

Hearing:
March 26, 2002

**THIS DISPOSITION IS NOT
CITABLE AS PRECEDENT
OF THE TTAB**

Paper No. 18
DEB

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re Pharmaceutical Technologies, Inc.

Serial No. 75/662,682

James R. Menker and Paul W. Kruse of Pillsbury Winthrop LLP
for Pharmaceutical Technologies, Inc.

Michael W. Baird, Trademark Examining Attorney, Law Office
109 (Ronald R. Sussman, Managing Attorney).

Before Bucher, Bottorff and Holtzman, Administrative
Trademark Judges.

Opinion by Bucher, Administrative Trademark Judge:

Pharmaceutical Technologies, Inc. sought to register
the term PHARMACY SMARTCARD on the Principal Register when
used in conjunction with services recited, as amended, as
"prescription drug buying clubs incorporating non-
electronically encoded membership cards" in International
Class 35.¹

¹ Application Serial No. 75/662,682 was filed on March 18,
1999, based upon applicant's claim of use in commerce at least as
early as 1998.

Registration was finally refused pursuant to Section 2(e)(1) of the Trademark Act, 15 U.S.C. § 1052(e)(1), on the ground that applicant's mark is deceptively misdescriptive of the recited services.

Applicant and the Trademark Examining Attorney have filed briefs, and both appeared at an oral hearing before the Board.

We affirm the refusal to register.

The test for deceptive misdescriptiveness has two parts. First, it must be determined if the matter sought to be registered *misdescribes* the goods or services. If so, it must be determined whether it is also *deceptive*, that is, if anyone is likely to believe the misrepresentation. *In re Quady Winery Inc.*, 221 USPQ 1213, 1214 (TTAB 1984).

It is the Trademark Examining Attorney's position that the term PHARMACY SMARTCARD clearly misdescribes applicant's prescription drug buying services where applicant has specifically excluded reliance on smart cards from its recital of services. Furthermore, based upon this entire record, the Trademark Examining Attorney contends that consumers are likely to believe the misrepresentation.

By contrast, applicant argues that its mark does not misdescribe the recited services. Moreover, even assuming

arguendo, that it does misdescribe the services, applicant argues that consumers and prospective consumers who encounter this terminology within its explanatory brochures and attached cards will not believe these services incorporate a "smart card."

The record is replete with references to the growing, myriad ways in which smart card technology is applied, and especially ways in which smart cards are uniquely suited for applications in the health care, medical and pharmaceutical areas [*emphasis supplied*]:

... The **smart card**-based SmartRec product allows health care consumers to carry vital medical and demographic information on a personalized **smart card**, which can be accessed by providers at hospitals, clinics, emergency rooms, **pharmacies** and other points of care. The Minneapolis Star Tribune, (February 23, 1999).

A plastic card with a chip inside could promote change in the way Americans do business... [M]agnetic strip cards (like regular credit cards) are sometimes erroneously referred to as "**smart cards**." That's the bad news. The good news: mag strips can hold more information now, and companies from **Rite-Aid Drug** to Ruth Chris Steak House are finding all kinds of new uses for them... Vero Beach Press Journal (July 12, 1999).

Precis, an Oklahoma City based company, develops and markets **smart cards**, which look similar to credit cards but can serve many functions. Precis' latest project is an **emergency smart card** that contains a

person's **medical information...** The Daily Oklahoman (March 23, 2000).

Similarly, the various dictionary entries corroborate the detailed Lexis/Nexis stories about what kind of features make a "smart card": a credit card-sized plastic card capable of storing and processing relatively large amounts of information in imbedded microprocessors.

However, applicant contends that in reality, its underlying card functions as nothing more than any other club card or membership card. It is not a smart card inasmuch as it contains neither a magnetic strip nor microchips. To the contrary, applicant's thin plastic card is not a smart card inasmuch as it comes prepackaged inside an explanatory brochure. After activation of one's membership and the use of one's card at a local, participating pharmacy, information is simply archived on the pharmacist's computer or related network servers.

However, many key passages in the specimens of record that were highlighted by the Trademark Examining Attorney create a misleading impression of how the services associated with this card actually work:

By using your PTI Pharmacy *SmartCard* at our PTI Pharmacy SmartCard network stores you can be assured that you and your family are consistently receiving Protection from high drug costs, Protection from life threatening drug interactions... ... the CareMax network

of stores have committed to competitive pricing and are passing the savings to you instantly through the on-line real time SmartCard technologies.... Coupled with this network of stores, the technologies available to our SmartCard members will include drug-to-drug interaction, drug to disease checking, drug dose and duration checking, allergy pattern checking and duplicate therapy checking... When activating your card with NPS you will be asked to provide your allergy patterns and any disease codes you would like the on-line real time technologies to check against to protect you and your family members... **...we want to protect you with our PTI Pharmacy SmartCard technologies anywhere in America.**

Despite applicant's representations that it does not intend to mislead potential consumers into believing that its PHARMACY SMARTCARD is really a "smart card," the above referenced brochure contains repeated passages such as "activating your card," "network," "on-line, real time, SmartCard technologies," "drug-to-drug interaction, drug to disease checking, drug dose and duration checking, allergy pattern checking and duplicate therapy checking," etc. Moreover, this astonishing array of benefits supposedly derived from applicant's services associated with its PHARMACY SMARTCARD are totally consistent with the benefits being touted in the Lexis/Nexis articles about smart cards currently available in the medical, pharmaceutical and health care fields generally.

