Jumping the Distinctiveness Hurdle: Registrability of Trademarks with High Technology Word Compositions

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REGISTRABILITY OF TRADEMARKS WITH HIGH TECHNOLOGY WORD COMPOSITIONS

I. INTRODUCTION

Imagine that you are about to expand your small flower boutique into the vast realm of the Internet. You register the domain name “petals.com” for your business and start to use the term as your trademark by selling flowers via the World Wide Web. Shortly after your e-business starts, you attempt to register the name E-PETALS with the United States Patent and Trademark Office (U.S.P.T.O.) for your on-line flower selling and shipping services, but the U.S.P.T.O. denies your application. The trademark examiner at the U.S.P.T.O. renders the mark descriptive of your services, reasoning that “e-” commonly means “electronic” and “petals” describes flowers. Therefore, the U.S.P.T.O. claims that E-PETALS fails to identify your flowers in the mind of the consuming public.

Since the Internet became mainstream, trademark applications have flooded the U.S.P.T.O. with marks comprising of high technology terms, such as “.com,” “e-,” “i-,” and “virtual.” The U.S.P.T.O. has raised the standard for registrability of these marks as the U.S.P.T.O., courts, and general public have gained more knowledge about the Internet and its

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terminology. Yet the law still is very much unsettled despite recent guidelines for " .com" cases and case precedent regarding the registrability of marks with high technology word compositions. Presently, the U.S.P.T.O. examines " .com" composition marks for registrability by removing the " .com" portion and examining the remaining portion for distinctiveness. For example, examiners determine that marks composed of a descriptive word with " .com" are descriptive and, therefore, unregistrable without proof of acquired distinctiveness. Unlike " .com" cases, no guidelines exist for determining the registrability of " e-" prefix, " i-" prefix, and " virtual" composition marks other than scant case law.

This note begins with a background in trademark law explaining factors for determining a trademark's registrability. Next, Part III examines trends by the U.S.P.T.O. in determining the registrability of marks with " e-" prefix, " i-" prefix, and " virtual" compositions. In an attempt to propose a rule for marks with these compositions, this section also discusses the Trademark Trial and Appeal Board's (T.T.A.B.) reasoning for denying such marks registration. The conclusion examines the potential consequences of a descriptiveness refusal and the importance of creating examination guidelines for these marks.

See In re Styleclick.com, Inc., 57 U.S.P.Q.2d 1445, 1447-48 (T.T.A.B. 2000). At the early stages of the Internet, the U.S.P.T.O. granted registrations to marks that would be deemed descriptive or generic today because U.S.P.T.O. examiners and Trademark Trial and Appeal Board (T.T.A.B.) judges were unfamiliar with Internet terminology, and the law was uncharted. See id.


See discussion infra Part III.
II. BACKGROUND

A. Trademark purpose and protection

Trademark law seeks to ensure that the public identifies goods and services with their sources. A main purpose of trademark law is to prevent consumer confusion with other sources and, in particular, to protect consumers from misidentifying "palmed off" goods or services as the originals. The Lanham Act reveals that its intent is to prevent unfair competition, fraud, and deception, among others, in commerce.

State law protected trademarks before federal trademark legislation existed. Prior to federal trademark legislation, in order for an infringement claim to be successful, the registrant had to show that the infringer had knowledge of the registered mark and used the infringing mark in the same commercial area as the registrant. In 1905, Congress enacted one of the first trademark acts. Then in 1946, Congress enacted the Lanham Act, which presently governs trademark law. Today, federal and state statutes-- as well as the common law-- protect trademarks. However, federal law supercedes state law when a conflict between the two arises.

Federal trademark registration provides the registrant with distinguished benefits. For instance, a federal registrant is presumed to

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7 Breakers of Palm Beach, Inc. v. Int'l Beach Hotel Dev., Inc., 824 F. Supp. 1576, 1581 (S.D.Fla. 1993) (stating policies supporting trademark law). The Lanham Act, the statute governing trademark law, states that a trademark can be

any word, name, symbol, or device . . . (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.


8 See Breakers, 824 F. Supp. at 1581; Fuddruckers, Inc. v. Doc's B.R. Others, Inc., 826 F.2d 837, 845 (9th Cir. 1987) (explaining when likelihood of confusion occurs).


