

Hearing:
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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Echelon Corporation

v.

Echelon Residential LLC

Opposition No. 105,634
to application Serial No. 74/159,084
filed on September 3, 1996

Lori N. Boatright of Blakely Sokoloff Taylor & Zafman for
Echelon Corporation.

David M. Kelly of Finnegan, Henderson, Farabow, Garrett &
Dunner, L.L.P. for Echelon Residential LLC.

Before Simms, Wendel and Bottorff, Administrative Trademark
Judges.

Opinion by Simms, Administrative Trademark Judge:

Echelon Corporation (opposer), a Delaware corporation,
has opposed the application of Echelon Residential LLC
(applicant), a Florida corporation, to register the mark
ECHELON for rental and leasing of apartments, office space,
real estate, and real property; apartment house, office
space and real estate management; and real estate brokerage
services, in Class 36; real estate development services, in

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Class 37; and the rental and leasing of aircraft, in Class 39.¹

In the notice of opposition, opposer asserts that it develops and distributes communications and computer goods and services including computer network systems which provide identification, sensing, communications and control of traditional products in homes, buildings and factories; that opposer has used the name ECHELON since at least as early as 1988; that opposer owns registrations covering the mark ECHELON for such goods as electronic circuits, electronic circuit boards, integrated circuits, and electrical circuit components for a network which provides identification, sensing, communications and control, and instruction manuals sold therewith, as well as computer programs for use in developing computer programs;² that opposer has developed common law rights in the mark and name in the real estate development and management market by selling its building automation products and providing support and technical services relating to its products; that opposer's name and mark is well known in the trade; and

¹ Application Serial No. 75/159,084, filed September 3, 1996, based upon applicant's allegation of a bona fide intention to use the mark in commerce.

At the oral hearing, opposer withdrew its opposition to the registration of applicant's mark in connection with the rental and leasing of aircraft. Therefore, no further consideration will be given to these services.

² Registration Nos. 1,535,141, issued April 18, 1989; 1,536,275, issued April 25, 1989; and 1,783,245, issued July 20, 1993.

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that applicant's mark ECHELON so resembles opposer's previously used and registered mark as to be likely to cause confusion, to cause mistake or to deceive.

In its answer, applicant has denied the essential allegations of the opposition and has alleged, as an affirmative defense, among other things, that the mark ECHELON is descriptive or suggestive of a quality of a business so that it is a weak mark entitled to a limited scope of protection.

The record of this case consists of testimony (and exhibits) taken by both parties; applicant's discovery responses relied upon by opposer's notice of reliance; a portion of a printed publication relied upon by applicant's notice of reliance; and the application file. An oral hearing was held at the request of both parties.

Opposer's Record

Opposer is in the building controls business, developing and selling network connectivity operating systems hardware and software. Opposer develops so-called "open interoperable networks" as opposed to "closed, hierarchical" proprietary control systems. Opposer's control systems vary in cost from hundreds of dollars to hundreds of thousands of dollars. Opposer's goods include

Section 8 and 15 affidavits have been filed with respect to these registrations.

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central processors called Neuron chips, development tools, network management products and software.

Opposer's building control systems are used in connection with heating, ventilation and air conditioning (HVAC) systems, in lighting and in security systems. Opposer's products are installed in ceiling panels, lighting panels and control rooms. According to the testimony, opposer's control systems could be accessed by building managers and commercial tenants. Opposer's mark is visible on the Neuron chips, as well as on lighting control panels and on products of so-called systems integrators and original equipment manufacturers (OEMs) who install opposer's chips and integrated circuits into computers. Opposer's mark also appears on the computer screen when opposer's computer programs are run.

The market for opposer's goods includes building owners, both commercial and industrial, as well as, to a lesser degree, homeowners. Opposer's primary customers include consulting engineers, design, electrical and development engineers, facility and building managers, mechanical and electrical contractors, and companies that make electronic products. Haaser dep., 9, 10, 23, 45, 70-71, 92. Systems and network integrators also use opposer's products as well as products from other manufacturers to

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create other controls systems. Opposer's products are sold directly by opposer's sales representatives.

Opposer also renders training and support services.

