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Paper No.

RLS/TF

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

North American Bear Co., Inc.

v.

The Vermont Teddy Bear Co., Inc.

Opposition No. 107,763
to application Serial No. 75/030,467
filed on **December 4, 1995**

**James M. Amend, P.C. of Kirkland & Ellis for North
American Bear Co., Inc.**

**H. Jay Spiegel, Esq. of H. Jay Spiegel & Associates for
The Vermont Teddy Bear Co., Inc.**

Before Simms, Wendel and Holtzman, Administrative
Trademark Judges.

Opinion by **Simms**, Administrative Trademark Judge:

North American Bear Co., Inc. (opposer), an Illinois
corporation, has opposed the application of The Vermont
Teddy Bear Co., Inc. (applicant), a New York corporation,
to register the mark THE GREAT AMERICAN TEDDY BEAR for

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stuffed toy animals and for message delivery services accompanied by stuffed toy animals.¹

In the notice of opposition, opposer asserts that it first used the mark NORTH AMERICAN BEAR CO. INC. no later than November 1979 for stuffed toys; that it owns two registrations covering this mark and the mark with a design for stuffed toys;² and that applicant's mark THE GREAT AMERICAN TEDDY BEAR so resembles opposer's previously used and registered marks NORTH AMERICAN BEAR CO. INC. with and without design 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 asserted as an "affirmative defense" that opposer's mark is generic. However, because this defense is an attack on opposer's pleaded registrations, applicant was required to file a petition to cancellation or a counterclaim seeking

¹ Application Serial No. 75/030,467, filed December 4, 1995, based upon applicant's assertion of a bona fide intent to use the mark in commerce. The words "TEDDY BEAR" have been disclaimed.

² Registration No. 1,365,742, issued October 15, 1985, Sections 8 and 15 declaration filed; and Registration No. 1,438,174, issued April 28, 1987; Sections 8 and 15 declaration filed. In both registrations the words "BEAR CO. INC." have been disclaimed, and the representation of the teddy bear has been disclaimed in the '742 registration.

cancellation of opposer's pleaded registrations. See TBMP §§318.02(b) and 319. Applicant has not done this. Accordingly, no further consideration will be given to this

"affirmative defense."²

Both parties have submitted notices of reliance upon discovery depositions and/or discovery responses of the other party. Opposer has also relied on its pleaded registrations as well as on printed publications, and has taken testimony. Both parties have submitted briefs.

Opposer's Record

Opposer's co-founder, Mr. Paul Levy, testified that opposer has sold teddy bears with hangtags bearing the mark NORTH AMERICAN BEAR CO. INC. since 1979. Levy dep., pp. 10, 17, 53. See Levy Exhibits 1 and 16 below.

² We note, however, that, in Cancellation No. 28,205, applicant herein did seek cancellation of one of opposer's pleaded registrations on the basis of allegations of fraud because opposer had assertedly never used its mark as a trademark but

Opposer's goods are sold to the general public in retail and department stores, specialty stores, and flower, gift and card shops. Opposer's goods are also sold over the Internet and by means of catalogs of other companies. The price range of opposer's teddy bears is \$8 to \$110. In the period 1992 to 1998, opposer's sales under the mark exceeded \$100 million with almost 10 million units sold and nearly \$8 million in advertising expenses. Levy dep., pp. 27-28. Since the company was founded, opposer's sales have reached almost one quarter of a billion dollars. Levy dep., p. 29.

Mr. Levy testified that applicant is a competitor with goods of both companies being sold in the adult gift market. The parties advertise in some of the same

only as a trade name. On September 6, 2000, the Board dismissed with prejudice that petition for cancellation.

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consumer magazines, and the same articles have discussed the products of both parties.

With respect to instances of actual confusion, Mr. Levy testified, at p. 77:

Q. Did you find that any consumers confused your mark with the Great American Teddy Bear mark at the time that Vermont was using it.

A. Yes. We had people calling us asking about the opening of our store, you know, in New York and a variety of other calls.

And then I asked, you know, Loraine in our office to keep track of all the incidences of confusion that arose and to keep a record of every call that we got or ask customer service to keep track of it. Asked everyone -- Asked her to ask everyone in the company to keep track of any confusion that occurred during -- after this name arose.

Opposer has made of record handwritten logs of alleged instances of actual confusion.

