

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

Mailed: August 20, 2008

**UNITED STATES PATENT AND TRADEMARK OFFICE**

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**Trademark Trial and Appeal Board**

O.C. Seacrets, Inc.  
v.  
Coryn Group

—————  
Cancellation No. 92042854

Barth X. deRosa and Karen A. Kovacs, of Dickinson Wright for  
O.C. Seacrets, Inc.

Thomas P. Arden and Malcolm H. Brooks, of Holland & Knight,  
LLP for Coryn Group.

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Before Drost, Walsh, and Ritchie de Larena, Administrative  
Trademark Judges.

Opinion by Ritchie de Larena, Administrative Trademark  
Judge:

The petitioner in this case is O.C. Seacrets, Inc. The respondent and counter-claimant is Coryn Group. On October 7, 2003, Registration No. 2772061 issued to respondent for the mark SECRETS for "resort hotel" services in International Class 42, with an allegation of first use anywhere and first use in commerce on July 31, 2001. On January 23, 2004, petitioner filed a petition to cancel that registration. As grounds for its petition, petitioner

alleged that it is the owner of the mark SEACRETS, used in connection with operating a "nightclub within the resort community of Ocean City, Maryland, that consists in part of seven different bars encompassing a full city block, with bay access, together with hotel accommodations, live entertainment, and the selling of a wide variety of collateral products and services"; that petitioner has common law rights in the mark SEACRETS and is also the owner of U.S. Registration No. 2102604 for the mark SEACRETS for "restaurant and bar" services in International Class 42<sup>1</sup>; that the parties' respective services are "closely related, if not identical"; that petitioner has priority of use of the mark SEACRETS based on its registration and common law use of said mark since "long prior to June 22, 2000, respondent's filing date and constructive use date"; that "petitioner's SEACRETS mark and name became famous at some time prior to June 22, 2000"; and that respondent's "subsequent, willful, and deliberate adoption, use, and registration of the 'SECRETS' mark and name in connection with the services described in its registration dilutes the distinctive quality of the SEACRETS mark and name, and causes injury to the business of petitioner since petitioner has no control over the nature and quality of the services

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<sup>1</sup> The registration issued on October 7, 1997 and contains an allegation of first use anywhere and first use in commerce on June 30, 1988. Section 8 and 15 affidavits have been accepted and acknowledged.

being offered by respondent in connection with its confusingly similar and dilutive mark reputation.”<sup>2</sup>

Respondent, in its amended answer, denied all of the essential allegations in the petition for cancellation, and asserted the affirmative defenses of laches, estoppel and acquiescence. Respondent additionally brought a counterclaim for partial cancellation or restriction of petitioner’s registration pursuant to Section 18 of the Trademark Act, 15 U.S.C. §1068 by amending petitioner’s recitation of services from “restaurant and bar services” to:

Restaurant and bar services that are offered and provided to the general public, including families; are exclusively sold directly to customers; are provided other than at luxury resort hotels; are advertised and promoted locally; are provided and purchased for fewer than sixteen hours a day; are provided at a free-standing site that functions primarily other than as an ultimate vacation destination; are provided to patrons who spend on average under \$70; and are provided to the significant majority of annual customers and generate the significant majority of annual revenue during the summer season.

At the same time, and in connection with its Section 18 petition and counterclaim, respondent seeks to amend its own recitation of services from “resort hotel” to:

Resort hotel services, namely, providing accommodations for luxury, all-inclusive resort hotels featuring spas that are marketed and function primarily as romantic, warm weather vacation destinations primarily for couples, are restricted to adults only, and are visited primarily for periods of

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<sup>2</sup> Ultimately, petitioner elected not to pursue dilution.

time lasting over four days, and that are offered and sold through distribution channels consisting principally of travel agencies, tour operators, other travel intermediaries, and Internet web sites; and arranging and making reservations for such luxury resort hotels.

