TRADEMARK

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK EXAMINING OPERATION

In re Application of: **Compound Labs, Inc.**

Mark: **COMPOUND**

LAW OFFICE 104

Serial No.: **88/581839**

Filed: **August 16, 2019**

RESPONSE TO OFFICE ACTION

Commissioner for Trademarks
P.O. Box 1451
Alexandria, Virginia 22313-1451

Attention: James W. MacFarlane, Esq.
Examining Attorney
Law Office 104

Honorable Commissioner:

This is in response to Office Action No. 2[1] dated January 5, 2020 (the "Office Action").

I. INTRODUCTION

The United States Patent and Trademark Office (the "PTO") has initially refused registration of Application Serial No. 88/581839 for COMPOUND ("Applicant's Mark" or "Mark") based upon the belief that, pursuant to Trademark Act Section 2(d), 15 U.S.C. § 1052(d), there is a likelihood of confusion with: (1) Registration No. 4985696 for the mark COMPOUND MONEY FUND (the "'696 Mark" or "'696 Registration"), owned by Michael S. Shearn (the "'696 Registrant"); and (2) Registration No. 5459862 for the mark COMPOUND (the "'862 Mark" or "'862 Registration" and collectively with the '696 Registration, the "Cited

[1] The PTO initially issued an Office Action for this Application on November 24, 2019; however, Office Action No. 2, on which this Response is based, is supplemental to and supersedes the November 24, 2019 Office Action.

Registrations" or the "Cited Marks"), owned by Compound Advisors LLC (the "'862 Registrant" and collectively with the '696 Registrant, the "Cited Registrants"). As set forth below, Applicant Compound Labs, Inc. ("Applicant") respectfully submits that its Mark is not confusingly similar to the either of the Cited Registrations.

In the Office Action, the PTO also is requiring: (1) clarification of the identification of goods and services; and (2) an amended specimen for Applicant's International Class 9 goods. Applicant also addresses these requirements in this Office Action Response (the "Response").

II. AMENDED IDENTIFICATION OF GOODS AND SERVICES

Applicant hereby withdraws its identification of goods and services and inserts in lieu thereof the following, with the necessary clarifications requested by the PTO:

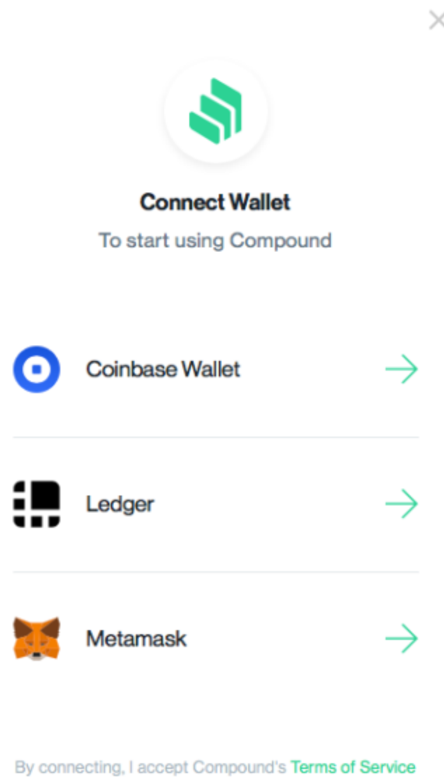
> International Class 9: Downloadable and non-downloadable software for use in initiating, managing, tracking and enforcing digital assets transactions and transfers; downloadable and non-downloadable software for use in initiating, managing, tracking and enforcing financial transactions on a distributed computer network; downloadable and non-downloadable software for analyzing and providing financial information in the nature of interest rate pricing and collateral requirements for digital assets; downloadable and non-downloadable software for facilitating access to transactions involving digital asset pools; downloadable and non-downloadable software for initiating, managing and tracking executable software modifications; downloadable and non-downloadable software for voting, delegating votes, and tracking voting and delegated votes with respect to executable software modifications; non-downloadable software for use as an application programming interface (API) for data regarding digital assets.
>
> International Class 36: Financial services, namely, initiating, managing, tracking and enforcing digital assets transactions and transfers; financial services, namely, facilitating access to digital assets services, including earning interest or paying interest; financial services, namely, facilitating access to enforcing digital assets collateral requirements and liquidation; financial services, namely, facilitating access to transactions involving digital asset pools.
>
> International Class 42: Implementation of application programming interface (API) software for data regarding digital assets; software as a service (SAAS) featuring software for initiating, managing, tracking and enforcing digital assets transactions and transfers; software as a service (SAAS) featuring software for initiating, managing and enforcing financial transactions and transfers;

software as a service (SAAS) featuring software for holding and transferring interest-bearing digital assets.

III. SUBSTITUTE SPECIMEN – INTERNATIONAL CLASS 9 ONLY

Applicant is submitting with this Response a substitute specimen that shows use of Applicant's Mark in commerce in connection with the underlying goods in International Class 9, along with a signed declaration that the substitute specimen was in use in commerce at least as early as the filing date of the application. This substitute specimen was accessed and printed on May 20, 2020.

