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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re Waterstone Capital Management, L.P.

Serial No. 78223503

Stanley R. Bergerson of Fredrikson & Byron, P.A. for
Waterstone Capital Management, L.P.

Sonya B. Stephens, Trademark Examining Attorney, Law Office
108 (Andrew Lawrence, Managing Attorney).

Before Seeherman, Walters and Zervas, Administrative
Trademark Judges.

Opinion by Seeherman, Administrative Trademark Judge:

Waterstone Capital Management, L.P. has appealed from
the final refusal of the Trademark Examining Attorney to
register WATERSTONE in typed form as a mark for "financial
services, namely, hedge fund management services."¹

Registration has been refused pursuant to Section 2(d) of

¹ Application Serial No. 78223503, filed March 10, 2003, and
asserting a bona fide intent to use the mark in commerce.
Although applicant's discussion of its services suggests that

the Trademark Act, 15 U.S.C. §1052(d), on the ground that applicant's mark so resembles the mark WATERSTONE BENEFIT ADMINISTRATORS and design, shown below (BENEFIT ADMINISTRATORS disclaimed), previously registered for "administration of self-insured employee benefits plans,"² that it is likely to cause confusion or mistake or to deceive.³



The appeal has been fully briefed; applicant did not request an oral hearing.

We turn first to certain procedural points. With its appeal brief, applicant submitted an article obtained from the website of "Hedge Fund Center"

applicant is currently using its mark for its services, it has not filed an Amendment to Allege Use.

² Registration No. 2697781, issued March 18, 2003.

³ The Examining Attorney had also made final a requirement for a verified declaration attesting to the facts set forth in the application, and attesting that applicant had a bona fide intention to use the mark at the time it filed the application. Applicant submitted such a declaration with its reply brief and, because applicant sought to comply with the requirement, the Board remanded the application to the Examining Attorney to consider the declaration. On November 1, 2005, the Examining Attorney accepted the signed declaration and withdrew this requirement.

(www.hedgefundcenter.com). The Examining Attorney objected to this submission as untimely. Applicant has acknowledged that the article was not properly made of record, but states that the "article represents neutral and reliable information from an objective source." Reply brief, p. 5. Trademark Rule 2.142(d) states that the record in the application must be complete as of the time of the filing of the appeal. Because the article submitted with applicant's brief is clearly untimely, it has not been considered. Further, in its reply brief, for the first time, applicant referred to certain third-party registrations to show that similar marks for various financial services coexist on the Register. Because this evidence was not timely made of record, the information regarding these registrations has not been considered.⁴ Finally, with her appeal brief the Examining Attorney submitted a definition of "employee benefits," apparently taken from the Internet dictionary "Dictionary of Automotive Terms Abbr" (<http://ads.100megswebhosting.com>), and has requested that we take judicial notice thereof.

⁴ It should also be noted that, to make a registration of record, it is necessary to submit a copy of the registration obtained from the records of the USPTO (either a "soft copy" of the registration, or the electronic equivalent thereof); a mere listing of the mark, registration number and services is not sufficient.

The Board does not take judicial notice of definitions found only in on-line dictionaries. See TBMP § 1208.04; *In re Total Quality Group Inc.*, 51 USPQ2d 1474, 1476 (TTAB 1999). Thus, the Examining Attorney's request is denied.

This brings us to the substantive issue in this appeal, namely, whether applicant's mark, if used in connection with its identified services, is likely to cause confusion with Registration No. 2697781 for WATERSTONE BENEFIT ADMINISTRATORS and design. Our determination of this issue is based on an analysis of all of the probative facts in evidence that are relevant to the factors set forth in *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973). See also, *In re Majestic Distilling Company, Inc.*, 315 F.3d 1311, 65 USPQ2d 1201 (Fed. Cir. 2003). In any likelihood of confusion analysis, two key considerations are the similarities between the marks and the similarities between the goods and/or services. See *Federated Foods, Inc. v. Fort Howard Paper Co.*, 544 F.2d 1098, 192 USPQ 24 (CCPA 1976). See also, *In re Dixie Restaurants Inc.*, 105 F.3d 1405, 41 USPQ2d 1531 (Fed. Cir. 1997).