10 See Dawn Donut Co., Inc. v. Hart's Food Stores, 267 F.2d 358, 363 (2d Cir. 1959) (explaining trademark protection under state law prior to Lanham Act).

11 Id. at 362.

12 United We Stand America, Inc. v. United We Stand, America New York, Inc., 128 F.3d 86, 92 (2d Cir. 1997).

13 See id.


15 Id. at § 22:2, 22-6.

own the mark identifying the goods or services. Specific potential
benefits include national constructive use and notice, incontestable status
after five years, and the ability to bring a federal claim.

Among the requirements for federal trademark registration, an
applicant must actually use the mark or have an intent to use the mark in
commerce. Section One of the Lanham Act sets forth the requirements of
mark owners in securing federal registration of marks "used in commerce"
or when the owner has a "bona fide intention . . . to use a trademark in
commerce." The Act defines "commerce" as "all commerce which may
lawfully be regulated by Congress." Precedent holds that commerce for
trademark purposes extends to transactions that "substantially affect",
interstate or foreign commerce.

B. The "sliding scale" of trademark distinctiveness

A trademark's scope of protection and overall registrability rests on
its level of distinctiveness. The more distinctive the mark, the higher
level of protection it will receive. The U.S.P.T.O. only grants registration
to distinctive marks or descriptive marks that have acquired distinctiveness.
The level of a mark's distinctiveness classifies it as: generic, descriptive, suggestive, arbitrary, or fanciful. This classification
system, which categorizes the distinctiveness of marks, is commonly
referred to as a "sliding scale." Generic marks, at the bottom of the sliding
scale, are afforded no protection and cannot be registered because they fail

17 MICHAEL L. RUSTAD & CYRUS DAFTRY, E-BUSINESS LEGAL HANDBOOK §
18 ROBERT P. MERGES, ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL
20 See id.
22 See Larry Harmon Pictures Corp. v. Williams Rest. Corp., 929 F.2d 662, 665 (Fed.
Cir. 1991) (quoting In re Silenus Wines, Inc., 557 F.2d 806, 811-12 (C.C.P.A. 1977)); see
also Buti v. Perosa, 139 F.3d 98, 102 (2d Cir. 1998) (discussing influence of Commerce
Clause on trademark law).
23 See Breakers of Palm Beach, Inc. v. Int'l Beach Hotel Dev., Inc., 824 F. Supp.
1576, 1582 (S.D.Fla. 1993) (examining levels of trademark distinctiveness and importance
of distinctiveness).
24 See id.; TRADEMARK MANUAL OF EXAMINING PROCEDURE, 2d ed., Revision 1.1,
1209.01, available at http://www.uspto.gov/web/offices/tac/tmep/. This notion is consistent
with the meaning of "trademark" under the Lanham Act, which states that a trademark is
used "to identify and distinguish his or her goods . . . from those manufactured or sold by
25 See TRADEMARK MANUAL OF EXAMINING PROCEDURE, 2d ed., Revision 1.1, 1212,
1052(f) (2000).
26 Breakers, 824 F. Supp. at 1582.
to identify the applicant's own goods or services. By their nature, generic marks only provide information about the type of goods or services but fail to serve as identifiers of the source of the goods or services. Further, if generic marks were offered protection, they would preclude others from using the generic term to describe a similar product or service. Next on the sliding scale are descriptive marks, which the U.S.P.T.O. may register provided the marks have achieved acquired distinctiveness. Finally, suggestive, arbitrary, and fanciful marks have the highest level of protection and may be registered without proof of acquired distinctiveness. “Suggestive marks subtly connote something about the service or product” with the use of the consumer’s imagination. Arbitrary marks, which offer even stronger protection, are marks that “bear no relationship to the product or service” of the mark. Fanciful marks offer the most protection. Fanciful marks are original and have no association with the product or service bearing the mark.