Hence, under the first query of In re Quady Winery Inc., we find that the term PHARMACY SMARTCARD indeed misdescribes buying club services where the featured membership card cannot function as a "smart card."

We turn then to the second query posed by Quady Winery, namely, whether PHARMACY SMARTCARD is also deceptive, that is, if anyone is likely to believe the misdescription.

The record demonstrates that consumers are being conditioned by technological advances in the marketplace to believe that all kinds of smart cards are poised for widespread usage. As seen from the Lexis/Nexis excerpts, the health care field is one of the first areas mentioned when discussing future demands for smart card technology (e.g., storage of personal patient data and medical history on a card). Applicant's own specimens suggest that applicant is willing to use this growing knowledge on the part of consumers to its advantage. On reviewing the specimens of record, one can conclude that here is a health care service using the latest smart card technologies to provide prescription drugs cheaply, easily, simply, safely and securely.

Nonetheless, applicant repeatedly raises several counter arguments, which we will discuss briefly:

This is just an inexpensive, money-saving buyer's club: Applicant tries to contrast its own prescription drug buying club services with an actual smart card that might well be used by other health care providers for the distribution of goods sold by pharmacies. This simply confirms that it is quite plausible that applicant would use smart card technology in the performance of its PHARMACY SMARTCARD services.

Sophistication of consumers: As to whether the prospective consumers will be deceived, applicant argues that its services are "... almost exclusively marketed to administrators of large health care benefit programs." However, as noted above, the specimens are written in a way that makes it clear they are directed to individual, average consumers, not to sophisticated health care or business professionals.

Single word versus two words: Applicant claims that the single word SMARTCARD, as it appears in its drawing of record, is fanciful. Applicant contrasts this compound word with the generic term, where it is more frequently presented as two words (smart card). However, deleting this space is a *de minimus* difference in presentation that will be overlooked by most consumers. It is hornbook law that the use of a slight misspelling of a misdescriptive

term that would be perceived by purchasers as the equivalent of the misdescriptive term is subject to the same proscription of Section 2(e)(1) as the misdescriptive term itself. See In Re Organik Technologies, Inc., 41 USPQ2d 1680 (TTAB 1997) [Applicant's mark ORGANIK, the phonetic equivalent of the term "organic," is misdescriptive of applicant's cotton textiles and clothing].

Moreover, as noted by the Trademark Examining Attorney, this alleged difference in spelling or presentation becomes even more inconsequential in light of the special form in which applicant usually uses this term on its advertisements. Specifically, SmartCard, having two capital letters, actually accentuates the origin of this term as two words, thereby retaining the exact connotation of this apt, descriptive terminology.

Proper trademark usage: Applicant argues that it always uses the term "Pharmacy SmartCard" in a proper trademark manner. However, we note that the front of the specimens of record say "**A Nationwide PHARMACY SMARTCARD.**" It goes on to suggest that after 'activating the card,' prescription drug users simply "present your card" to a participating pharmacy. In this context, the article "A" precedes the descriptive term "Nationwide," and both modify

the word PHARMACY ("a place where drugs are sold; a drugstore") used to describe the generic noun, "SMARTCARD." The total connotation of this phrase is of a plastic card embedded with microprocessors which card is capable of storing and processing large amounts of pharmaceutical information. Other than the fact that the term PHARMACY SMARTCARD is capitalized, within this precise phrase, there is no inherently distinctive, source-identifying matter for the recited services contained within this alleged mark.

"Smart" means "savvy": Applicant points to the text of one of its promotional materials that uses the term "smart" throughout to refer to savvy or intelligent consumers of pharmacy products. We agree with applicant that the term "smart" is indeed used repeatedly in this one promotional piece as a synonym for the savvy or intelligent consumer of prescription pharmaceuticals. Nonetheless, this repeated connotation of "smart" as meaning savvy in one promotional piece can hardly detract from the misdescriptive usage in the specimens of record where smart appears repeatedly as part of phrases such as "Pharmacy SmartCard technology."

Finally, we agree with the Trademark Examining Attorney that merely because the true nature of the services is revealed by some other matter in the

advertisement does not preclude a determination that a mark is deceptively misdescriptive of such services. R. Neumann & Co. v. Overseas Shipments, Inc., 326 F.2d 786, 140 USPQ 276 (CCPA 1964).

Decision: The refusal to register is affirmed on the ground that applicant's mark is deceptively misdescriptive of the recited services.