Commissioner of Patents and Trademarks
Patent and Trademark Office (P.T.O.)

IN RE SGS TOOL COMPANY
Serial No. 73/821,797
August, 18, 1992

Edwin W. (Ned) Oldham of Oldham, Oldham & Wilson Co., L.P.A., for applicant.

Darren B. Cohen

Trademark Examining Attorney

***1** Law Office 13

(Craig Morris, Managing Attorney)

Before Sams, Seeherman and Hanak

Commissioners

Opinion by Seeherman

Member

SGS Tool Company has appealed the refusal of the Examining Attorney to register the mark SGS for "power operated solid carbide tools, namely burs, mills, drills, jig borers, routers, countersinks, saws, reamers, turbine grinders." [FN1] Registration has been refused pursuant to Section 2(d) of the Trademark Act, 15 U.S.C. 1052(d), on the ground that applicant's mark, as used on the identified goods, so resembles the previously registered mark SGS SPECIALIZED GRINDING SYSTEMS and design, the words SPECIALIZED GRINDING SYSTEMS being disclaimed, for "machinery for slicing and cutting used in the ceramic, glass, rare earth, crystal, metals and semi-conductor industry," [FN2] as to be likely to cause confusion or mistake or to deceive. The cited mark is depicted below.



After registration was initially refused applicant advised the Examining Attorney that it had reached an oral agreement with the owner of the cited registration to allow the application to be registered, and that a written agreement had been sent to the registrant. The Examining Attorney advised the applicant that he could not suspend

action on the application pending the negotiations, and therefore made the refusal to register final. He did indicate, however, that if a consent agreement were to be executed, applicant could request reconsideration of the final refusal. Applicant thereupon filed a petition to cancel the cited registration, and action on the application was suspended. Subsequently, applicant informed the Examining Attorney that the cancellation action had been terminated because applicant had withdrawn, with prejudice, the petition to cancel prior to registrant's filing of an answer. The withdrawal of the petition specifies that it was made pursuant to the terms of a consent agreement between the parties. This consent agreement was then submitted in support of applicant's application. [FN3]

The basis for the Examining Attorney's refusal of registration is that applicant's mark, SGS, is identical to the dominant element of the registered mark, i.e., SGS, and that applicant's and registrant's goods are highly related types of power tools. Moreover, he argues that the consent agreement is merely a "naked consent," devoid of any mechanism or strategy to avoid confusion, and is, therefore, not entitled to any real weight in the determination of likelihood of confusion.

Applicant, on the other hand, argues that the Examining Attorney has failed to give proper weight to the agreement of the parties and has failed to present his own evidence of likelihood of confusion to overcome the weight of evidence provided by the agreement.

***2** It is well established that one of the factors to be considered in a determination of likelihood of confusion under Section 2(d) is whether the owner of the prior registration has consented to the registration of the applicant's mark. In re Mastic Inc., 829 F.2d 1114, 4 USPQ2d 1292 (Fed.Cir.1987); In re E.I. du Pont de Nemours, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973). The importance of this factor has been reiterated in case after case:

> It can be safely taken as fundamental that reputable businessmen-users of valuable trademarks have no interest in causing public confusion....
>
> Thus when those most familiar with use in the marketplace and most interested in precluding confusion enter agreements designed to avoid it, the scales of evidence are clearly tilted.
>
> It is at least difficult to maintain a subjective view that confusion will occur when those directly concerned say it won't. A mere assumption that confusion is likely will rarely prevail against uncontroverted evidence from those on the firing line that it is not. Id. at 568.
>
> We have often said, in trademark cases involving agreements reflecting parties' views on the likelihood of confusion in the marketplace, that they are in a much better position to know the real life situation than bureaucrats or judges and therefore such agreements may, depending on the circumstances, carry great weight, as was held in DuPont. Bongrain International (American) Corp. v. Delice de France Inc., 829 F.2d. 1118, 1 USPQ2d 1775, 1778 (Fed.Cir.1987).

The primary disagreement between applicant and the Examining Attorney is not whether a consent agreement should be given weight in determining likelihood of confusion, but the weight to be accorded this particular agreement, which is set forth below in its entirety:

> This Agreement is made between SGS Tool Company, a corporation of

the State of Ohio, having its principal place of business at 55 South Main Street, Munroe Falls, Ohio 44262 and Specialized Grinding Systems, a corporation of the State of New Jersey, having a place of business at 5 Mars Court, Montville, New Jersey 07045.

WHEREAS Specialized Grinding Systems is the owner of U.S. Registration No. 1,429,842 for the mark "SGS Specialized Grinding Systems" for "machinery for slicing and cutting used in the ceramic, glass, rare earth, crystal, metals and semi-conductor industry" in International Class 007, and has used this mark in commerce since 1984;

WHEREAS, SGS Tool Company desires to use the mark "SGS" for "solid carbide tools, namely burrs, [FN4] mills, drills, jib [sic] borers, routers, countersinks, saws, reamers, turbine grinders" in International Class 007, has used such mark in interstate commerce since June, 1961, and has applied for Federal Registration of such mark and such application is currently pending as Serial No. 73/821,797 in the U.S. Patent and Trademark Office; and

***3** WHEREAS, a cancellation proceeding No. 19,614 has been filed in the Trademark Trial and Appeal Board and is currently pending in which SGS Tool Company has petitioned for the cancellation of Registration No. 1,429,842; and

WHEREAS, SGS Tool Company and Specialized Grinding Systems recognize the validity of the other party's mark in association with the goods as listed in the respective applications and registrations, and to avoid further conflict therewith,

NOW, THEREFORE, in consideration of the sum of One Dollar ($1.00) and under good and valuable consideration, the parties agree as follows:

1. Specialized Grinding Systems believes there is no likelihood of confusion or conflict between their registered trademark and the trademark application No. 73/821,797 of SGS Tool Company.