27 Id.
28 Id.: see also A.J. Canfield Co. v. Honickman, 808 F.2d 291, 308 (3d Cir. 1986) (holding CHOCOLATE FUDGE, as applied to soda, generic and not protectable).
29 A.J. Canfield, 808 F.2d at 297. “Even complete ‘success ... in securing public identification ... cannot deprive competing manufacturers of the product of the right to call an article by its name.’” Id. (quoting Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976)).
30 See Breakers, 824 F. Supp. at 1582-83; Grupo Gigante S.A. de C.V. v. Dallo & Co., Inc., 119 F. Supp.2d 1083, 1091 (C.D.Ca. 2000) (describing descriptiveness and acquired distinctiveness). A term is merely descriptive if it immediately describes an ingredient, quality, characteristic or feature thereof or if it directly conveys information regarding the nature, function, purpose or use of the goods and/or services ... Moreover, whether a term is merely descriptive is determined not in the abstract, but in relation to the goods and/or services ..., the context in which it is being used ..., and the possible significance that the term would have to the average purchaser ...

31 Grupo Gigante S.A. de C.V., 119 F. Supp.2d at 1091. “Marks that are arbitrary, fanciful, or suggestive are regarded as immediately capable of identifying particular goods and services ... and are, in effect, ‘irrebuttably presumed to have achieved customer recognition and association immediately upon adoption and use.’” Id. (citing 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 15:1 at 15-5).
32 Breakers, 824 F. Supp. at 1583 (holding THE BREAKERS for oceanfront hotel as suggestive mark).
33 Id. (providing APPLE for computers and IVORY for soap as examples of arbitrary marks).
34 Id.
35 Id. (providing XEROX and KODAK as examples of fanciful marks).
C. Acquired distinctiveness

Acquired distinctiveness, also known as "secondary meaning," is consumers' recognition of a trademark and identification of it with its source. A user with a non-registered descriptive mark is entitled to protection only in the areas in which the mark has gained secondary meaning. This rule is consistent with the common law principle of use—that "the senior user of a mark cannot monopolize markets that neither his trade nor his reputation has reached." 

Furthermore, secondary meaning indicates the extent to which non-registered descriptive marks have protection and also is a requirement for federal registration of descriptive marks. Section Two of the Lanham Act denies registration to descriptive or misdescriptive marks, geographically descriptive marks, and surnames used as marks, unless the mark "has become distinctive as used on or in connection with the applicant's goods in commerce." The Lanham Act does not state the requirements for secondary meaning and instead leaves interpretation to the courts and the U.S.P.T.O. Specific evidence that the U.S.P.T.O. has considered in determining the existence of secondary meaning include: long use of the mark; advertising expenditures; affidavits or declarations asserting recognition of a mark as a source indicator; and surveys, market research, and consumer reaction studies.

III. TRENDS IN THE REGISTRABILITY OF "E-" PREFIX, "I-" PREFIX, AND "VIRTUAL" COMPOSITION MARKS

A. "E-" prefix marks

To date, the T.T.A.B. has decided a hand-full of appeals from applicants who were refused registration of their "e-" prefix marks by

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trademark examiners on the basis of lack of distinctiveness.\textsuperscript{43} The oldest case reported was decided October 19, 2000.\textsuperscript{44} The Board held such a mark to be suggestive only once.\textsuperscript{45} By only considering the T.T.A.B. appeals, one could be misled in thinking that the U.S.P.T.O. deems most "e-" prefix marks to be merely descriptive.\textsuperscript{46} A federal registration search, however, indicates that the U.S.P.T.O. has registered many "e-" prefix composition marks prior to the year 2000.\textsuperscript{47} A closer examination of the U.S.P.T.O.'s trends in registering "e-" prefix marks suggests that until 1999, the U.S.P.T.O. granted registrations to virtually all applicants with


\textsuperscript{45} See supra note 43 (listing \textit{In re} Regal Disc. Sec., Inc., which held E-OPTION suggestive of stock brokerage services).

\textsuperscript{46} See generally supra note 43.

\textsuperscript{47} See U.S. Trademark Electronic Search System, \url{available at http://tess.uspto.gov/bin/gate.exe?=tess&state=4tqgff.1.1} (on-line search database of federally filed trademarks); \textit{In re} Styleclick.com, Inc., 57 U.S.P.Q.2d at 1447-48. Most of these marks were registered between 1997-1998. \textit{See id.}
"e-" prefix marks. Aside from reasoning that the U.S.P.T.O. has inconsistent practices regarding the examination of these marks and reasoning that each application is decided on its own facts, a strong explanation for the inconsistency is the growth and effects of the Internet.

