

THIS OPINION IS  
NOT A PRECEDENT  
OF THE T.T.A.B.

Mailed:  
September 19, 2008

**UNITED STATES PATENT AND TRADEMARK OFFICE**

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**Trademark Trial and Appeal Board**

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**Opposition No. 91160397**

Exel Oyj

v.

Edmont P. D'Ascoli, Trustee of the Edmont P. D'Ascoli  
Revocable Living Trust Dated May 24, 1996

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**Counterclaim in Opposition No. 91160397<sup>1</sup>**

Seal Trademarks PTY Ltd.

v.

Exel Oyj

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<sup>1</sup> On June 9, 2008, after the parties filed their trial briefs, the Board substituted Seal Trademarks PTY Ltd. as a counterclaimant because the original counterclaimant, Edmont P. D'Ascoli, Trustee of the Edmont P. D'Ascoli Revocable Living Trust Dated May 24, 1996, transferred the various registrations asserted in the counterclaim to Seal Trademarks PTY Ltd. The application which is the subject of the opposition, however, was not transferred to Seal Trademark PTY Ltd.; Edmont P. D'Ascoli, Trustee of the Edmont P. D'Ascoli Revocable Living Trust Dated May 24, 1996 remains as the owner of the opposed application.

Norbert F. Kugele of Warner, Norcross & Judd LLP for Exel Oyj.

Martin E. Hsia of Cades Schutte LLP for Edmont P. D'Ascoli, Trustee of the Edmont P. D'Ascoli Revocable Living Trust Dated May 24, 1996, and for Seal Trademarks PTY Ltd.

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Before Rogers, Zervas and Cataldo, Administrative Trademark Judges.

Opinion by Zervas, Administrative Trademark Judge:

At the outset, we note that the designation "Oy" identifies a Finnish private limited company and "Oyj" identifies a Finnish public limited company. References to both designations appear in the decision below.

On June 13, 2001, Edmont P. D'Ascoli, Trustee of the Edmont P. D'Ascoli Revocable Living Trust ("applicant"), filed an application (Serial No. 76272356) to register the mark XCEL in standard characters on the Principal Register for "duffel bags; beach bags; backpacks" in International Class 18, and for "diving bags" in International Class 28. Applicant has asserted in his application a bona fide intention to use the mark in commerce under Trademark Act Section 1(b), 15 U.S.C. § 1051(b).

Registration of applicant's mark has been opposed by Exel Oyj ("opposer"). Opposer pleaded in its amended notice of opposition that it has "manufactured, advertised, sold and distributed goods under the mark EXEL associated with a number of outdoor and indoor sports, including Nordic

walking, Nordic blading, stretching, floorball, Alpine skiing, Telemark skiing, cross-country skiing, mountaineering, snowshoeing, and hockey"; and that it began using the mark EXEL in interstate commerce in the United States in 1974. Opposer also pleaded ownership of Registration No. 2394384 ("the '384 registration") for the mark EXEL for "ski poles, ski pole straps, ski pole handles, ski pole grips, and ski pole tips,"<sup>2</sup> and submitted with its notice of opposition a certified copy of its registration establishing its status and title in opposer's name. Further, opposer has alleged that the goods recited in the application are "within the natural zone of expansion of Opposer's current and established product lines"; and that applicant's mark is confusingly similar to "Opposer's mark EXEL ... and its registration."<sup>3</sup>

Applicant has filed an answer in which he admits that "XCEL, and ... 'EXEL', would be pronounced identically or similarly by many potential purchasers of Applicant's and Opposer's products, and that Applicant's mark, 'XCEL', closely resembles Opposer's mark 'EXEL,'" answer at ¶ 11, but denies other salient allegations of the notice of

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<sup>2</sup> Registration No. 2394384, issued on October 10, 2000, Section 8 accepted, to Exel Oy, claims first use anywhere of the mark in 1968 and first use of the mark in commerce in 1974.

<sup>3</sup> Opposer has also pleaded that applicant's use of its mark "would dilute the distinctiveness of Opposer's mark EXEL." Because opposer has not discussed its claim of dilution in its

opposition. Additionally, applicant pleaded several affirmative defenses, including laches.

Applicant has also counterclaimed to cancel the '384 registration for EXEL. In his counterclaim, applicant asserts ownership of several registrations for the mark XCEL for various goods such as wetsuits, bathing suits, bicycling apparel and clothing, and for retail store services, and made such registrations of record by submitting status and title copies thereof with the counterclaim. Applicant alleges fraud, non-ownership of the '384 registration, mere descriptiveness, lack of acquired distinctiveness, priority, likelihood of confusion and dilution.

Opposer has answered the counterclaim by denying the salient allegations contained therein. Opposer also raised several affirmative defenses.

Both parties have filed briefs in both the opposition and the counterclaim.