First, we find that the marks are similar. Although the cited mark contains the additional elements BENEFIT ADMINISTRATORS and a design, these elements are not

sufficient to distinguish the marks. The words BENEFIT ADMINISTRATORS are clearly descriptive matter which has been disclaimed by the registrant. Because of the descriptive nature of these words, consumers will view WATERSTONE as the stronger source-indicating portion of the mark. Moreover, BENEFIT ADMINISTRATORS is shown in much smaller type, thereby reinforcing the dominant position of WATERSTONE in the mark. The cited mark also includes a design element. As a general rule, when a mark consists of both words and a design, it is the word portion of the mark that is normally accorded greater weight because it would be used by purchasers to request the goods or services. In re Appetito Provisions Co., 3 USPQ2d 1553 (TTAB 1987). In the present case, because the design in the cited mark is relatively abstract, it is not likely to be articulated. Thus, consumers will note and remember the word WATERSTONE as the dominant part of the registrant's mark.

It is a well-established principle that, in articulating reasons for reaching a conclusion on the issue of likelihood of confusion, there is nothing improper in stating that, for rational reasons, more or less weight has been given to a particular feature of a mark, provided that the ultimate conclusion rests on a consideration of the marks in their entireties. In re National Data Corp., 753

F.2d 1056, 224 USPQ 749, 751 (Fed. Cir. 1985). Here, although we have compared the marks in their entirety, we have, for the reasons stated above, given greater weight to the term WATERSTONE in the cited mark. We find that, because of the visual and connotative prominence of this term, the marks are similar in appearance, pronunciation, connotation and commercial impression. This factor favors a finding of likelihood of confusion.

We turn next to a consideration of the services identified in the application and the cited registration. The Examining Attorney asserts that the respective services "are of a kind that may emanate from a single source," brief, p. 5, while applicant argues that the services do not overlap in the marketplace. Specifically, applicant asserts that "hedge fund management services" are highly specialized. "A hedge fund is a complicated investment fund that employs a variety of techniques to enhance returns, such as 'both buying and shorting stocks according to a valuation model.'" Response dated February 24, 2004, quoting from a Yahoo! Financial Glossary definition which is of record. Applicant also states that:

 this type of investing is not even available to the general public or ordinary investor, rather it is for extremely high-end, usually institutional, investors, and is

designed to protect and grow unusually substantial sums of money. Investors who wish to select a hedge fund must invest minimums which are rarely lower than one-half million dollars, and frequently in the multiple millions.

Brief, p. 5.

On the other hand, applicant asserts that the registrant's "administration of self-insured employee benefits plans" are services provided to employers who finance their employees' health coverage instead of purchasing coverage from a common carrier, relying on a definition of "self-insurance" in the Yahoo! Glossary of insurance terms.⁵ Applicant argues that, "given the distinct and specialized nature of these disparate services, the services are unrelated in the minds of consumers," and that "the same consumers would not be exposed to both Applicant's mark and the Registrant's mark under circumstances likely to lead to source confusion." Response dated February 24, 2004, p. 8.

In support of her position that applicant's and the registrant's services are related, the Examining Attorney has made of record a number of third-party registrations. Third-party registrations which individually cover a number

⁵ The complete definition is "A program financed entirely by the employer for insuring employees instead of purchasing coverage from a commercial carrier."

of different items and which are based on use in commerce serve to suggest that the listed goods and/or services are of a type which may emanate from a single source. See *In re Albert Trostel & Sons Co.*, 29 USPQ2d 1783 (TTAB 1993). However, there is only one third-party registration, submitted with the first Office action, which may be said to list the specific services identified in the application or the cited registration, and even in this registration the services are not exactly the same. Registration No. 2270311 is for, *inter alia*, "administration of employee pension plans" and for "hedge fund investment services," while the cited registration is for "administration of self-insured employee benefits plans." The other twenty third-party registrations submitted with the final Office action, while reciting a virtual laundry list of financial services, do not specifically include any hedge fund services.⁶

⁶ As an example of this "laundry list," see Registration No. 2840486, owned by CustomerOne Financial Network, Inc., for "banking services, financial services, namely, financial planning, financial research, financial management, administration of employee benefit plans, automated teller machine services, cash management, cash replacement rendered by credit card, commercial lending services, consumer lending services, cooperative credit organizations, credit card services, credit card transaction processing services, credit card verification, credit recovery and collection, credit unions, currency exchange and advice, debit account services featuring a computer readable card, debit card services, debt recovery and collection agencies, debt recovery and collection, electronic