In its answer to the counterclaim, petitioner denied that a likelihood of confusion would be avoided by respondent's proposed Section 18 amended recitation of goods for Registration No. 2102604. Petitioner further denied that the proposed amendment would "exclude any product or service covered by the identification in Registration No. 2102604, namely 'restaurant and bar services.'" Petitioner additionally provided several affirmative defenses to the counterclaim and Section 18 petition, including laches and estoppel.

#### **Evidentiary Issues**

Both parties submitted extensive evidentiary objections with their reply briefs. Although in the interest of judicial economy, we do not address all of the objections individually in this section, we have considered all of the arguments and objections, and we address them in this decision where relevant.

#### **The Record**

The record in this case consists of the pleadings and the files of petitioner's and respondent's registrations.

Additionally, both parties submitted multiple testimony depositions and multiple notices of reliance.

During its assigned testimony period, petitioner took the testimony deposition, with accompanying exhibits, of the following 9 individuals:<sup>3</sup>

1. Leighton Moore, Owner and President of O.C. Seacrets, Inc.
2. Gary Figgs, Vice President and Chief Financial Officer of O.C. Seacrets, Inc.
3. Amy Robitaille, Hotel Manager for O.C. Seacrets, Inc.
4. Sesiri Pahirane, Director of Information Technology for O.C. Seacrets, Inc.
5. Joseph Giannotta, former Maintenance Manager for O.C. Seacrets, Inc.
6. Susan Jones, Executive Director of the Ocean City Hotel-Motel Restaurant Association.
7. Michael Noah, Director of Tourism for the Department of Tourism, Town of Ocean City, Maryland.
8. Eugene Trapkin, Owner and President of Sheridan Sign Company.
9. Alejandro Zozaya, President of AM Resorts LLC.

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<sup>3</sup> We note that the record contains an unresolved motion by petitioner to substitute "uncertified" copies for "misplaced" testimony and exhibits.

In addition, petitioner submitted 15 notices of reliance upon several discovery depositions; certain of respondent's responses to petitioner's discovery requests; the file histories of several of respondent's trademark registrations; third-party trademark registrations along with articles showing the relationship between restaurant and hotel services; and samples of petitioner's print advertisements.

During its assigned testimony period, respondent took the testimony deposition, with accompanying exhibits, of the following 5 individuals:

1. Lisa Jan LaPointe, Director of Marketing and Distribution for AM Resorts.
2. Dennis Keleshian, Director of Administration for AM Resorts.
3. Alejandro Zozaya, President of AM Resorts.
4. Colleen Caponi, Senior Marketing Executive for Apple Vacations.
5. Richard Logue, Private Investigator for Blazer Investigations.

In addition, Respondent filed multiple notices of reliance upon certain of petitioner's responses to respondent's written discovery requests; portions of several

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The motion was uncontested, and we have considered the submitted testimony and exhibits in this decision.

testimonial depositions; certified copies of respondent's trademark registrations; and various printed publications.

Petitioner and respondent filed main briefs on the case and reply briefs to each other's briefs. The parties have designated substantial portions of the record, as well as portions of their briefs on the case, as "confidential." This has limited our discussion of the details in this opinion to avoid revealing the parties' truly confidential material.

#### **Petitioner's Standing**

Petitioner has pleaded and submitted a certified status and title copy its Registration No. 2102604 for SEACRETS, for "restaurant and bar services." Petitioner has also pleaded and submitted testimony regarding its common law rights in SEACRETS for hotel services, predating respondent's first use in commerce of SEACRETS for "resort hotel." We therefore consider that the record provides a sufficient showing of petitioner's standing. *See Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); *Cerveceria Modelo S.A. de C.V. v. R.B. Marco & Sons Inc.*, 55 USPQ2d 1298 (TTAB 2000); and *Hartwell Co. v. Shane*, 17 USPQ2d 1569 (TTAB 1990). Respondent has not objected to or disputed petitioner's standing to bring this cancellation proceeding. Respondent's standing to bring the counterclaim and Section 18 petition for partial