*The Record*

In addition to the pleadings and the certified copies of applicant's and opposer's pleaded registrations submitted with the amended notice of opposition and the counterclaim, the record contains opposer's notice of reliance, applicant's notice of reliance and the testimony, with exhibits, of (i) Mr. Erkki Pollanen, former export manager

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briefs, we deem opposer to have waived any possible dilution

for opposer's predecessor; (ii) Mr. Aki Karihtala, senior vice-president and director of opposer's sports division; and (iii) Mr. Edmont D'Ascoli.

*Preliminary Matters*

Opposer has objected to applicant's notice of reliance upon opposer's initial responses to (i) applicant's first requests for admissions, and (ii) applicant's first set of interrogatories. Opposer served initial interrogatory responses, and later amended its interrogatory responses. Also, opposer filed a motion to amend or withdraw its responses to applicant's requests for admissions nos. 1 - 6. In an order dated March 11, 2005, the Board granted opposer's motion and accepted opposer's substitute responses to requests for admissions nos. 1 - 6. Opposer maintains that its initial responses are irrelevant and would only confuse the issues and waste time; and that the Board's order dated March 11, 2005 stated that "opposer has been relieved of its responses." Main brief at p. 18.

With respect to the responses to the requests for admission, opposer's motion to amend or withdraw the admissions was only directed to requests for admissions nos. 1 - 6, and there were many more requests for admissions. The supplemented responses to the requests for admissions are only for requests nos. 1 - 6. Therefore, to the extent

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claim, and do not further consider the issue.

that opposer objects to our consideration of responses to requests other than requests nos. 1 - 6, opposer's motion is denied. To the extent that opposer objects to the original responses to requests nos. 1 - 6, opposer's motion is also denied because the responses support applicant's counterclaim as tried by the parties. See discussion, *infra*. The responses are not irrelevant and do not confuse the issues and waste time. The same holds true for opposer's initial interrogatory responses, and opposer's motion is denied with respect to such responses too.

Opposer has also objected to two additional items submitted with applicant's notice of reliance on the basis of relevancy. Specifically, opposer has objected to applicant's submission of (i) a Combined Declaration Of Use and Incontestability Under Sections 8 and 15 filed by opposer in connection with its asserted registration on January 11, 2006, stating that there was no proceeding involving its right to register the mark pending when in fact a cancellation proceeding and the present counterclaim did exist, and (ii) a letter from applicant's counsel objecting to the Combined Declaration. Opposer's objection to (i) on the ground of relevance is overruled. The evidence bears on which entity has made filings with the Office in connection with the registration sought to be

cancelled. Opposer's objection to (ii) is sustained because such evidence may not be introduced by a notice of reliance.

We now turn to the merits of this case, considering first applicant's counterclaims to cancel the '384 registration pleaded by opposer in the opposition.

*Counterclaims*

We begin by determining exactly what counterclaims are properly before us; several of the pleaded counterclaims differ from the claims discussed in the briefs.

Certain counterclaims stem from a series of assignments of the application underlying the '384 registration and opposer's statements made in its initial responses to requests for admissions nos. 1 - 6 and its responses to applicant's interrogatories. Suffice it to say that there was a series of assignments of corporate assets and transfers of the underlying application, which was an intent to use application. Opposer took the position in its initial responses to applicant's first request for admissions that Exel Oy, the original applicant, and Exel Oyj, the opposer and entity which has asserted the registration in the opposition, are separate companies; and admitted that there was no assignment of the original intent to use application. However, through its revised responses to applicant's requests for admissions, which the Board accepted in its March 11, 2005 order, opposer provided the

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following explanation of the corporate transfers and name changes:

On or about December 3, 1993, old Exel Oy was formed under the name Exel Composites Oy, Business ID No. 575.752. Exel Composite Oy changed its name to Exel Oy on or about February 16, 1994. On or about January 30, 1996, old Exel Oy filed Application Serial No. 75/050,237 to register the mark EXEL in three different classes of goods. This application included goods in International Class 28 for sporting goods and equipment, namely ski poles, ski pole straps, ski pole handles, ski pole grips, and floor ball clubs. On February 17, 2000, Opposer filed a Statement of Use for the ski poles and other goods in International Class 28; Opposer also requested a division of the original application. On May 5, 2000, the United States Patent and Trademark Office confirmed that the goods and services in the February 17, 2000, Statement of Use had been placed in a new application, child Application Serial No. 75/979,600.

On or about November 13, 1996, Opposer was formed under the laws of Finland, under the name Mäntyharjun Muovituote Oy, Business ID No. 1067292-7. Opposer proceeded to purchase substantially all of the assets and business of old Exel Oy to which the EXEL mark pertained. Opposer is a successor to the business of old Exel Oy to which the EXEL mark pertains. In connection with the sale of assets to Opposer, old Exel Oy assigned its rights in the mark EXEL to Opposer on November 29, 1996, including old Exel Oy's rights in Application Serial No. 75/050,237. Upon Opposer's succeeding to the business of old Exel Oy, Opposer changed its name to "Exel Oy," and old Exel Oy changed its name to "Mäntyharjun Muovituote Oy." To clarify how the business entities were renamed, on or about December 5, 1996, old Exel Oy, Business ID No. 575.752, was renamed Mäntyharjun Muovituote Oy, Business ID No.