Mr. Barry Haaser, opposer's former director of marketing, testified concerning the selling process or "sales cycles" of opposer's products, at 85-88:

THE WITNESS: Okay. The sale of a LonBuilder [an ECHELON product] is a long sale cycle, and would often take several months to complete.

Q (By Mr. Kelly): That's the word I was looking for, sales cycle. Okay. Why would it be a long sales cycle to sell the LonBuilder product?

A Because although it's a relatively simple product, a company deciding to incorporate this -- the Echelon technology into their product family would have to make a core strategic decision to change the way they design and build products, and ultimately sell products.

Echelon's -- by incorporating Echelon technology to their product, they're essentially agreeing to create, more often than not, an open system. And Echelon was facing a market that was used to selling closed proprietary systems.

* * * * *

Q During this long sales cycle for the LonBuilder work station, would there be a number of communications between Echelon personnel and the potential customer?

A Yes.

Q Would there ever be face-to-face discussions?

A Yes. Normally there would be one or more face-to-face discussions.

Q Would there also be telephone discussions?

A Yes.

Q Approximately how many telephone discussions would there be on a typical sale?

A It's difficult to give you a concrete answer. I don't know, to be honest with you. Numerous sales -- telephone conversations. And the reason there would be numerous sales conversations is because there are typically multiple decision-makers in a sale like this. You have the engineer working on the project. You have a project engineer or project leader. You probably have a director or vice-president of engineering. And more often than not, because it's a strategic business decision, senior level executives would get involved. So it was not uncommon for a president or CEO to also get involved. So there would be multiple discussions taking place.

* * * * *

Q Would the NodeBuilder development tool have a long sale cycle?

A Typically it would have a shorter sales cycle, because it was a lower priced item, and so there was little risk of investing in a product that was only 4,000 instead of 20 or \$25,000.

Q How long was the sales cycle for the NodeBuilder development tool?

A Probably half that of the LonBuilder.

Q That would be approximately --

A Two to three months.

Q To make a sale of the NodeBuilder development tool, would that typically also involve a number of personal and/or telephone meetings?

A Yes, although our sales force -- we restructured our sales force and created a telesales organization who was more productive at selling the NodeBuilder over the telephone, which did not require face-to-face meetings.

Q But would it typically require more than one telephone call?

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A Yes.

Opposer promotes its goods and services by means of seminars to electrical and design engineers as well as by means of advertisements in trade publications. Opposer's annual advertising budget is around \$1 million. Haaser dep., 122. In 1997, opposer's revenue approximated \$32 million.

According to opposer's witnesses, there was some shareholder confusion when some of applicant's investors called opposer's 800 number after receiving new stock certificates in the mail. Concerning these inquiries which opposer received, Mr. Haaser testified that opposer was listed in directories and on the Internet whereas applicant was not. Also, when opposer went public in 1998, one of opposer's witnesses testified that opposer received approximately 50 calls from investors evidencing some sort of shareholder confusion. Opposer also made of record a statement filed with the Securities and Exchange Commission (SEC) by Kestrel Investment Management Corporation which incorrectly stated that that company had purchased opposer's stock when it had actually purchased applicant's stock. Mr. Haaser testified that, with respect to actual purchasers, he was aware of no instances of actual confusion. Haaser dep.,

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78-79. However, a bill intended for applicant was sent to and received by opposer. See Ex. 112.

Opposer's vice president and chief financial officer offered the following opinion concerning likelihood of confusion (Stanfield dep., 54-55):

A. If you were -- had had a commercial building that employed closed, hierarchical, proprietary control systems, then decision-makers who were familiar with that facility -- even just from the perspective of going there, I mean people are aware this facility does not have LonWorks in it. Not this one so much, but the one next door has all kinds of interesting problems that sometimes occur in the summer.

If people going there saw our name, saw this system, saw that it didn't perform properly or didn't meet whatever objectives they have, in my mind it would undercut that marketing message that we have -- we have tried to build this link between Echelon and open interoperable.

In the home market, we have worked for years on that in terms of our power line technology, our networking technology, et cetera. And now that that market is just beginning to happen, I would not want someone to attribute to Echelon any deficiencies that might exist in smart apartments that you were building. Because once again, that would undercut that marketing message.