The Examining Attorney, although acknowledging applicant's point that none of the twenty registrations mentions hedge funds in the identifications of services, points to the principle that likelihood of confusion is determined on the basis of the goods or services as they are identified in the application and the cited registration. Based on this principle, the Examining Attorney states that since the recitations of services in the third-party registrations are broad, they are presumed to encompass all services of the type described, including hedge fund management services. This, however, is an

funds transfer, estate trust management, fiduciary representatives, financial clearing houses, financial guarantee and surety, financial information in the nature of rates of exchange, financial information provided by electronic means, financial management, financial portfolio management, financial valuation of personal property and real estate, financing services, home equity loans, installment loans, providing information and insurance services in the field of home, auto, corporate, rental property, life, health and accident insurance, land acquisition, namely real estate brokerage, lease purchase financing, lease-purchase loans, loan financing, maintaining mortgage escrow accounts, monetary exchange, money order services, mortgage banking, mortgage brokerage, mortgage lending, mutual fund distribution, providing bank account information by telephone, providing multiple payment options by means of customer-operated electronic terminals available on-site in retail stores, providing rebates at participating establishments of others through use of a membership card, security services, namely, guaranteeing loans, temporary loans, trusteeship representatives, and, investment services, namely, investment management, maintaining escrow accounts for investments, mutual fund investment, and investment brokerage, checking account services, savings account services, credit card services, and debit card services."

overstatement of the probative value of third-party registrations.

Clearly, a determination of the issue of likelihood of confusion between the applied-for and registered marks must be made on the basis of the goods or services as they are identified in the involved application and registration. In such circumstances, if there are no limitations in the identification, we must presume that the "registration encompasses all goods [and services] of the nature and type described, [and] that the identified goods [and services] move in all channels of trade that would be normal for such goods [and services]." In re Elbaum, 211 USPQ 639, 640 (TTAB 1981). However, when third-party registrations are being submitted for the purpose of showing that goods or services are related, the same presumptions of Section 7(b) of the Trademark Act do not apply. As noted previously, third-party registrations are not evidence that the marks shown therein are in use, or that consumers are familiar with them. They simply "serve to suggest that the listed goods and/or services are of a type which may emanate from a single source." In re Albert Trostel & Sons Co., supra at 1786. Therefore, we think the Examining Attorney gives too broad a reading to a listing of financial investment or financial management services in a third-party registration

when she asserts that such a listing shows that the registrant is offering hedge fund management services. We recognize that broad identifications of goods and services may be permissible in certain instances, see TMEP § 1402.03, and we do not mean to suggest that, unless the identification in a third-party registration mimics exactly the identification in the application and the cited registration, it is of no probative value. However, in this particular situation the third-party registrations, with the possible exception of Registration No. 2270311, do not show that applicant's and the cited registrant's services are related. On the contrary, the fact that the Examining Attorney has been able to discover only one such registration, and even that registration does not appear to cover "administration of self-insured employee benefits plans," which are a specific type of benefit plan, indicates that these services generally do not emanate from a single source under a single mark. Rather, it appears to us from all the evidence that has been submitted that hedge funds are a specialized investment tool and that even companies which offer a variety of investments and financial services do not normally offer hedge fund management services.

The Examining Attorney has also made of record certain evidence taken from Internet websites. The most relevant is an article from the website of State Street Global Advisors which states that "SSgA provides hedge fund, absolute return and alternative strategies to institutional investors worldwide." Another page on the website refers to CitiStreet providing "Retirement & Employee Benefits": "CitiStreet is dedicated to providing you with world class employee benefits services... As a leading employee benefits service provider, CitiStreet offers defined contribution (including 401(k) plans), defined benefit, health and welfare as well as company equity plans." It is not entirely clear whether the employee benefits services provided by CitiStreet would include the "administration of self-insured employee benefits plans"; in any event, what is clear is that the hedge fund and the employee benefits services provided by State Street Global Advisors are offered under different marks.

The remaining submissions appear to have limited or no probative value. The Examining Attorney claims that pages from the website for J.P. Morgan Chase & Co. (www.jpmorgan.com) shows that this company provides both employee benefits administration services and hedge fund services. However, a closer examination of these pages

shows that there are two separate pages in this website, one for JPMorgan and one for Chase. The JPMorgan page shows that JPMorgan offers hedge funds for institutional investors. The Chase page states that Chase Middle Market offers a complete range of products and services from credit and investments to cash management, employee benefits and corporate finance. However, none of the specific services which are described on this page, e.g., asset based lending, business credit and loans, commercial mortgages, corporate finance, appears to involve the administration of employee benefits plans, let alone self-insured employee benefits plans.

