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**THIS DISPOSITION
IS NOT CITABLE AS PRECEDENT
OF THE T.T.A.B.**

Paper No. 9
RFC

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re Preferred Capital Corporation

Serial No. 75/391,347

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, Rogers and Drost, 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 "is offering CAPITAL to its customers on a PREFERRED basis..." and that the addition of the descriptive term "CORPORATION" to the descriptive term "PREFERRED CAPITAL" does not result in anything other than a mark which is, as a whole, merely descriptive of the specified services within the meaning of Section 2(e)(1).

Attached to the refusal to register were copies of several third-party registrations of marks for various credit or leasing services, one of which involves financing for the purchase or lease of equipment used in business. In each of these third-party registrations, the word "preferred" is disclaimed. The Examining Attorney argued that these registrations are probative of the descriptiveness of the word "preferred" in connection with applicant's leasing services.

In addition to refusing registration based on Section 2(e)(1), the Examining Attorney required applicant to

indicate if it provides a list of preferred customers, if it offers customers pre-approved cards or credit, and if it offers any of its customers preferential rates or sets different interest rates for customers based on credit ratings. Applicant was also required to submit samples of advertisements or promotional materials. Each of these requirements was made by the Examining Attorney under Trademark Rule 2.61(b).

She also required applicant to amend the recitation of services in the application to make it more definite. She suggested the following language: "lease-purchase financing of office equipment," in Class 36.

Applicant responded by amending the recitation of services and classification. As amended, the services were identified as "financial services specializing in the lease purchase financing of office equipment," in Class 36.

Applicant also made arguments on the issue of descriptiveness and enclosed copies of pages from one of its advertising brochures. Applicant argued that the brochure makes it clear that applicant does not extend credit or provide any capital to its customers. Instead, applicant preapproves the amount of money which applicant is willing to spend to purchase the capital equipment that the customer requests, and then, as long as the price of

the requested equipment is within that amount, applicant buys the equipment and leases it back to the customer. Like many lessors, applicant offers its customers the option of purchasing the leased equipment at the end of the lease period.

Applicant argued that the mark sought to be registered is not merely descriptive of applicant's financial services specializing in the lease-purchase financing of office equipment. Further, applicant stated that it does not provide a list of preferred customers and does not offer preferential rates to its customers. Applicant argued that the mark could connote a number of things to applicant's customers, such as the issuance of credit cards, the financing of residential and business loans and, significantly, "the providing of capital to businesses." (Applicant's March 15, 1999 response).

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). She reasoned that "PREFERRED" is merely descriptive because of its laudatory connotation in connection with applicant's services; that "CAPITAL" is descriptive of the services because applicant is providing capital to make equipment acquisitions; that "CORPORATION" is descriptive of

applicant's legal entity; and that the combination of these three descriptive words results in a phrase that is also merely descriptive of applicant's services.

The Examining Attorney also repeated and made final the requirement for applicant to indicate if it sets different interest rates for customers based on credit ratings, and made final the requirement for an acceptable, definite recitation of services. She held the proffered amended recitation of services to be unacceptable because of the inclusion of the indefinite word "specializing."

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 brief, applicant agreed to modify the recitation of services and classification to adopt the language suggested by the Examining Attorney in the second action, specifically, "the lease-purchase financing of office equipment," in Class 36.

Thus, the issues before us on appeal are the propriety of 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).

Based on careful consideration of the record before us in this appeal, we find that both the requirement for applicant to submit the requested information and the refusal to register 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 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 in 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 Trademark 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 to register on the ground that the mark is merely descriptive of the services within the meaning of Section 2(e)(1). It is well settled that a mark is merely descriptive under this section if it describes a significant quality, characteristic, function, feature, purpose or use of the relevant services. In re Gyulay, 870 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 the services and the possible significance the mark would have in that context to the average

purchaser of such services. In re Abcor Development Corporation, 588 F.2d 811, 200 USPQ 215 (CCPA 1978).

We take judicial notice of the dictionary definitions submitted by the Examining Attorney with her appeal brief. The word "prefer" is defined 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)." The word "capital" is defined as "wealth in the form of money or property, used or accumulated in a business by a person, partnership, or corporation."

We agree with the Examining Attorney that, as used in the mark applicant seeks to register, the term "preferred" is laudatory because it attributes desirability and value to applicant's services. As applicant states in its advertisement, "[s]ince we carefully pre-qualify our customers, our default rates are low. This allows us to provide the lowest leasing rates in the industry (that's why we're called Preferred Capital)." A laudatory term like "preferred" is not distinctive and is therefore unregistrable without proof of acquired distinctiveness. In re Inter-State Oil Co., 219 USPQ 1229 (TTAB 1983).

The term "preferred" can also be considered merely descriptive of applicant's services because of its connotation with respect to offering services to carefully

selected customers who are preferred credit risks. According to its brochure, applicant "pre-approves customers for equipment leases based on Dun & Bradstreet ratings."

The advertising materials of record make it clear that applicant's services should be preferred because applicant provides preferred, i.e., lower cost, capital to preferred customers, i.e., those with desirable credit ratings. In this context, when the word "PREFERRED" is combined with the word "CAPITAL," the resulting term merely describes a feature of applicant's services, i.e., that applicant offers capital at preferred rates because of special pre-qualifying conditions, or because applicant offers preferred rates to preferred customers.

The word "CORPORATION" is merely descriptive because it only indicates the form of applicant's business organization, and, as such is not an indication of the source of applicant's services. In re Martin's Famous Pastry Shoppe, Inc., 221 USPQ 364 (TTAB 1984). When "CORPORATION" is combined with the descriptive terminology "PREFERRED CAPITAL," the result is a mark which, when considered as a whole, is merely descriptive under Section 2(e)(1).

Applicant argues that the mark as a whole is not "merely" descriptive under Section 2(e)(1) because it does not tell potential purchasers only what a particular feature or characteristic of applicant's services is. Applicant argues that prospective customers might consider the mark as suggestive of credit card services, or residential and business lending, or banking services. It is well settled, however, that the meanings a term may have are not considered in the abstract, but rather in conjunction with the services in question. In re Bright-Crest, Ltd., 204 USPQ 591 (TTAB 1979). That the word "capital" has other meanings in other contexts is therefore not relevant to our determination of registrability.

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 rendered by applicant under the mark, i.e., that applicant is a corporation offering desirable services in the field of providing capital, in the form of financing and equipment, to preferred customers or at preferred rates. As such, applicant's mark is merely descriptive of

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its services, and hence unregistrable under Section 2(e)(1).

Decision: The refusal to register is affirmed, as is the requirement under Trademark Rule 2.61(b).

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