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575.752 and Opposer (Mäntyharjun Muovituote Oy, Business ID No. 1067292-7), was renamed Exel Oy, Business ID No. 1067292-7.

Old Exel Oy, Business ID No. 575.752, later entered into a merger agreement with Neste Oy. Under the agreement with Neste Oy, old Exel Oy was dissolved on or about October 31, 1997. Neste Oy was the surviving entity of the merger with no rights to the mark EXEL (which old Exel Oy had assigned to Opposer on November 29, 1996).

On or about September 10, 1998, Opposer changed its name from Exel Oy to Exel Oyj. In Finland, the designation "Oyj" is reserved for public limited companies and the designation "Oy" is reserved for private limited companies. The change from a private limited company to a public limited company in Finland is merely a name change. Opposer retained the same Business ID No. 1067292-7 and remains the same entity. This change requires no assignment of assets, liabilities or intellectual property rights in Finland. Opposer's name changes from Mäntyharjun Muovituote Oy to Exel Oy to Exel Oyj do not reflect a change in the corporate structure and did not require an assignment of the assets or the rights to the mark EXEL. Therefore, there was no documentation of any transfer, as none was required, from Exel Oy to Exel Oyj. On the basis of the facts set forth above, Opposer claims ownership of U.S. Registration No. 2,394,384.

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Applicant's notice of reliance ex. S.

In addition to claiming priority, likelihood of confusion, dilution and mere descriptiveness in the counterclaim, applicant has pleaded that (i) opposer obtained the '384 registration by fraud stemming from opposer's actions taken in obtaining and maintaining the registration; (ii) opposer's filing and prosecution of the opposition is fraudulent because the electronic "cover sheet" of the initial notice of opposition identified opposer as Exel Oy but the notice of opposition itself alleged that opposer Exel Oyj is the owner of the '384 registration; and (iii) the continued registration of opposer's mark concurrently with applicant's marks is likely to cause confusion. In his brief, applicant argued that opposer's mark is descriptive, that opposer has not established any acquired distinctiveness, and that the application underlying the '384 registration was invalidly assigned in violation of Section 10 of the Trademark Act, 15 U.S.C. § 1060, because "not all of the business relating to the EXEL mark was 'ongoing and existing' at the time of the assignment." Brief at p. 35.

We find that applicant has waived all of his pleaded grounds for cancellation in the counterclaim by not discussing them in his briefs, except for his claims of mere descriptiveness and lack of acquired distinctiveness. As for applicant's unpleaded allegation regarding Section 10 of

the Trademark Act, we must determine whether this allegation was tried by implied consent.

Implied consent to the trial of an unpleaded issue can be found only where the nonoffering party (i) raised no objection to the introduction of evidence on the issue, and (ii) was fairly apprised that the evidence was being offered in support of the issue. See TBMP §507.03(b) (2d ed. rev. 2004) and cases cited therein. See also Fed. R. Civ. P. 15(b). Because opposer raised no objection to the introduction of evidence on the issue of whether there was an invalid assignment of the application resulting in opposer's pleaded registration,<sup>4</sup> and because opposer has not maintained that it was not fairly apprised that the evidence was being offered in support of this issue, we find that applicant's claim of improper assignment was tried by the consent of the parties.

We now address the merits of the three counterclaims.<sup>5</sup>

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<sup>4</sup> The factual allegations and evidence supporting applicant's claim of fraud as set forth in his counterclaim are substantially the same as the facts and evidence argued and submitted in connection with the claim of an improper assignment. It is clear that opposer was fairly apprised that the evidence was being offered in support of both claims. Thus, although applicant subsequently waived the fraud basis for the counterclaim by not discussing it in his brief, it is obvious that applicant did not waive the improper assignment claim.

<sup>5</sup> Applicant's standing to assert the counterclaims is not an issue in this proceeding because an applicant has standing to assert a counterclaim against a pleaded registration by virtue of its position as a defendant in the opposition. *Ohio State University v. Ohio University*, 51 USPQ2d 1289 (TTAB 1999). See also TBMP § 313.03 (2d ed. rev. 2004).

*Mere Descriptiveness*

Applicant maintains that opposer has admitted in response to request for admissions no. 8 that EXEL is pronounced as "eks-el"; that "pronunciation is tantamount to EXCEL" and connotes the "excellence" of opposer's goods; and that opposer's own trademark search included a search for the terms "EXCEL or EXCELL or EXEL or XL or XEL or XELL or XCEL or XCELL," which confirms the fact that "EXCEL" is one of EXEL's variants. Brief at pp. 28 - 29.