A good example of the T.T.A.B.'s analysis is in In re Styleclick.com, Inc. ("Styleclick.com I"). In that case, the applicant sought to register the mark E FASHION for "computer software for consumer use in shopping," "computer software for providing fashion . . . advice," and "electronic retailing services . . ." The applicant appealed the trademark examiner's refusal arguing that the mark was suggestive. Disclosing that "e-" means "electronic," the applicant argued that "electronic fashion" requires "thought and deliberation . . . to glean its significance in relation to the goods and services." The T.T.A.B., however, affirmed the trademark examiner's decision. The court did not provide a bright-line rule for determining the registrability of "e-" prefix marks, but it did provide some guidance for future applications. The court found that the "e-" prefix generally has the meaning of "electronic" in terms of computers and the Internet. Additionally, the court pronounced that a "non-source identifying prefix," when used in conjunction with another descriptive term, renders the whole

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49 See In re Styleclick.com, Inc., 57 U.S.P.Q.2d at 1448. As the T.T.A.B. has stated, while, by most standards, one to three years in the past would be viewed as 'recent,' a year or two is an eternity in 'Internet time,' given the rapid advancement of the Internet into every facet of daily life . . . Only 'recently,' the Internet meaning of the 'e-' prefix may have been known only by those few who were then accessing the Internet. We have no doubt that in the year 2000, the meaning of the 'e-' prefix is commonly recognized and understood by virtually everyone as a designation for the Internet.

Id. at 1448.


52 Id.

53 Id.

54 Id. at 1448.

55 Id.

mark merely descriptive. The T.T.A.B.’s policy reason for holding such marks merely descriptive is that terms such as “e-” must remain available for other Internet users.

B. “I-” prefix marks

As with “e-” prefix marks, the U.S.P.T.O. has been inconsistent in registering marks with the “i-” prefix composition. The U.S.P.T.O. has registered marks with “i-” prefixes, but in all T.T.A.B. cases regarding registrability of marks with an “i-” prefix, the court has affirmed the refusal. The absence of guidelines within the U.S.P.T.O. as to how to treat these marks makes the examination of them difficult.

The “i-” prefix commonly stands for either “Internet” or “information” in the high technology field. In In re Zanova, the T.T.A.B. affirmed the refusal to register ITOOL for computer services and software for use in creating web pages. After reviewing the evidence that “Internet tools” is a commonly used term to refer to computer programs relating to the Internet, the court determined that ITOOL does not make a

57 Id. The Styleclick.com I court’s proposed examination of “e-” prefix marks is similar to the examination of marks composed of “.com” and other TLD marks, which are analyzed by removing the “.com” portion and determining the distinctiveness of the remaining portion of the mark. Compare supra note 4 with In re Styleclick.com, Inc., 57 U.S.P.Q.2d at 1448. The T.T.A.B. has determined that the combination of two generic or descriptive terms does not necessarily result in an arbitrary or suggestive whole. See In re U.S. Tsubaki, Inc., No. 75/684,041, 2001 T.T.A.B. LEXIS 592, at *6-7 (T.T.A.B. Aug. 9, 2001). This is consistent with the U.S.P.T.O.’s guidelines on reviewing marks composed in whole or in part of a TLD that the TLD “does not add source identifying significance to the composite mark.” See supra note 4.


59 See infra note 60.


"registrable composite." Similarly, the court in *In re IntraGroup, Inc.* found that ITJOBS for a service providing online resumes and job placement information was generic and merely descriptive because "IT" means "information technology" and "information technology jobs" was the service that the mark sought to identify. In determining the registrability of the marks in *In re Zanova* and *In re IntraGroup, Inc.*, the courts first examined the compositions of the marks for their meaning. Then the courts made a final determination based on the mark as a whole when considering the goods or services that the marks identified.

C. "Virtual" type marks

As with "e-" prefix and "i-" prefix marks, the U.S.P.T.O. has treated marks with "virtual" compositions inconsistently. Although the registrability of third party marks cannot determine the registrability of a different mark for different goods and/or services, third party registrations provide insight as to the U.S.P.T.O.'s trends in granting registration to similar marks. The U.S.P.T.O. has granted registration to "virtual" type marks in the past but more recently has denied them registration.