The Examining Attorney also claims that website excerpts from Strategic Capital Management show that this company provides both employee benefits administration services and hedge fund services. However, the material in question appears to simply be a series of questions and answers that explain various financial concepts. For example, under the general heading "Employee Benefits Area" are such questions (with answers) as "What does the term HMO mean?" and "What is the lowest number of employees that I can have in the State of California to secure group health coverage?" Under the heading "Hedge Fund" are such questions as "What is a hedge fund?" and "What is the

difference between price-based returns and market-based returns?" In our review of these materials, we have been unable to find any information that the company offers the administration of employee benefits plans or of hedge funds. In fact, the only place where there is any reference to the company name and its services is in connection with questions about managed securities accounts, and the answer that "SCM works with several private money managers who will build an individual stock portfolio..." and that SCM's services are fee based, not commission based, with clients being "charged a percentage of their total investment account for services."

Another of the Internet submissions refers to Miller Financial Services Limited. This company appears to be a United Kingdom company—United Kingdom is highlighted on the "Location options" category, and the text uses British spelling, e.g., "They design, implement and administer employee benefit programmes for hedge funds." Thus, it is not clear to what extent consumers in the United States would be aware of this company's services. In any event, the fact that a hedge fund itself may use the services of an employee benefit administrator does not show that the consumers of applicant's and the cited registrant's services would be the same. Another submission is from the

website of HedgeFund Intelligence. This company, too, appears to be located outside of the United States, since they use British spelling for words such as "specialising" and "programmes." In any event, it does not appear that the company provides hedge fund management services; rather, they help companies that manage hedge funds with insurance, marketing, compliance and other issues.

The Examining Attorney has characterized two other submissions as showing that an employee benefit plan may invest in a hedge fund. The website of Fidelity.com discusses various nonqualified retirement plans, and how employers can fund their nonqualified plans, including how they may use a "Hedge vehicle" by which "The employer uses a separate account funded and managed by an outside entity created to offset market exposure for a phantom plan." The second submission in this category is an article on Hedge Funds in Investorsoffshore.com, which gives general information on hedge funds. It lists as the criteria for a qualified investor in a hedge fund in the United States the following:

Must have an individual net worth, or joint net worth with spouse exceeding \$1 million, or;

Must have had an individual income of \$200,000 (or joint income of \$300,000) in the two years preceding, and have a

reasonable expectation of a similar level of income in the current year, or;

Must be an institution, employee benefit plan, partnership, or foundation which meets the accredited investor criteria.

The latter criterion shows that funds for employee benefits plans may be invested in hedge funds; however, this does not mean that companies which administer employee benefit plans also manage hedge funds. Thus, neither of these pieces of evidence shows that both types of services are offered by a single source.

The final submission is from the website of Nutter McClennen & Fish LLP, identified in the submission as a law firm which, inter alia, provides tax advice, including, under the subhead "Investment companies," "advise hedge fund clients on the tax aspects of the funds, including the taxation of fund investments, and under the subhead "ERISA and employee benefits," "help clients design, implement, and administer their benefits programs efficiently and cost-effectively." There is no indication in this submission that the firm offers either of the services identified in the application or the cited registration, let alone both.

Based on the evidence of record, we cannot conclude that hedge fund management services and administration of self-insured employee benefits plans are normally offered by the same entity under a single mark. The factor of the similarity of the services, therefore, favors applicant.

What the evidence does show, however, is that the people who invest in hedge funds are relatively wealthy. As the article in investorsoffshore.com indicates, and as confirmed by applicant's statements, an investor in a hedge fund must make a sizeable minimum investment, and must be able to demonstrate a substantial net worth. Although the article indicates that it is possible to invest in funds consisting of hedge funds (fund of funds) at lower minimum investments, or through an independent financial advisor, hedge fund investment "is never going to be the poor man's choice," but will be for the "relatively wealthy and experienced investor." As far as we can tell, the only people who are likely to be purchasers of both applicant's and the registrant's services would be high level executives or owners of a company who would be choosing an entity to administer the self-insured employee benefits plans for that company, and who would have the means to be candidates to invest in a hedge fund. The number of people in this category is relatively limited. Thus, the du Pont

factor of the potential for confusion, i.e., that it is de minimis, favors applicant.

Moreover, such sophisticated (and, given the sums of money involved, careful) investors are not going to assume that hedge fund management services and administration of self-insured employee benefits plans emanate from the same source simply because both types of services can loosely be described as financial services. This factor of the sophistication of the purchasers and the care with which the services are purchased favors applicant. Because the sophisticated purchasers of the respective services would be aware that not all financial services are offered by every entity in the financial community, and because services such as applicant's and the registrant's are not generally offered by the same entities, let alone under a single mark, such consumers are not likely to believe that applicant's services are associated with the same source as the registrant's services, even if they are offered under highly similar marks.

Decision: The refusal of registration is reversed.