaser of such services. In re Abcor Development Corp., 588 F.2d 811, 200 USPQ 215 (CCPA 1978).

In the case at hand, applicant argues that the Board should consider its mark to be the single term "PREFERRED LEASE EQUIPMENT CARD." In view of the way the mark is used on the specimens record and presented in the drawing submitted with the application, however, it would appear to be much more reasonable to consider the descriptiveness issue as a question of the significance of "PREFERRED LEASE" and "EQUIPMENT CARD" as they are used together, but as separate terms. The first two words appear on one line, but "EQUIPMENT CARD" is shown in much smaller letters in a single, different typeface in a separate box design below the first term, "PREFERRED LEASE." The mark as a whole is a combination of two descriptive phrases, each with readily understood meanings in connection with lease-purchase financing of office equipment, and when they are combined

into the four-word term, "PREFERRED LEASE EQUIPMENT CARD," that term is equally descriptive of applicant's services.

The first term, "PREFERRED LEASE," has a descriptive connotation as a lease with preferred rates or one made available only to preferred customers. It also possesses a descriptive meaning as a general laudatory expression in connection with applicant's services.

The Examining Attorney submitted a dictionary definition, of which the Board can take judicial notice, with her appeal brief. The word "preferred" is defined therein as "to choose or be in the habit of choosing as more desirable or as having more value" and "to give priority or precedence to (a creditor)."¹ Applicant's advertising materials make it clear that the latter definition is applicable to the circumstances at hand. Applicant gives precedence to creditors by way of pre-qualifying them. It "pre-approves customers for equipment leases based upon Dunn & Bradstreet ratings." The advertising materials of record make it clear that applicant gives "preferred leases," that is to say, priority and precedence to those customers with desirable credit ratings. In this context, when the word "PREFERRED"

¹ The American Heritage® Dictionary of the English Language, third edition, Houghton Mifflin Co., (1992).

is combined with the word "LEASE," the term merely describes a feature of applicant's services, i.e., that it offers a lease which is to be preferred because of special pre-qualifying conditions which are provided to preferred customers.

As the Examining Attorney further points out, the term "PREFERRED LEASE" can also have a laudatory descriptive meaning, which additionally makes it unregistrable under Section 2(e)(1) of the Act. Terms which attribute high quality or excellence to services are laudatory terms which are unregistrable without proof of acquired distinctiveness. *Exquisite Form Industries, Inc. v. Exquisite Fabrics of London*, 378 F.Supp. 403, 183 USPQ 666 (S.D.N.Y. 1974); and *In re Wileswood, Inc.*, 2001 USPQ 400 (TTAB 1978).

In particular, in the case of *In re Inter-State Oil Co.*, 219 USPQ 1229, 1230 (TTAB 1983), the Board stated that "... the clear meaning of 'PREFERRED' in relation to any product is that the product is liked better than other products of the same kind. Thus, in our opinion, the term is a common self-laudatory expression in relation to applicant's product and would be so understood by purchasers and prospective purchasers." Similarly, a "PREFERRED LEASE" is understood to be a more desirable,

better lease, and as such, the term is merely descriptive within the meaning of Section 2(e)(1) of Lanham Act in the laudatory sense.

The second distinct term in applicant's mark, "EQUIPMENT CARD," is also merely descriptive of a feature of applicant's services. The third-party registered marks made of record by the Examining Attorney show, by the fact that these marks were registered on the Supplemental Register, that marks combining descriptive terminology with the word "CARD" are regarded as being merely descriptive in connection with the services recited in the registrations. In the same sense that "LOAN CARD" is merely descriptive of the loan financing services identified in that registration and "THE MORTGAGE CARD" merely describes pre-approved mortgage loan services, "EQUIPMENT CARD" is merely descriptive of applicant's services because it immediately informs prospective purchasers that a feature of applicant's lease-purchase financing of office equipment is the card applicant provides in connection with the services.

Thus, both connotations of "PREFERRED LEASE" render the term merely descriptive in connection with the services set forth in the application, and the other term in applicant's mark, "EQUIPMENT CARD," is also merely

descriptive of the services. When combined, none of the separately recognized merely descriptive meanings is lost. No double entendre, unexpected meaning or unusual commercial impression results from this combination of words.

Applicant's arguments are not persuasive of a different conclusion. Applicant makes the argument that the word "merely" in Section 2 of the Act means that if the mark does not tell the potential purchaser only what a particular feature or characteristic of the services is, the mark cannot be held to be merely descriptive. It is well settled that the fact that a term may have other meanings in addition to the one which is descriptive in connection with the services in question does not render the refusal to register under Section 2(e)(1) inappropriate. In re Bright-Crest, Ltd., 204 USPQ 591 (TTAB 1979). The other meanings for these words are not applicable to the services at issue here.

Applicant's argument that its mark is only suggestive in connection with the services specified in the application is not well taken either. No imagination or multi-step reasoning is required for a customer of applicant's services to understand that applicant's mark immediately and forthwith conveys information with respect

to the services applicant renders under the mark, i.e., that applicant offers a preferred lease (whether in the sense of a lease which is more desirable or one offering preferred rates to preferred customers does not make any difference in this regard) in order to obtain equipment, and that a card is provided in connection with this service. As such, applicant's mark is merely descriptive of the services, and hence unregistrable under Section 2(e)(1).

Decision: Both the requirement and the refusal to register are affirmed.

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