2. Specialized Grinding Systems consents to the use and registration by SGS Tool Company of the trademark "SGS" for "solid carbide tools, namely burrs, mills, drill, jig borers, routers, countersinks, saws, reamers, turbine grinders" as specified in SGS Tool Company's application Serial No. 73/821,797 which is now pending in the United States Patent and Trademark Office.

3. Specialized Grinding Systems will take no action to interfere with the use and registration of "SGS" with regard to the goods in application Serial No. 73/821,797, provided that SGS Tool Company limits its use to those goods recited in the current application.

4. SGS Tool Company will take no action to interfere with the use and registration of the mark "SGS Specialized Grinding Systems" in association with the goods recited in U.S. Registration No. 1,429,842, and SGS Tool Company will withdraw with prejudice its petition to cancel such trademark, currently pending as cancellation No. 19,614 before the Trademark Trial and Appeal Board.

Contrary to the Examining Attorney's position, this agreement cannot be characterized as a "naked" consent to the registration of applicant's mark. Rather, registrant specifically states that it "believes there is no likelihood of confusion or conflict between [its] registered trademark and the trademark application [of applicant]." Applicant also asserts that the agreement specifies, in the recitals, the markets that the parties view as "theirs." Although the Examining Attorney characterizes these recitals as merely restating the identifications of goods as they appear in applicant's application and registrant's registration, we are not inclined to dismiss them so

lightly. The identification in registrant's registration does restrict registrant's goods and channels of trade, in that these goods are specifically limited to use "in the ceramic, glass, rare earth, crystal, metals and semi- conductor industry." Applicant's goods, while not denominated for use in a specific industry, are all identified as being "solid carbide tools." The Examining Attorney has asserted that the goods and trade channels are similar or, more accurately, he has asserted that "the mere re-recitation of goods directly out of the parties' applications does not suffice as a basis on which to infer that the channels of trade are, in fact, distinct." Brief, p. 6. However, because the identifications of goods in the application and registration are somewhat different, and registrant's identification is specifically limited, the recitations do provide some basis for inferring that the channels of trade are distinct. Moreover, the Examining Attorney has offered no evidence to support his assertion that the trade channels are similar. We are unwilling simply to assume that the goods and the trade channels are similar when such similarity is not readily apparent from the identifications, particularly given the restriction in registrant's identification. See, In re Trackmobile Inc., 15 USPQ2d 1152 (TTAB 1990).

***4** We readily acknowledge that this agreement could be improved upon by detailed statements setting forth the steps the parties will take or have taken to avoid confusion, and a fuller explanation of the reasons for the parties' belief that confusion is notlikely, such as differences in the goods, differences in the channels of trade, and sophistication of purchasers. However, the Examining Attorney has not submitted any evidence which belies registrant's belief, as set forth in the agreement, that there is no likelihood of confusion, or applicant's statement that the channels of trade for the goods are different. This case, thus, differs from those in which a more definitive statement in the consent agreement is required to support the parties' conclusion that there is no likelihood of confusion because there is uncontroverted evidence in the record which clearly supports a contrary view. See, In re Starcraft Corp., 18 USPQ2d 1163 (TTAB 1990).

We also note the circumstances under which this consent agreement was reached. Applicant had filed a petition to cancel registrant's registration, and the agreement resulted as part of the withdrawal of the action. In In re N.A.D. Inc., 754 F.2d 996, 224 USPQ 969, 970 (Fed.Cir.1985), another case which involved consent agreements which came about as a settlement of cancellation proceedings, the Court, in finding that the consent, taken together with the other relevant factors, resulted in a holding of no likelihood of confusion, commented:

> While we are uninformed as to all the details of the disputes and negotiations, these competitors clearly thought out their commercial interests with care. We think it highly unlikely that they would have deliberately created a situation in which the sources of their respective products would be confused by their customers.

See also, Bongrain International (American) Corp. v. Delice de France Inc., supra.

Giving credence to applicant's and registrant's conclusion that confusion is not likely is the fact that there have been eight years of contemporaneous use, and this use must, in view of the agreement, be

presumed to be without evidence of confusion. In addition, applicant's and registrant's goods must be presumed, by their very nature, to be items purchased by sophisticated consumers who would buy with care. In re N.A.D. Inc., supra.

Finally, we note that one of the Examining Attorney's concerns with the consent agreement is that it "fails to address the instance in which the registrant expands its product line into the goods specifically within the identification of goods or into goods highly related to the goods of the applicant." We see no need for such a provision since the registrant's goods, as identified, are specifically restricted as to channels of trade, and our determination of likelihood of confusion must be based on the mark and goods as shown in the cited registration. The question of whether a party is likely to expand its line of goods might be relevant in determining whether such goods are related, but the inclusion or exclusion of a restriction on expansion in this case does not affect the weight to be accorded the subject consent agreement.

***5** Decision: The refusal to register is reversed.

J.D. Sams

E.J. Seeherman

E.W. Hanak

Members, Trademark Trial and Appeal Board

FN1. Application Serial No. 73/821,797, filed August 28, 1989, and asserting first use and first use in commerce in June 1961.

FN2. Registration No. 1,429,842, issued February 24, 1987.

FN3. After briefing, it was discovered that the consent agreement as originally filed inadvertently identified the application by the number of a companion application which had been abandoned. Applicant therefore submitted a corrected consent. Since the Examining Attorney had never referred to the fact that the application was erroneously identified, and this was never a basis for the refusal of registration, we have treated the corrected document as the operative consent agreement without remanding the application to the Examining Attorney.

FN4. "Burr" is a variant spelling of "bur," the spelling used in the application.

24 U.S.P.Q.2d 1382

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