A term is merely descriptive within the meaning of Section 2(e)(1) if it immediately conveys knowledge of a quality, characteristic, function, feature, purpose or use of the goods or services with which it is used. *In re Gyulay*, 820 F.2d 1216, 3 USPQ2d 1009 (Fed. Cir. 1987). On the other hand, a term is suggestive if, in the context of those goods or services, a purchaser must use imagination, thought, or some type of multi-stage reasoning to understand the term's significance. See *Plyboo America Inc. v. Smith & Fong Co.*, 51 USPQ2d 1633 (TTAB 1999).

Applicant's arguments and the evidence that applicant relies on do not persuade us that the term "exel" is a merely descriptive laudatory term for opposer's goods. We construe opposer's admission as admitting that the mark is pronounced as a combination of the letters "X" and "L." Further, the fact that opposer searched many variants of its

mark has little relevance to the question regarding how the consuming public will perceive opposer's mark. If we were to extend applicant's logic, each of the variations of its mark searched by opposer would be merely descriptive of opposer's goods.

It is applicant, as the party asserting the claim of mere descriptiveness, which bears the burden of proof in establishing that opposer's mark is merely descriptive. Applicant's evidence and arguments do not persuade us that opposer's mark, with its spelling dissimilar to "excel" and its uncertain connotation, is a merely descriptive laudatory term for opposer's goods.

*Acquired Distinctiveness*

Because we have found that on this record, opposer has not established that opposer's mark is merely descriptive, applicant's arguments regarding acquired distinctiveness are moot.

*Section 10/Invalid Transfer*

By way of background, we point out that opposer's registration matured from a divisional application, and that its original intent to use application, application Serial No. 75050237, included the following goods at the time it filed its request to divide:

non-metallic pipe couplings and joints in  
International Class 17;

fence posts; telescopic masts for supporting telecommunication equipment; telescopic support poles for supporting camouflage netting, umbrellas, and other applications; lattice towers for supporting telecommunication equipment and lighting structures, kite tubes for storing kites; all of the above being made of non-metal in International Class 19; and

ski poles; ski pole straps; ski pole handles; ski pole grips; and ski pole tips in International Class 28.

The parties do not dispute what transfers and name changes occurred, or when they occurred, as described in opposer's response to applicant's request for admissions, discussed earlier in this decision. However, applicant contends that "not all of the business relating to the EXEL mark was 'ongoing and existing' at the time of the assignment" on November 29, 1996; that opposer must show that, with regard to all of those goods in the original application, its predecessor had an ongoing and existing business under the EXEL mark, to which opposer was the successor; and that the assignment was invalid pursuant to Section 10. Brief at pp. 35; reply at p. 3. Applicant targets those goods in International Classes 17 and 19 and maintains that opposer's assignor did not have an ongoing and existing business involving such goods at the time of the assignment to opposer. We disagree with applicant's apparent interpretation of Section 10, insofar as applicant appears to have concluded that an intent-to-use applicant must at least be engaged in a particular field or business,

even if it is not yet using the applied-for mark in such field or business, to be able to validly transfer the intent-to-use application for that mark to another. In the paragraphs that follow, we first discuss applicant's arguments and the evidence on which he relies and then discuss the requirements of the statute.

In support of his argument, applicant points to the numerous product catalogs in the record for ski poles and ski pole accessories, and notes the lack of evidence of production of the industrial goods in International Classes 17 and 19 in the record.<sup>6</sup> Applicant points out too that although Mr. Karihtala testified that while the "assets" of the predecessor were transferred, he did not testify that the industrial goods "business" was transferred;<sup>7</sup> and that

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<sup>6</sup> Applicant is not correct; there is some evidence in the record not only of production of such goods but also of use of the mark EXEL for the International Class 17 and 19 goods; applicant has made of record the entire file - including the specimen of use - for Registration No. 2515634 for the mark EXEL, which issued from opposer's original application on December 4, 2001 for "non-metallic pipe couplings and joints" in International Class 17, and "fence posts; telescopic support poles for supporting camouflage netting, umbrellas, and other applications; lattice towers for supporting telecommunication equipment and lighting structures; kite tubes for storing kites, all of the above being made of non-metal" in International Class 19.

<sup>7</sup> Mr. Karihtala testified:

Q. What happened in 1996?

A. 1996, Exel - Neste sold Exel OY to a company called Mantyharjun and then the second word is Muovituote OY, so Neste sold all the assets, including material rights, everything to this Mantyharjun Muovituote and then I think it was early '90 - after a few days from this deal, the

Mr. Karihtala admitted on cross-examination that the only "business" which was then ongoing and existing pertained to ski poles and related accessories.<sup>8</sup> Further, applicant argues that (i) the filings by "Opposer" of requests for extension of time to file a statement of use of the EXEL mark for the industrial goods demonstrate that at the time of the 1996 assignment, such goods were not being manufactured and sold in commerce and not part of an "ongoing and existing" business at the time of the

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name of Mantyharjun Muovituote was changed to Exel OY. That's how it went.