cancellation and restriction is established by virtue of the cancellation. *Finanz St. Honore B.V. v. Johnson & Johnson*, 85 USPQ2d 1478 (TTAB 2007) (applicant subject to opposition has inherent standing to counterclaim for cancellation); *Carefirst of Maryland, Inc. v. FirstHealth of the Carolinas Inc.*, 77 USPQ2d 1492 (TTAB 2005) (“[a]pplicant, by virtue of its position as defendant in the opposition, has standing to seek cancellation of the pleaded registrations,” citing *Ohio State University v. Ohio University*, 51 USPQ2d 1289, 1293 (TTAB 1999)).

#### **Laches**

Prior to our consideration of petitioner’s pleaded claim of priority and likelihood of confusion, we must first address respondent’s affirmative defense of laches to determine whether petitioner’s claim is barred thereby.

It is settled that laches generally is available against a Section 2(d) claim of likelihood of confusion in a cancellation proceeding.<sup>4</sup> See *National Cable Television Association Inc. v. American Cinema Editors Inc.*, 973 F.2d 1572, 19 USPQ2d 1424 (Fed. Cir. 1991) (defense of laches was considered in connection with a cancellation proceeding brought under Section 2(d)); and *Christian Broadcasting Network Inc. v. ABS-CBN International*, 84 USPQ2d 1560 (TTAB

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<sup>4</sup> The only exception is when confusion is inevitable, because any injury to respondent caused by petitioner’s delay is

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2007) (because defense of laches found to apply, petition to

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outweighed by the public's interest in preventing confusion. See *Turner v. Hops Grill & Bar Inc.*, 52 USPQ2d 1310 (TTAB 1999).

cancel brought under Section 2(d) dismissed).

In order to prevail on the affirmative defense of laches, respondent must establish that there was undue or unreasonable delay by petitioner in asserting its rights, and that prejudice to respondent resulted from that delay. *See Bridgestone/Firestone Research Inc. v. Automobile Club de l'Ouest de la France*, 245 F.3d 1359, 58 USPQ2d 1460, 1462 (Fed. Cir. 2001) ("Mere delay in asserting a trademark-related right does not necessarily result in changed conditions sufficient to support the defense of laches. There must also have been some detriment due to the delay.") With regard to delay, the focus is on reasonableness and the Board must consider any excuse offered for the delay. *See A. C. Aukerman Co. v. R. L. Chaides Construction Co.*, 960 F.2d 1020, 22 USPQ2d 1321, 1329 (Fed. Cir. 1992).

Respondent filed its trademark application on June 22, 2000, and the mark was published for opposition on April 3, 2001. However, the application was initially filed as an intent-to-use application, and registration was not granted until October 7, 2003. We consider the registration to constitute constructive notice to petitioner of respondent's registration. *See Teledyne Technologies, Inc. v. Western Skyways, Inc.*, 78 USPQ2d 1203 (TTAB 2006), *aff'd*, 208 Fed. Appx. 886, unpublished Nos. 2006-1336, 2006-1367 (Fed. Cir.

December 6, 2006). There is nothing in the record to indicate that petitioner had actual notice of respondent's application or of respondent's use of its SECRETS mark prior to the October 7, 2003 registration date. Petitioner initiated this cancellation proceeding less than 4 months from that date. Accordingly, we cannot consider that there was an undue delay by petitioner after the registration issued, and respondent has not alleged or shown any detriment caused thereby. Therefore, we conclude that respondent has failed to establish the laches defense.

**Priority of Use**

To establish priority on a likelihood of confusion claim brought in a cancellation proceeding, a party must prove that, vis-à-vis the other party, it owns "a mark or trade name previously used in the United States ... and not abandoned..." Trademark Act Section 2, 15 U.S.C. §1052.