68 See id. at 1526.

The only citable T.T.A.B. decision regarding "virtual" marks, In re Styleclick.com, Inc.\textsuperscript{70} ("Styleclick.com II"), points to this inconsistency within the U.S.P.T.O.\textsuperscript{71} In this case, the T.T.A.B. affirmed the examiner's refusal of the mark VIRTUAL FASHION for computer software and retailing services in regard to fashion, shopping, and beauty.\textsuperscript{72} The court recognized that the U.S.P.T.O. has been inconsistent in determining the registrability of marks with "virtual" compositions.\textsuperscript{73} Although the court did not provide a bright-line rule for examining such a trademark, the court did provide some guidance.\textsuperscript{74} First, the court examined the meaning of the two words in the mark individually.\textsuperscript{75} Then the court analyzed them as a whole in relation to the goods and services.\textsuperscript{76} Since both words were merely descriptive of the goods and services, the mark was descriptive as a whole.\textsuperscript{77} The court denied registration recognizing the need "to protect the competitive needs of others, that is, 'descriptive words must be left free for public use.'"\textsuperscript{78}

D. Conclusion: The importance of articulating proper examination procedures for "e-" prefix, "i-" prefix, and "virtual" composition marks

In examining a mark with an "e-" prefix, "i-" prefix, or "virtual" composition, it is important to recognize that the use of the mark in relation to the goods or services it identifies is what determines the mark's distinctiveness.\textsuperscript{79} For example, consider the mark VIRTUAL BLACK for reasoned that the inconsistency results from the growth of the Internet. In re Styleclick.com, Inc. 58 U.S.P.Q.2d 1523, 1527 (T.T.A.B. 2001). As the Styleclick.com II court stated,

Only "recently," the computer or Internet meaning of "virtual" may have been known only by those few who were then using computers or accessing the Internet. We have no doubt that in the year 2001, the meaning of the term "virtual" is commonly recognized and understood by most people as meaning something that is merely conceptual rather than something that has physical reality, especially in connection with things encountered via computers and the Internet.

\textit{Id.} at 1524, 1528.
\textit{Id.} at 1526-27.
\textit{See id.} at 1527 (analyzing the registrability of VIRTUAL FASHION).
\textit{Id.}\textsuperscript{76}
\textit{Id.}\textsuperscript{77}
\textit{Id.}\textsuperscript{78} See \textit{id.} at 1527 (citing \textit{In re Colonial Stores, Inc.}, 394 F.2d 549, 157 U.S.P.Q. 382, 383 (C.C.P.A. 1968)).
watch repair services. If the services are not "virtual" within the meaning of the Internet or any other meaning, and the word "black" has no affiliation with the services, the mark may be distinctive. Alternatively, if the mark immediately describes the goods and/or services, the mark is merely descriptive, or possibly even generic, and cannot be granted registration on the Principal Register.

Having a trademark examiner deem a mark merely descriptive may have grave consequences. Often the financial effects of a descriptiveness refusal may be significant. A company that already has advertised, manufactured, and placed its goods in the marketplace could be greatly affected by a refusal. Since the benefits of federal registration are so desirable, a trademark refusal could prompt a company to pull all of its products off the shelves and re-start the manufacturing and advertising process with a new trademark. Alternatively, the company could appeal to the T.T.A.B. and then appeal again to a federal court, but, of course, litigation also is expensive. Overall, it is important for the applicant to have a strong mark to better identify the goods and services and to prevent the costly effects of a trademark registration denial.

To better inform trademark applicants and their attorneys of the possible detrimental consequences of using a mark with a high technology word composition, the U.S.P.T.O. should implement explicit regulations regarding the examination of marks composed in part of high technology terms, such as "e-,” “i-,” and “virtual.” Presently, only a few cases regarding the registrability of marks with “e-” prefixes, “i-” prefixes, and “virtual” compositions are citable as precedent of the T.T.A.B. Trademark applicants with marks of such compositions who file for registration without the assistance of attorneys most likely have little way of knowing that the mark’s prefix does not make an otherwise descriptive mark distinctive. The Internet age arrived, and the U.S.P.T.O. should implement guidelines regarding the examination of trademarks with compositions that reflect society’s developments.

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