Q. Was this sale through an asset purchase agreement?

A. Yeah.

Q. Did this sale include all the goodwill and intellectual property rights that Exel OY owned?

A. Yes.

Karahtala Dep. at 9 - 10.

<sup>8</sup> His testimony at p. 105 of his trial transcript is:

Q. My question was, in 1996, what was Exel OY selling in the United States?

A. In 1996, crosscountry ski poles, alpine ski poles, related accessories and also windsurfing masts, but by that time, no more under [the] Exel brand.

Q. Can you recall it was selling anything else in 1996 in the U.S.?

A. Maybe some industrial products like laminates for the ski manufacturers and ice hockey stick manufacturers, so some industrial material would go for the sporting goods, but sort of raw materials, not Exel branded.

assignment ("Exel Oy" actually filed the extension requests); (ii) that opposer initially admitted that "Exel Oy is not the same entity as Opposer Exel Oyj" and that "there was no assignment"; and (iii) that opposer's Canadian agent submitted an assignment and name change document "to the Canadian Registrar" in connection with opposer's Canadian application, and stated that "[i]t is important to the parties that the chain of title is shown." Applicant concludes:

While the ski pole business may have been an ongoing and existing business in the U.S. under the EXEL mark, Opposer's predecessor did not have an ongoing and existing industrial goods business in the U.S. under the EXEL mark. Opposer has not presented a single shred of evidence - not even a single invoice - to show that its predecessor had an ongoing and existing industrial goods business at the time of the assignment in November 1996. Instead, it is apparent that in 1996, Opposer's predecessor transferred, in gross, various trademark registrations and applications, in various jurisdictions, as well as patents and other assets .... In this case, the businesses were not all ongoing and existing because the businesses for most of the goods covered by the assigned application - certain of the industrial goods in Classes 17 and 19 - were not then ongoing and existing. The later division of the ski pole goods [in a divisional application] cannot cure this statutory invalidity. Accordingly, the assignment is invalid, and the Ski Pole Registration which issued from the assigned application must be cancelled.

Reply at p. 6.

Section 10 of the Trademark Act prohibits the registration of a mark under Section 1(b) which has been assigned prior to the filing of an amendment under Section

1051(c) or the filing of the verified statement of use under Section 1051(d), "except for an assignment to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing." "The purpose of this ... limitation on assignment of an application is to prohibit 'trafficking' in marks: the buying and selling of 'inchoate' marks which as yet have no real existence." McCarthy, J. Thomas, 3 *McCarthy on Trademarks and Unfair Competition* § 18:13 (4<sup>th</sup> ed. 2008), citing Senate Judiciary Committee Report on S 1883, S. Rep. No. 100-515, 100<sup>th</sup> Cong. 2d Sess. 25 (1988) reprinted in United States Trademark Association, *The Trademark Law Revision Act of 1988* 117 (1989). Unless the statutory exception is met, the legal effect of assigning an intent to use application, prior to the filing of a verified allegation of use, is that the application is void. *The Clorox Co. v. Chemical Bank*, 40 USPQ2d 1098 (TTAB 1996).

We therefore are presented with the question: On November 29, 1996, when "old" Exel Oy assigned the application to Mantyharjun Muovituote Oy, i.e., opposer as known before it changed its name to Exel Oy (and even later became Exel Oyj), did "old" Exel Oy transfer all of its business, or that portion of its business to which the intent to use application pertained, to opposer? The agreements between the transferor and the transferee are not

in the record so we are unable to determine from them whether the transfer was of an entire business or merely a relevant portion. Thus, we must rely on the testimony of the witnesses and the discovery responses which are of record, provided that they are sufficiently probative and complete. Further, we are not concerned whether "old" Exel Oy had an ongoing and existing business for each of the goods identified in the application at the time of the assignment under the mark. This is a requirement applicant urges us to read into the statute. The intent to use provisions of the statute do not require a party to develop production capacity in a particular field before filing an intent to use application to register a mark for use in that field. It is clear, for example, that an intent to use applicant could plan to make use of a mark by having another manufacture for the applicant the goods that would be sold under the mark. Similarly, the intent to use applicant could choose to wait until it obtained a notice of allowance before engaging in the costs associated with preparing for production of actual products. The exception in Section 10 concerning assignment of intent to use applications and, in particular, the use of the phrase "if that business is ongoing and existing" should not be read, as applicant has read it, in a manner that would be inconsistent with the intent behind Section 1(b) of the Trademark Act, 15, U.S.C.