Where both petitioner and respondent are owners of registrations, petitioner must prove priority of use. *Henry Siegel Co. v. M & R Mfg. Co.*, 4 USPQ2d 1154, 1160 n.9 (TTAB 1987); *American Standard Inc. v. AQM Corp.*, 208 USPQ 840, 841-842 (TTAB 1980); *SCOA Industries Inc. v. Kennedy & Cohen, Inc.*, 188 USPQ 411, 413 (TTAB 1975). Compare *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974) (in an opposition proceeding, opposer may show priority via a registration). In proving its

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priority of use, petitioner may rely upon the filing date of the application resulting in issuance of its pleaded registration as evidence of its first use of the mark.

*Henry Siegel Co. v. M & R Mfg. Co., supra; American Standard Inc. v. AQM Corp., supra; Klise Manufacturing Company, v. Braided Accents, L.L.C.* 2008 WL 2675076 Cancellation No. 92045607 July 03, 2008 (precedential decision).

Petitioner has pleaded and introduced certified status and title copies of its ownership of Registration No. 2102604 for SEACRETS for "restaurant and bar services," with a filing date of October 31, 1995, and dates of first use and first use in commerce of June 30, 1988. Petitioner has also submitted testimony of its use of the SEACRETS mark in connection with restaurant and bar services since 1988 (Moore dep. at 375:2). Respondent's constructive use date for the SEACRETS mark is its application filing date of June 22, 2000. As later discussed in this decision, we conclude that petitioner's registration and use of SEACRETS for "restaurant and bar services" covers the closely related area of hotel services. *La Maur Inc. v. International Pharmaceutical Corporation*, 199 USPQ 612, 617 (TTAB 1978) ("It is therefore held that, as between the parties herein opposer is the prior user of the mark 'PROTECT' and that, as such, is entitled to preclude the registration of the same or a similar mark not only for the like or similar goods,

but for any goods which purchasers might mistakenly assume emanate from it.")

Additionally, even if we had not deemed petitioner's restaurant and bar services to establish priority for hotel services, we still would find that petitioner has established common law priority on hotel services. Petitioner has not pleaded ownership of a registered trademark for SEACRETS in connection with hotel services specifically. Nevertheless, petitioner has submitted testimony of its use of the SEACRETS mark in connection with hotel services since at least 1998 (Moore dep. at 535:7-21; and November 21 testimony at 15:1). Petitioner began advertising these hotel services as early as Spring of 1999 (Moore dep. Nov. 21 at 19:9) (Giannotta dep. at 10:16). Accordingly, petitioner has established priority over respondent for hotel services both through petitioner's use of SEACRETS on the closely related "restaurant and bar services" and through petitioner's use of SEACRETS on hotel services.

Respondent argues that petitioner's testimony does not support petitioner's claim of priority at least as to hotels specifically, because it is self-serving, and fails to demonstrate that petitioner uses SEACRETS as a mark in connection with any hotel services. However, "[o]ral testimony, if sufficiently probative, is normally

satisfactory to establish priority of use in a trademark proceeding." *Powermatics, Inc. v. Globe Roofing Products Co.*, 341 F.2d 127, 144 USPQ 430, 432 (CCPA 1965). See also *National Bank Book Co. v. Leather Crafted Products, Inc.*, 218 USPQ 827, 828 (TTAB 1993) (oral testimony may be sufficient to prove the first use of a party's mark when it is based on personal knowledge, it is clear and convincing, and it has not been contradicted); *Liqwacon Corp. v. Browning-Ferris Industries, Inc.*, 203 USPQ 305, 316 (TTAB 1979) (oral testimony may be sufficient to establish both prior use and continuous use when the testimony is proffered by a witness with knowledge of the facts and the testimony is clear, convincing, consistent, and sufficiently circumstantial to convince the Board of its probative value); *GAF Corp. v. Anatox Analytical Services, Inc.*, 192 USPQ 576, 577 (TTAB 1976) (oral testimony may establish prior use when the testimony is clear, consistent, convincing, and uncontradicted).