Applicant's Record

Applicant, employing about 140 people, is a real estate and financial services company involved in development, ownership and management of commercial and multi-family residential real estate, as well as commercial brokerage services. It was created in 1996 when Florida Progress Corporation, a public utility, spun off its real estate

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assets. At that time applicant's stock was distributed to Florida Progress shareholders.

Applicant rents and leases apartments, office space and other real estate and manages apartment houses and offices. Applicant also engages in real estate development services as well as real estate brokerage services.

Applicant's witnesses testified that applicant has been operating under the name Echelon International Corporation since 1996, first using its mark in September 1996 at a trade show.

Applicant's real estate development services are offered to real estate investors. In connection with these development services, applicant buys existing buildings which are then refurbished, or applicant buys land and builds multi-family and commercial buildings, which it sells or leases. When applicant chooses to build a multi-family or commercial building, applicant selects an architectural firm and then submits plans and specifications for bidding by contractors. Some of the developments applicant has constructed bear applicant's name: Echelon at The Reserve, Echelon at Bay Isle Key, and Echelon at Woodland Park. Applicant has spent several hundred thousand dollars in advertising these services.

In the facilities which applicant owns or manages, the testimony reveals that applicant has a maintenance staff of

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technicians who maintain such equipment as the HVAC (heating, ventilation, air conditioning) systems or air handling systems. If applicant's personnel cannot handle a particular maintenance problem, applicant contacts a contractor or mechanical subcontractor. Applicant's management services are rendered to the owners of apartment houses, offices and real estate.

Applicant's brokerage services are rendered to large and small buyers, sellers, lessors and lessees of real estate. In connection with these brokerage services, applicant sells or leases commercial buildings.

According to Julio Maggi, applicant's vice president of commercial development, a typical commercial real estate lease negotiation process goes as follows:

A. Of course, we market the building. We advertise the building. We personally speak with brokers in the community. We directly solicit prospective tenants. Either those tenants come to us or we find them through our own efforts or through brokers. Once there is an interest established, we begin the process of negotiating terms, proposals. And counter proposals are sent back and forth. Eventually, either the conclusion is drawn there's not going to be a deal, or we come to terms, at which point either a letter of intent is executed on the larger, more complex deals or we go straight to a lease. The lease negotiations then ensue. The lawyers get involved, and eventually the lease is drafted and executed.

Q. How long does a typical lease negotiation process take?

A. It varies dramatically from deal to deal. Some get concluded in a matter of two weeks.

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Others take months and months. So although the process remains fairly consistent, the length of time really depends on the deal, the personalities involved.

Maggi dep., 8-9. Mr. Maggi also testified concerning applicant's build-to-suit development process, which usually takes longer and is more involved. Maggi dep., 10-11.

In 1998, applicant's sales were around \$10 million while its advertising expenses were less than \$100,000. Applicant advertises and promotes its services in trade magazines and newspapers, by direct mail and signs, as well as at trade shows. Applicant is not aware of any instances of confusion by potential purchasers, although there is testimony that applicant received a phone call from the press seeking an interview with opposer's personnel. According to the discovery responses, applicant first became aware of opposer in 1997.

Arguments of the Parties

Opposer argues that its mark is well known and indeed famous, having become synonymous with "smart" building technology. Because its mark is strong and distinctive, with no third-party uses, and because applicant's mark is identical to opposer's, opposer contends that the relationship between the goods and services of the parties need not be as close in order to support a finding of likelihood of confusion. In this regard, opposer notes that

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applicant has touted the advanced technological features of its buildings including its pre-wired "smart apartments."

Opposer contends that confusion is likely among such purchasers as property and building owners, facility managers, construction and other contractors, architects and engineers, and even building occupants and tenants, although opposer does concede that once its goods are installed by contractors, the products become part of a building's infrastructure and are not likely to be seen by building occupants and tenants (brief, 15, fn. 2). Further, opposer argues that even though purchasers or potential purchasers may be sophisticated or knowledgeable in a particular field, this does not mean that they are sophisticated or knowledgeable in the field of trademarks or that they are immune from confusion. Also, even if initial purchaser confusion may be dissipated over the course of time during the rendering of applicant's services, it is opposer's position that this confusion is nevertheless actionable.