Applicant's Record

Applicant is a direct marketer of teddy bears and other products. Applicant's president and chief executive officer, Ms. Elisabeth Robert, testified that applicant began use of the mark herein sought to be registered in 1995. Applicant's goods have been sold over the radio, by catalog and at its own retail stores, only one of which is currently open. While at one time

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applicant considered changing the name of its company to The Great American Teddy Bear Company, applicant decided against this name change. However, applicant continued to use the trademark GREAT AMERICAN TEDDY BEAR until approximately the middle of 1997 (Burns discovery dep., p. 100). Applicant's goods were sold from inventory through the end of August or September 1998. Robert discovery dep., pp. 93, 192. Applicant planned to resume nationwide use in early 1999, by its catalog and its retail store. Robert discovery dep., pp. 48, 129. Applicant's main competitors appear to be gift, candy and mail-order flower businesses rather than teddy bear retailers. Burns discovery dep., p. 22.

Applicant's sales in 1997 were approximately \$1 million, with advertising expenses around ½ million dollars, mostly by means of radio advertisements. Most of applicant's sales are by mail order or by phone. Applicant was aware of opposer and opposer's marks before applicant filed the instant application.

Ms. Robert was interrogated about applicant's suit against a third party for infringement of another of applicant's marks, and the steps taken by applicant at that time to document instances of actual confusion. Thereafter, she testified:

Q And at the time that you learned of North American Bear Company's objections to The Great American Teddy Bear mark, were there ever any discussions about instituting that same kind of plan?

A No.

Q Why not?

A Because we did not believe that it was material, and we did not believe that it was a threat to us.

Q What was a threat to Vermont Teddy Bear?

A The confusion between the North American Teddy Bear Company, or North American Bear Company, I'm sorry, and Great American Teddy Bear Company.

Q Did you believe that there was confusion out there?

A Yes, we did. We believed, based on what you gave us, that there was - or what North American Bear Company gave us - that there could be confusion out there.

Robert discovery dep., p. 100. She testified, however, that there were no known instances of confusion between the marks involved herein. See also Burns discovery dep., p. 77.

Applicant also took the testimony of an expert witness, Mr. Herbert Larson, a practitioner in the field of patents and trademarks for over 35 years. He testified that, in his opinion, there was no likelihood of confusion between the respective marks.³

³ We have chosen to give relatively little weight to this testimony for the following reasons. First, Mr. Larson's opinion seems to be significantly influenced by the manner of opposer's usage in its catalogs and promotional material. However, the expert did not apparently consider opposer's ownership of federal trademark registrations covering opposer's pleaded marks, and the presumptions of validity we must give to

There is no evidence of third-party use of similar marks.

Arguments of the Parties

Essentially, opposer argues that the relevant factors to be considered in the likelihood-of-confusion analysis support its position that confusion is likely. Opposer notes that it has used its marks for over 20 years and that opposer's significant sales and advertising as well as favorable press coverage have resulted in "an enormous amount of recognition and good will among consumers" (brief, p. 5) so that opposer's mark NORTH AMERICAN BEAR CO. must be considered famous or at least very strong in the teddy bear market. Opposer states that its advertising expenditures have averaged around \$1 million per year.

It is opposer's position that the marks of the parties are substantially similar and convey similar overall commercial impressions. In this regard, opposer

those registrations of record. Applicant's witness was also influenced by the fact that opposer does not use the standard registration notice (®), which the witness stated had a bearing upon his opinion on the issue of likelihood of confusion. However, the presence or absence of a registration notice is not a factor in the likelihood-of-confusion analysis under *In re E.I. duPont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973). We also must consider the goods as described in opposer's pleaded registration and in applicant's application, goods that are for our purposes legally identical. For these

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notes that both marks are multi-word phrases that share the significant words "AMERICAN" and "BEAR." Opposer argues that the respective marks have similar meanings and that, in addition, opposer's design depicting a teddy bear enhances the likelihood of confusion.

With respect to the goods, opposer argues that they are identically described products which are sold to the general public in similar channels of trade, including by Internet retailers. The respective goods are also advertised through catalogs and the parties' advertisements have appeared in some of the same publications. Opposer also notes the lack of similar third-party uses as well as opposer's evidence of actual confusion. In this regard, it is opposer's position that the instances of actual confusion increased at the time applicant opened its New York store and began advertising its goods under its mark on the radio. According to opposer, the instances of actual confusion are illustrative of how confusion may occur if applicant is permitted to register its mark. Opposer also maintains that applicant prosecuted its application in bad faith because, after the filing of the application, opposer brought to applicant's attention some of the instances of

and other reasons, we have given little weight to Mr. Larson's

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actual confusion. Finally, opposer asks us to resolve any doubt that we may have in favor of the prior user and registrant.