As discussed below in the context of likelihood of confusion, petitioner has presented sufficient evidence of the close relatedness of its "restaurant and bar services" to respondent's "resort hotel" services. Petitioner has further shown priority as to hotel services in particular. Accordingly we find that petitioner has proven its claim of priority.

### Likelihood of Confusion

Our determination of likelihood of confusion under Section 2(d) is based on an analysis of all of the relevant, probative evidence in the record. See *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973). See also *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 396 F.3d 1369, 73 USPQ2d 1689 (Fed. Cir. 2005); *In re Majestic Distilling Company, Inc.*, 315 F.3d 1311, 65 USPQ2d 1201 (Fed. Cir. 2003); and *In re Dixie Restaurants Inc.*, 105 F.3d 1405, 41 USPQ2d 1531 (Fed. Cir. 1997).

### The Marks

We consider and compare the appearance, sound, connotation and commercial impression of the marks in their entireties. *Palm Bay Imports Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 396 F.3d 1369, 73 USPQ2d 1689, 1692 (Fed. Cir. 2005). Visually, the two marks differ only by the presence of the silent letter "A" in petitioner's mark. Phonetically, the marks are identical.

The word "secret" is defined in noun form as "something kept hidden from others or known only to oneself or to a few."<sup>5</sup> The term "SECRETS" in connection with Respondent's

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<sup>5</sup> American Heritage Dictionary (4<sup>th</sup> ed. 2000). The Board may take judicial notice of dictionary definitions not included in the record. See *University of Notre Dame du Lac v. J.C. Gourmet Food Imports Co., Inc.* 213 USPQ 594, 596 (TTAB 1982), *aff'd*, 703 F.2d 1372, 217 USPQ 505 (Fed. Cir. 1983).

"resort hotels" conjures up an intimate and private place. (Zozaya dep. at 8:23-9:1 "We were looking for something that expressed romanticism, luxury, secludedness, isolation"). Likewise, "SEACRETS" for "restaurant and bar services" conjures up the double entendre of a "secret" place by the "sea." Accordingly, the marks have effectively the same connotation, and give essentially the same commercial impression.

In comparing the marks, we are mindful that the test is not whether the marks can be distinguished when subjected to a side-by-side comparison, but rather whether the marks are sufficiently similar in terms of their overall commercial impression so that confusion as to the source of the goods and/or services offered under the respective marks is likely to result. *San Fernando Electric Mfg. Co. v. JFD Electronics Components Corp.*, 565 F.2d 683, 196 USPQ 1, 3 (CCPA 1977); *Spoons Restaurants Inc. v. Morrison Inc.*, 23 USPQ2d 1735, 1741 (TTAB 1991), *aff'd unpublished*, No. 92-1086 (Fed. Cir. June 5, 1992). The proper focus is on the recollection of the average customer, who retains a general rather than specific impression of the marks. *Winnebago Industries, Inc. v. Oliver & Winston, Inc.*, 207 USPQ 335, 344 (TTAB 1980); *Sealed Air Corp. v. Scott Paper Co.*, 190 USPQ 106, 108 (TTAB 1975).

Respondent argues that SEACRETS is a weak mark, and that there are numerous third-party uses of the similar term

"Sea Crest" by hotels and restaurants along the Eastern seaboard. Respondent has provided evidence of about a dozen such uses. However, the term "sea crest" has a commercial impression which is distinctly different from SEACRETS, with a greater emphasis on the "sea" and its rising "crest."

"SEA CREST" has no connotation of a secret or private place. Accordingly, we decline to find petitioner's mark weak. Rather, it is a coined, somewhat suggestive and distinctive term, as applied to petitioner's "restaurant and bar services" or to the hotel services at issue in this dispute.