More particularly, opposer posits, among other scenarios, that confusion may occur because applicant's services include the installation and maintenance of the same devices that opposer's products are designed to control; that design architects and engineers employed by applicant to design its buildings are at least initially likely to believe that applicant is associated with opposer;

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and that building occupants, aware of opposer's goods through the media, who rent or lease from applicant will also believe that applicant is connected with opposer.

Opposer also contends that instances of actual confusion have occurred amongst purchasers. In sum, opposer contends that applicant had a duty to select a mark which was not confusingly similar to its mark.

Applicant, on the other hand, contends that the only factor favoring opposer is the identity of the marks. Applicant disputes opposer's contention that the record establishes that opposer's mark is famous, arguing among other things that the term ECHELON is suggestive and laudatory.

With respect to the relatedness of opposer's goods and applicant's services, applicant argues that it is a traditional real estate company that builds, sells, manages and leases commercial and residential buildings. Opposer's goods, on the other hand, are incorporated into specialized building automation network control systems for air conditioning, lighting and security systems. These goods are placed in a control room offlimits to building tenants and occupants, who are not purchasers of these goods. It is applicant's position that there is no substantial relationship between opposer's specialized control devices and software and applicant's real estate services. Also,

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according to applicant, there is no substantial overlap in the parties' customers, applicant's client base including building owners and commercial and residential tenants who have no reason to know of opposer or its goods. Even if an overlap existed, according to applicant, the sophisticated and expensive nature of the respective goods and services as well as the well-informed and sophisticated professionals in the building and construction industries, including architects and engineers, would help prevent any confusion.

Concerning the alleged instances of actual confusion, applicant characterizes those as "vague, anonymous, and unsubstantiated anecdotes" (brief, 18). Misdirected inquiries from applicant's shareholders as the result of the initial public offering were not examples of purchaser confusion, applicant contends, and resulted because applicant did not have a toll-free telephone number. Moreover, this shareholder confusion eventually abated.

Discussion and Opinion

There is no question that opposer has proven priority, both as a result of its ownership of registrations covering the mark ECHELON and its testimony of use since 1988. *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108, 110 (CCPA 1974). And, of course, the parties are using the identical mark. Also, although we find that opposer's mark has achieved recognition in the building

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controls field, as a result of sales and advertising and exposure of the mark to the trade, we cannot say that opposer has established, for purposes of this proceeding, that its mark is a "famous" one.

The central question in this opposition is whether applicant's use of the mark in connection with its various real estate services is likely to result in confusion because of opposer's use of the identical mark in connection with its building controls systems, software and related services.

After careful consideration of this record, we conclude that confusion is not likely. As applicant has argued, opposer's specialized controls systems, software and related services bear only a tangential or superficial relationship to applicant's real estate services. While there may be some overlap in potential purchasers (building owners and contractors, for example), and while one may perhaps visualize a scenario where opposer's control systems are purchased by one of these individuals, who may also purchase applicant's real estate services, it seems to us that any confusion could best be described as remote or possible but not likely. The fact that some of applicant's facilities may tout their "smart" features is not sufficient to make these otherwise mostly unrelated goods and services related to such an extent to cause purchaser confusion. Nor is the

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mere possibility that some of opposer's control systems may end up in some of applicant's buildings enough to demonstrate that purchasers of the respective goods and services will be confused. Furthermore, the expense of the respective goods and services as well as the sophistication of the purchasers and the level of care exercised in the negotiation process and purchasing decision militate against a finding of likelihood of confusion. With respect to building occupants and tenants, they are not generally purchasers of opposer's control systems and are therefore not in a position to be confused. We also do not find persuasive the instances of shareholder confusion, and any alleged instances of purchaser confusion are minimal at best.

In conclusion, we find that applicant's mark, although identical to opposer's, is not likely to cause confusion because of the unrelatedness of the respective goods and services and the sophistication of the purchasers of those relatively expensive goods and services.

Decision: The opposition is dismissed with respect to all classes in the application.