Applicant, on the other hand, argues that the respective marks are different in sound, appearance and meaning. Applicant maintains that the dominant parts of opposer's marks are the words "NORTH AMERICAN" while the dominant part of applicant's mark is the expression "GREAT AMERICAN." With respect to opposer's marks, applicant argues that "NORTH AMERICAN" is geographically descriptive or misdescriptive ("North American" connoting goods coming from Canada, the United States or Mexico, whereas opposer's goods are imported from Asia), and that this aspect of opposer's marks is not strong since "AMERICA" is commonly used in many marks. Applicant contrasts this significance with the words "GREAT AMERICAN" in its mark, which applicant argues connotes very fine products made in the United States.

It is also applicant's position that opposer's marks are not famous or strong because there is no evidence of a significant percentage of opposer's advertising being used to promote opposer's asserted marks rather than other marks by which it identifies its teddy bears.

expert testimony.

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Also, according to applicant, opposer's advertising is directed to the use of opposer's asserted marks as a trade name and not as a trademark.

With respect to the goods, applicant maintains that the goods travel in different channels of trade because opposer is a wholesaler whereas applicant is a direct distributor selling its goods in its own stores, by mail order, by phone and over the Internet. Also, with respect to distinctions in the goods, applicant argues that opposer's goods are made in Asia while its goods are made in the United States. Applicant contends that opposer's evidence of alleged actual confusion is hearsay which is not admissible as a business record exception to this rule because the evidence was gathered in contemplation of this litigation, and is also not admissible under the state-of-mind exception to the hearsay rule. Further, applicant notes that opposer took no testimony of anyone who was actually confused or who compiled the information of alleged instances of actual confusion. If anything, applicant maintains that this evidence only suggests possible confusion between the *companies* and not between their trademarks. Applicant maintains that there has been no bad faith on its part because, while applicant knew of opposer and one of its

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registrations prior to applicant's use, there is no evidence that applicant adopted its mark to trade on any goodwill of opposer.⁴

Opinion and Decision

Opposer's registrations (and the testimony) establish opposer's priority in this case. The only real issue is whether applicant's mark THE GREAT AMERICAN TEDDY BEAR is so similar to opposer's marks NORTH AMERICAN BEAR CO. INC. with and without a teddy bear design that confusion is likely.

Upon careful consideration of this record and the arguments of the parties, we agree with opposer that confusion is likely. First, while there are obvious differences in the respective marks, opposer's mark NORTH AMERICAN BEAR CO. INC. and applicant's mark THE GREAT AMERICAN TEDDY BEAR have significant similarities in sound, appearance and commercial impression. In this regard, both opposer's and applicant's marks are multi-word marks, which include the words AMERICAN and BEAR in that order, and both signify or suggest that the teddy bears sold under those marks are American (or North

³ Applicant also argues that there is evidence of other "third-party" marks since opposer failed to oppose another of applicant's marks -- THE ALL AMERICAN TEDDY BEAR. However, aside from its irrelevance, there is no evidence of record on this point.

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American) teddy bears. *See American Optical Corp. v. North American Optical Corp.*, 489 F.Supp. 443 (N.D.N.Y. 1979) (public would likely confuse defendant's name NORTH AMERICAN OPTICAL with protected AMERICAN OPTICAL name). The image of a teddy bear in one of opposer's marks reinforces the similarity to applicant's mark, which contains the words TEDDY BEAR. Also, as opposer has pointed out, the degree of similarity between marks necessary to support a finding of likelihood of confusion declines if the marks appear on identical goods, as in the instant case. *See Century 21 Real Estate Corp. v. Century Life of America*, 970 F.2d 874, 23 USPQ2d 1698 (Fed. Cir. 1992). Moreover, applicant's message delivery services involving teddy bears are substantially related to opposer's products.

Because the goods are considered substantially identical, we also must assume (and the evidence supports the fact that) the channels of trade in which these goods and services are sold and the classes of purchasers to whom they are sold are also substantially identical. Also, stuffed teddy bears are not very expensive items and may be purchased on impulse, or at least without careful consideration. This factor also weighs in favor of opposer.

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Although we are not convinced, at least on this record, that opposer's marks have achieved a famous status, we nevertheless believe that they must be considered reasonably strong ones in the field with sales over 20 years approaching ¼ billion dollars. Also, there is no evidence of third-party use of similar marks.

While we have considered the evidence with respect to instances of actual confusion, we do not find it to be controlling. However, we do believe that the instances of confusion of potential purchasers are at least illustrative of how confusion may occur. We conclude that purchasers, aware of opposer's NORTH AMERICAN BEAR CO. INC. (with and without design) teddy bears who then encounter applicant's THE GREAT AMERICAN TEDDY BEAR teddy bears are likely, especially considering the fallibility of memory, to confuse the source or origin of applicant's goods.

The opposition is sustained and registration to applicant is refused.