This *du Pont* factor heavily favors finding a likelihood of confusion.

#### The Services

Preliminarily, we note that the greater the degree of similarity between the marks, the lesser the degree of similarity between the services necessary to support a finding of likelihood of confusion. *In re Opus One, Inc.*, 60 USPQ2d 1812, 1815 (TTAB 2001); *In re Concordia Int'l Forwarding Corp.*, 222 USPQ 355, 356 (TTAB 1983).

Furthermore, it is well-established that the goods or services of the parties need not be similar or competitive, or even offered through the same channels of trade, to support a holding of likelihood of confusion. It is sufficient that the respective goods or services of the parties are related in some manner, and/or that the

conditions and activities surrounding the marketing of the goods or services are such that they would or could be encountered by the same persons under circumstances that could, because of the similarity of the marks, give rise to the mistaken belief that they originate from the same source. See *Hilson Research, Inc. v. Society for Human Resource Management*, 27 USPQ2d 1423 (TTAB 1993); and *In re Int'l Telephone & Telephone Corp.*, 197 USPQ 910, 911 (TTAB 1978). The issue, of course, is not whether purchasers would confuse the goods or services, but rather whether there is a likelihood of confusion as to the source thereof. *In re Rexel Inc.*, 223 USPQ 830 (TTAB 1984).

As identified in their registrations, petitioner's SEACRETS mark covers "restaurant and bar services" and Respondent's SECRETS mark covers "resort hotel" services. Respondent argues that these services are simply not related, but petitioner has submitted ample evidence to the contrary. In particular, petitioner submitted as its Trial Exhibit #170 a list with corresponding printouts of 206 third-party registrations identifying both "restaurant" or "bar" on the one hand, and "hotel" on the other. These third-party registrations serve to suggest that the goods are of a type which may emanate from a single source. See *In re Albert Trostel & Sons Co.*, 29 USPQ2d 1783 (TTAB 1993). Petitioner further submitted evidence via its Trial Exhibits

#175-184, of print articles discussing companies that expanded from the restaurant to the hotel business, or vice-versa. Either way, a likelihood of confusion can result, since Section 2(d) prevents all kinds of consumer confusion, including reverse confusion. Petitioner's evidence on this topic includes articles from general circulation newspapers such as the Washington Post (re: Blackie's restaurant, owned by the Auger family, planning to "expand its hotel development business.") as well as hospitality-specific publications (re: "Restaurants in hotels" through American history). Finally, petitioner's Articles of Incorporation, adopted at its outset in 1987, expresses the purpose of the corporation as being specifically: "to engage in hospitality." We find petitioner's evidence to be highly probative that both typical consumers as well as industry experts may expect "restaurant and bar services" on the one hand, and "resort hotel" services on the other, to emanate from the same source, with the purpose of providing hospitality.

Furthermore, petitioner has also produced probative evidence that in addition to the relatedness of its registered services to respondent's "resort hotel," petitioner also offers hotel services and has done so continuously since before respondent's constructive use date of June 22, 2000. Petitioner's owner and president

testified, with accompanying exhibits, to the existence of hotel services bearing the SEACRETS mark since at least 1998. (Moore dep. at 535:7-21; and Nov. 21 at 15;1). Petitioner began advertising these hotel services as early as Spring of 1999 (Moore dep. Nov. 21 at 19:9) (Giannotta dep. at 10:16). Accordingly, we consider that in addition to the close relatedness of petitioner's "restaurant and bar services" to respondent's "resort hotel," petitioner also has common law priority on hotel services specifically.

In view of the closely related, and further overlapping nature of the parties' services, this *du Pont* factor also heavily favors finding a likelihood of confusion.