§ 1051(b). The statute cannot be read to require, as a precondition for assignment of an intent to use application, that there be an ongoing and existing business, or portion thereof, for each of the goods in an intent to use application. Rather, we consider the statute as allowing for assignment of intent to use applications when (i) the overall business of the applicant was transferred, or (ii) if the intent to use applicant remained an "ongoing and existing" business after the assignment, the portion thereof to which the mark pertains was transferred. The statute must allow for the transfer of a Section 1(b) application claiming a bona fide intention to use the mark for goods which are not yet in production or which may be in the planning stage, and which may represent an extension of an applicant's business. The statute does not require that the mark ultimately must be used on each of the goods identified in the application that has been transferred lest the assignment, *ex post facto*, be rendered invalid.<sup>9</sup> The anti-trafficking provision of the statute merely requires that if the application is transferred prior to use of the mark, and the transferor remains an ongoing and existing business after the transfer, that the transfer be accompanied by that

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<sup>9</sup> While the particulars of any transfer may be important in any assessment of the question whether, when it filed an application, the applicant had a bona fide intention to use a mark, that is a distinct question from the validity of a transfer. The latter is the only question raised by applicant's counterclaim.

portion of the transferor's business to which the mark pertained, i.e., that portion of the business that would have used the mark had there been no transfer.

Mr. Karihtala testified:

Q. Mr. Miwa [applicant's attorney] asked you some questions about some of the transactions that took place in 1993 and 1996.

Let's talk real quickly about the 1993 transaction when Exel OY was owned by Neste OY and then there was a transfer of assets to Neste Composites OY.

A. Exel Composites.

Q. From your perspective as employee, did anything change as a result of that transaction?

A. Nothing changed.

Let's say if you are looking at the company from the outside, nothing changed, so everything, the Exel name in the sporting goods business, everything was the same, it was Exel always and nothing changed in that respect. This was just kind of, I guess you can say kind of a technical arrangement behind the scene.

Q. When we look at the 1996 transaction, when you had the asset purchase agreement where Exel OY sold the assets of the business to what we're referring to as MMO, again, from your perspective as an employee, did that have any significant change in who you thought you were working for?

A. That had no effect - the company was running the same way and people were working to promote [] Exel the same way, so there were no changes in the business operation.

Q. So the ongoing business was owned by Exel OY, was that then conveyed to MMO?

A. What do you mean [by] the word "conveyed"?

Q. Was that transferred to MMO?

A. Yeah, the business was traveling along and we were doing the business the same way, so there was no effect on our daily work

Q. So one day, the company was owned by or the business was owned by Exel OY and then the next day, it was owned by MMO?

A. For a few days, but still from the outside, you couldn't have seen any difference.

Q. So from your perspective, it was business as usual after that transfer?

Q. Yes.

Karihtala dep. at pp. 134 - 136. Mr. Karihtala also testified that opposer purchased all of the assets of "old" Exel Oy in 1996. Additionally, opposer introduced into evidence numerous product catalogs for 1979 - 1983, 1988 - 1989, 1996 - 2000 and 2002 - 2006, which demonstrate that before and after 1996, opposer was using the mark EXEL in connection with ski poles and ski pole straps, handles, grips and tips. Pollanen dep. ex. 0-1 - 0-5; Karihtala dep. ex. 0-6 - 0-17. Moreover, we give little weight to opposer's initial admission that "there was no assignment" in its responses to applicant's requests for admissions - the Board granted opposer's motion to withdraw its initial responses, and the remaining evidence of record does not persuade us that there was no assignment. Further, the statement that "[i]t is important to the parties that the chain of title is shown" made by opposer's Canadian agent in connection with a Canadian application is of little

relevance in the United States; we cannot discount that there were special requirements in Canada which prompted the statement.

Upon considering all of the evidence, it is apparent to us that all of the assets of the acquired company were purchased. As far as applicant's contentions regarding the requests for extensions of time to file a statement of use, and the fact that there is no evidence that opposer ever used the mark in connection with the International Class 17 and 19 goods, applicant's contentions are not persuasive because there is no requirement within Section 10 of the Trademark Act that the mark which is the subject of the intent to use application that is transferred with the ongoing business must eventually be used in commerce for all or substantially all of the goods identified. The statute requires that the business be transferred with the mark, or at least that portion of the business to which the mark pertains be transferred with the mark, and opposer has established that the entire business of "old" Exel Oy was transferred to it concurrently with the assignment of the intent-to-use application.<sup>10</sup>

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<sup>10</sup> In this regard, we note that Mr. Karihtala testified that he was not familiar with any industrial products. ("If you also talk about industrial products, again, I have to say that I was not involved with industrial sales, so it's very difficult for me to say what industrial products we were selling in North America. I believe we did sell something, but I wouldn't be able to recall what we were selling there." Karihtala dep. at p. 106.) As for

Applicant's counterclaim to cancel opposer's pleaded Registration No. 2394384 is denied.

We now turn to the issues raised in the opposition, namely, standing, priority and likelihood of confusion.

*Standing in the Opposition*

Opposer has established that it is the owner of a valid and subsisting registration for the mark EXEL. See discussion of registration, *supra*. In view thereof, and because opposer has asserted a likelihood of confusion claim not wholly without merit, we find that opposer has established its standing to oppose registration of applicant's marks in the opposition proceeding. See, e.g., *Lipton Industries, Inc. v. Ralston Purina Company*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982).