Channels of Trade and Conditions of Sale

Respondent argues that its services are marketed through different channels of trade from those of petitioner. In particular, respondent attests that it markets its services to potential vacationers through experienced travel agents, while petitioner markets its services to those *already* on vacation through local advertisements or word-of-mouth. However, the testimony and evidence adduced at trial demonstrates that petitioner does market broadly through internationally-available means such as Internet radio streaming (Moore dep. at 100:1-2; 105:1), and that respondent does allow customers to buy direct on its website (Zozaya dep. 18:1-23). Furthermore, in the

absence of specific limitations in the registrations, we must presume that both parties' services will travel in all normal and usual channels of trade and methods of distribution and be marketed to all classes of consumers. *Squirtco v. Tomy Corporation*, 697 F.2d 1038, 216 USPQ 937 (Fed. Cir. 1983). Accordingly, we find that petitioner and respondent rely on overlapping channels of trade.

Respondent has not evidenced any particular sophistication of its customers in booking "resort hotel" vacations. Furthermore, even sophisticated purchasers are not necessarily knowledgeable in the field of trademarks or immune from source confusion. *See In re Decombe*, 9 USPQ2d 1812, 1814-1815 (TTAB 1988). In addition, even if some degree of care were exhibited in making the purchasing decision, petitioner's SEACRETS mark is so similar to that of respondent that even careful purchasers are likely to believe that the marks identify services emanating from a single source. Again, absent any limitations in their registrations, we assume that both petitioner and respondent target all relevant consumers for their services.

As a result, these *du Pont* factors also favor finding a likelihood of confusion.

Fame

Petitioner has testified as to its advertising and marketing. Since this information was provided under a

claim of confidentiality, we will not discuss the numbers here. Suffice to say that while there is some evidence in the record regarding the strength of the SECRETS mark, we are not prepared to call it "famous." Accordingly, this factor is neutral on a finding of likelihood of confusion.

Actual Confusion

Petitioner's owner and president has testified as to purported confusion by his customers. In particular, Mr. Moore testified that around the time respondent's registration issued, several of his customers "congratulated" him on his expansion into Mexico (Moore dep. at 44:14-19) (Moore dep. Nov. 21 at 37-39). Alarmed by the customers' apparent confusion, he contacted his lawyer and initiated this proceeding. (*Id.*)

Respondent has a geographically unrestricted registration, and nothing in its recitation of services would stop it from opening hotels in Ocean City, Maryland. Petitioner, likewise, may offer its services elsewhere in the United States. Hence, while Mr. Moore's testimony does not attest to "actual confusion" presently, it does indicate the greater likelihood of confusion if respondent were to expand its services by opening hotels in the United States. Accordingly, this *du Pont* factor favors finding a likelihood of confusion.

Balancing the Factors

Considering all of the evidence of record as it pertains to the *du Pont* factors, we conclude that a likelihood of confusion exists because the marks are phonetically identical and visually highly similar, and they have similar connotations and commercial impressions; the services are closely related and even overlap; and they are likely to be marketed through the same channels of trade.

**Section 18 Petition for Partial Cancellation  
or Restriction**

Having found a likelihood of confusion that would compel us to cancel respondent's registration, we now consider respondent's counterclaim for partial cancellation or restriction of petitioner's registration pursuant to Section 18 of the Trademark Act, 15 U.S.C. §1068. Section 18 reads as follows:

**§ 18 (15 U.S.C. § 1068). Refusal, cancellation, or  
restriction of registration; concurrent use**

In such proceedings the Director may refuse to register the opposed mark, may cancel the registration, in whole or in part, may modify the application or registration by limiting the goods or services specified therein, may otherwise restrict or rectify with respect to the register the registration of a registered mark, may refuse to register any or all of several interfering marks, or may register the mark or marks for the person or persons entitled thereto, as the rights of the parties hereunder may be established in the proceedings: Provided, that in the case of the registration of any mark based on concurrent use, the Director shall determine and fix the conditions and limitations provided for in subsection (d) of section 1052 of this title. However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot

prevail without establishing constructive use pursuant to section 1057(c) of this title.

(Amended Nov. 16, 1988, 102 Stat. 3941; Nov. 29, 1999, 113 Stat. 1501A-583.)

The Board discussed the requirements for a Section 18 restriction in *Eurostar Inc. v. "Euro-Star" Reitmoden GmbH & Co. KG*, 34 USPQ2d 1266 (TTAB 1995). In particular, the Board stated:

We believe, moreover, that a party should be held to have established a proper case for restriction of an application or registration where, in a case involving likelihood of confusion, it pleads and proves that (i) the entry of a proposed restriction to the goods or services in its opponent's application or registration will avoid a finding of likelihood of confusion; and (ii) the opponent is not using its mark on those goods or services that will be effectively excluded from the application or registration if the proposed restriction is entered."  
*Id.* at 1270.

Respondent's proposed restriction on petitioner's registration for "restaurant and bar services" is as follows:

Restaurant and bar services that are offered and provided to the general public, including families; are exclusively sold directly to customers; are provided other than at luxury resort hotels; are advertised and promoted locally; are provided and purchased for fewer than sixteen hours a day; are provided at a free-standing site that functions primarily other than as an ultimate vacation destination; are provided to patrons who spend on average under \$70; and are provided to the significant majority of annual customers and generate the significant majority of annual revenue during the summer season.

Respondent's proposed restriction does not satisfy either prong of the *Eurostar* test. The proposed restriction

would not avoid a likelihood of confusion. As discussed in this decision, even with the *status quo* that respondent purports to codify in its proposed restriction, petitioner has already testified as to actual confusion by its customers. Furthermore, the restriction would constrain petitioner, who has shown a potentially national audience reached via its website as well as its radio and other advertisements.

Section 18 is an equitable remedy. *Id.* at 1271, n.3. Equity would not be served by respondent's proposed restriction.<sup>6</sup> See *Milliken & Co. v. Image Industries Inc.*, 39 USPQ2d 1192 (TTAB 1996). As in *Milliken*, respondent here is asking us to ignore the realities of petitioner's widespread use of its mark, a decidedly unequitable result. As the Board pointed out in *Eurostar*, Section 18 was not intended "to restrict applications and registrations to unworkably narrow descriptions of goods and services." *Eurostar Inc. v. "Euro-Star" Reitmoden GmbH & Co. KG*, 34 USPQ2d at 1271. Accordingly, we deny respondent's counterclaim for partial cancellation or restriction of petitioner's registration. Likewise, respondent's proposed amendment to its own identification of services would not avoid the likelihood of confusion discussed in this decision. Respondent's motion to amend its identification of services is therefore denied.

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<sup>6</sup> Petitioner's affirmative defenses to the counterclaim are not persuasive. However, since we deny the counterclaim, we decline to discuss them.

### Conclusion

Petitioner has shown standing for this cancellation proceeding, and has established priority over respondent's rights in the field of hospitality, and in particular, to hotels and the closely related "restaurant and bar services." Petitioner has further established a likelihood of consumer confusion by respondent's registration of the SECRETS mark. Finally, respondent has failed to show that its counterclaim for partial cancellation or restriction of petitioner's registration pursuant to Section 18 of the Trademark Act, 15 U.S.C. §1068 would provide an appropriate equitable remedy as discussed by this Board and set forth in *Eurostar Inc. v. "Euro-Star" Reitmoden GmbH & Co. KG*, 34 USPQ2d at 1271, n.3.

Accordingly, petitioner's petition to cancel respondent's registration is granted, and respondent's counterclaim for partial cancellation or restriction pursuant to Section 18 of the Trademark Act, 15 U.S.C. §1068 is denied.

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**DECISION:** Petitioner's petition to cancel respondent's registration is granted.

Respondent's counterclaim for partial cancellation or restriction of petitioner's registration is denied.

Registration No. 2772061 will be cancelled in due course.