*Priority*

Because opposer's registration has been made of record, Section 2(d) priority is not an issue with respect to the goods identified in opposer's registration, namely ski poles; ski pole straps; ski pole handles; ski pole grips; and ski pole tips. *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108, 110 (CCPA 1974); *B.V.D.*

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Mr. Pollanen, he testified that opposer sold "profiles" out of fiberglass and carbon fiber, and that a "profile" can be used for a broom handle or a window frame or a mast, such as a telescopic masts. Pollanen dep. at pp. 29 - 30. He did not recall the specifics regarding such sales and did not testify as to any sales in the United States.

*Licensing Corp. v. Rodriguez*, 83 USPQ2d 1500, 1506 (TTAB 2007). In any event, opposer, through the testimony of Messrs. Pollanen and Karihtala, has established that opposer has continuously "marketed" the goods identified in its registration in the United States under the EXEL mark since 1976. Karihtala dep. at pp. 17 - 18; Pollanen dep. at p. 11.

Opposer also argues that it has priority because applicant's goods are within the natural zone of expansion of its registered goods, and it has expanded its EXEL product line from ski poles to ski pole bags and other sports bags.<sup>11</sup> Even if we accept that opposer has priority for ski poles and parts therefor, and ski pole bags, made both from a hard material and a soft material, we find that opposer can not be awarded common law priority as to applicant's goods because it has not established that the bags recited in the application are within the zone of expansion of ski poles and parts therefor, or of ski pole bags, whether made from a hard material or a soft material.

The Board has stated the following regarding the zone of expansion doctrine:

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<sup>11</sup> Opposer does not base its claim of priority on prior use of its mark on various bags that are not ski pole bags. Even if it did, opposer would not prevail because the evidence of record establishes first use of EXEL for non-ski pole bags as of 1988. See ex. O-5 Pollanen dep. (EXEL catalog for 1988 - 1989). Applicant has established that he has used XCEL on bags such as

Under the doctrine of natural expansion, the first user of a mark in connection with particular goods or services possesses superior rights in the mark not only as against subsequent users of the same or similar mark for the same or similar goods or services, but also as against subsequent users of the same or similar mark for any goods or services which purchasers might reasonably expect to emanate from it in the normal expansion of its business under the mark. This is so whether or not the first user of the mark has actually expanded its use of its mark, after the commencement of the subsequent user's use, to goods or services which are the same as or closely related to those of the subsequent user. The application of the doctrine is strictly limited to those cases where the expansion, whether actual or potential, is "natural," that is, where the goods or services of the subsequent user, on the one hand, and the goods or services as to which the first user has prior use, on the other, are of such nature that purchasers would generally expect them to emanate from the same source. The reason for the limitation is that the prior user of a mark on particular goods or services cannot extend its use of the mark to distinctly different goods or services if the result could be a conflict with valuable intervening rights established by another through extensive use and/or registration of the same or similar mark for the same or closely related goods or services in the new sphere of trade.

Among the factors to be considered in determining whether an expansion is natural are: (1) whether the second area of business (that is, the subsequent user's area of business, into which the first user has or potentially may expand) is a distinct departure from the first area of business (of the prior user), thereby requiring a new technology or know-how, or whether it is merely an extension of the technology involved in the first area of business; (2) the nature and purpose of the goods or services in each area; (3) whether the channels of trade and classes of customers for the two areas of business are the same, so that the goodwill established by the prior user in its

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backpacks, duffel-type bags and mesh bags since 1984 on a rotational basis. D'Ascoli dep. at 24, 26.

first area of business would carry over into the second area; and (4) whether other companies have expanded from one area to the other.

Finally, the determination of whether an expansion is or would be natural must be made on the basis of the circumstances prevailing at the time when the subsequent user first began to do business under its mark, i.e., what was "natural" in the relevant trade at that time.

*Mason Engineering and Design Corp. v. Mateson Chemical Corp.*, 225 USPQ 956, 962 (TTAB 1985) (internal citations omitted).

In this case, we consider whether the consuming public, i.e., the general public, would expect the source of applicant's goods to be opposer in 1984 when, according to Mr. D'Ascoli, he first began selling bags such as backpacks, duffel-type bags and mesh bags bearing the XCEL mark on a rotational basis. D'Ascoli dep. at pp. 24-26.

Opposer has made many arguments in support of its contention that applicant's goods are within the zone of natural expansion of opposer's ski poles and/or their parts, and ski pole bags, either soft-sided or hard-sided. For example, it has argued that the technology and know-how required to make ski poles and ski pole bags is similar; that a company engaged in the production of ski poles would have relevant know-how to also design, produce and market bags to house those poles; and that once producing ski pole bags, this know-how will also be relevant to the design, production and marketing of other sports bags. Opening

brief at 11. None of these arguments is supported by any evidence and therefore is not persuasive. Further, opposer has argued that numerous other companies have expanded from one area to the other and relies on two registrations for support. The registrations are simply too few in number to be persuasive of applicant's argument. Also, one of the two registrations is not based on use in commerce but was registered under Section 44 of the Trademark Act, 15 U.S.C. §1126, and the registration does not recite ski poles or even ski bags in its identification of goods - it recites "ski covers." See Registration No. 1373801 for DYNASTAR, applicant's notice of reliance ex. V. Further, applicant's argument regarding the common nature and purpose of ski pole bags and applicant's goods misses the mark. First, it is based on speculation: "[Cross-country skiers] might also want to use ski pole bags to house and carry the[ir] poles [and] they might want to use additional sports bags to carry and store other ski-related gear, such as ski boots, gloves, goggles, caps and other cold-weather gear." Main brief at p. 11. Second, the bags we are concerned with are not limited to sports bags; they are duffel bags, beach bags, backpacks and diving bags. We know of no reason why beach bags and diving bags would be sold as bags for ski-related gear.

In view of the foregoing, we find that opposer has not established that applicant's goods are within the natural zone of expansion of opposer's goods, i.e., ski poles and/or ski pole accessories, or ski pole bags.

*Likelihood of Confusion*

We have found above that opposer has not established that it has priority rights with respect to use of its mark, or any similar mark, for applicant's goods whether through actual use of its mark ski pole bags or through the theory of natural expansion from its registered goods. We therefore consider now opposer's pleaded claim that its registered mark is likely to be confused with applicant's mark, without regard to the theory of natural expansion, i.e., by comparing only the goods identified in opposer's registration and in applicant's application. Section 2(d) of the Trademark Act bars registration of a mark that is confusingly similar to a registered mark, and opposer has established that it is the owner of a registered mark, i.e., Registration No. 2394384.

Our determination under Section 2(d) is based on an analysis of all of the facts in evidence that are relevant to the factors bearing on the issue of likelihood of confusion. *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 considering the evidence of record on these factors, we keep in mind that "[t]he fundamental inquiry mandated by §2(d) goes to the cumulative effect of differences in the essential characteristics of the goods and differences in the marks." *Federated Foods, Inc. v. Fort Howard Paper Co.*, 544 F.2d 1098, 192 USPQ 24 (CCPA 1976). We thus focus on the factors concerning the marks and goods, which the parties have discussed in their briefs.

With regard to the *du Pont* factor regarding the similarity or dissimilarity of the parties' goods and channels of trade, we find that opposer has not established that its ski poles and ski pole accessories are similar to applicant's bags or that they travel in similar channels of trade. See discussion regarding the zone of expansion, *supra*. Moreover, the diving bags in International Class 28, and the beach bags in International Class 18 are intended for use in very different sports or environments than opposer's ski related goods. Simply because some persons may ski and dive does not compel a finding that the goods are related. See opposer's argument in its main brief at pp. 13-14. Further, simply because articles for skiing may be carried in bags such as those recited in applicant's application does not, without more, establish a relationship between the goods. The *du Pont* factors regarding the goods

and trade channels weigh against finding a likelihood of confusion.

We next consider whether applicant's mark and opposer's mark are similar or dissimilar when viewed in their entireties in terms of appearance, sound, connotation and overall commercial impression. *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 396 F.3d 1369, 73 USPQ2d 1689 (Fed. Cir. 2005). A side by side comparison is not the test, see *Grandpa Pidgeon's of Missouri, Inc. v. Borgsmiller*, 477 F.2d 586, 177 USPQ 573 (CCPA 1973), and the focus is on the recollection of the average purchaser, who normally retains a general rather than a specific impression of trademarks. See *Sealed Air Corp. v. Scott Paper Co.*, 190 USPQ 106 (TTAB 1975).

The marks undoubtedly are similar in that the both are four letter terms that would be perceived by consumers as misspellings of the term "excel." There are, of course, slight differences in sound and appearance of the marks, due to the different lettering in the marks. Due to the same connotation and hence the same commercial impression, and because the differences in sound and appearance are only slight, we find that the marks are similar. The *du Pont* factor regarding the similarity of the marks is resolved in opposer's favor.

In considering the strength of the marks, we note that the term is a highly suggestive one connoting excellence, see discussion supra, and there is no evidence of third party use of similar marks.<sup>12</sup> While we do not find that opposer's mark is a weak mark, we accord it a reduced level of protection in view of its highly suggestive nature.

In balancing the above, and particularly giving weight to the differences in the goods and the lack of any evidence that the trade channels of the goods are related, we find that applicant's mark for those goods listed in his application will not likely be confused with registrant's mark used on those goods identified in its registration.

**DECISION:** Opposer's opposition to registration of applicant's mark is dismissed and applicant's counterclaim to cancel Registration No. 2394384 is dismissed.

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<sup>12</sup> The record for applicant's application contains a listing of third party registrations taken from an undetermined source. Because we do not know the source of this listing, because the registrations themselves have not been submitted and because registrations are not evidence of use, this listing has limited probative value.