This substitute specimen may be found through the Company's software application (the "Interface"), available at https://app.compound.finance/ (the "Application Site"). Upon entering the Application Site, the user is directed to connect a digital asset wallet to the Interface. At that time, the specimen appears at the top of the Interface "pop up" as shown below:



Once the user connects a digital asset wallet, the user is brought to the Interface, which also contains the substitute specimen.

Accordingly, the substitute specimen is available on the software sought to be covered by the Mark.

IV. LIKELIHOOD OF CONFUSION CONCERNING THE '862 REGISTRATION

Applicant has entered into a Consent Agreement with the '862 Registrant with the joint understanding that consumers are unlikely to be confused as a result of the simultaneous use of Applicant's Mark and the '862 Registration. The Federal Circuit has expressly stated "that those most familiar with and affected by the marketplace [are] best able to attest to its effects and determine whether there [is] likelihood of confusion—even in cases where marks [are] identical and goods closely related." *In re Four Seasons Hotels, Ltd.*, 987 F.2d 1565, 1568 (Fed. Cir. 1993). Moreover, the Federal Circuit noted that substantial weight should be given to detailed agreements, such as when the agreement spells out the parties' uses of their marks and where the parties agree to cooperate with one another in the event confusion arises. *Id.*

The '862 Registrant has provided a detailed consent to the registration of Applicant's Mark, and both parties have stated that use or registration of Applicant's Mark should not create a likelihood of confusion between Applicant's Mark and the '862 Registration. *See* Consent Agreement ¶ 1 (a true and correct copy of which is attached as Exhibit A). Additionally, Applicant and the '862 Registrant have agreed that if a likelihood of confusion should develop in the future, they will cooperate to eliminate such confusion. *Id.* ¶ 5. Consequently, Applicant requests that the PTO withdraw its citation to the '862 Registration and, based on the additional arguments set forth below, allow Applicant's Mark to proceed to publication and registration on the PTO's Principal Register, as "those most familiar with use in the marketplace and most

interested in precluding confusion [have entered into an agreement] designed to avoid it." *In re E. I. Du Pont de Nemours & Co.*, 476 F.2d 1357, 177 U.S.P.Q. (BNA) 563 (C.C.P.A. 1973) ("*Du Pont*").

V. LIKELIHOOD OF CONFUSION CONCERNING THE '696 REGISTRATION

As the PTO is aware, the modern factors for determining whether a likelihood of confusion exists between two or more marks were articulated in *Du Pont*. The following *Du Pont* factors are of primary import in the instant matter: (1) the similarity or dissimilarity and nature of the goods and/or services as described in an application or registration or in connection with which a prior mark is in use; (2) the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression; (3) the conditions under which buyers make purchases—*i.e.*, sophistication of the relevant purchasers of the goods and/or services identified by the respective marks; (4) the similarity or dissimilarity in the channels of trade through which the goods and/or services identified by the respective marks travel; and (5) the nature and extent of any actual confusion.

Applicant respectfully submits that an analysis of these *Du Pont* factors confirms that no likelihood of confusion exists between its Mark and the '696 Registration.

A. Applicant's Mark Will Not Be Confused with the '696 Registration Because the Marks Identify Different, Non-competing Goods and Services.

Pursuant to the second *Du Pont* factor, evaluation of the similarity, or in this case, the dissimilarity between the goods and services identified by Applicant's Mark and the services identified by the '696 Registration is a critical consideration in a likelihood of confusion analysis. *Du Pont,* 476 F.2d at 1361. Because trademarks do not enjoy a right in gross, the Trademark Trial and Appeal Board ("TTAB" or "Board") has held that even identical marks can co-exist without confusion if they are used in connection with dissimilar goods or services. *See*

generally J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 24:62 at 24-114 (4th ed. 1997); *see also In re Fesco, Inc.*, 219 U.S.P.Q. 437 (BNA) (T.T.A.B. 1983) (allowing use of the same mark by two different parties where, among other things, the goods were different). "Numerous cases . . . illustrate that even when two products or services fall within the same general field, it does not mean that the two products or services are sufficiently similar to create a likelihood of confusion." *Harlem Wizards Entm't Basketball, Inc. v. NBA Props., Inc.*, 952 F. Supp. 1084, 1095 (D.N.J. 1997); *see also Borg-Warner Chems., Inc. v. Helena Chem. Co.,* 225 U.S.P.Q. (BNA) 222, 224 (T.T.A.B. 1983) ("The Board . . . has found no likelihood of confusion with respect to identical marks applied to goods and/or services used in a common industry[,] where such goods and/or services are clearly different from one another . . . .").

Applicant respectfully submits that an examination of the identification of goods and services of its Mark, which is amended in Section II above, and the '696 Mark confirms that the respective marks identify dissimilar goods and services with entirely different purposes, uses, and functions. *See Canadian Imperial Bank of Commerce v. Wells Fargo Bank, N.A.,* 811 F.2d 1490, 1 U.S.P.Q.2d (BNA) 1813 (Fed. Cir. 1987) (analysis solely based on goods and services recited in application).

The '696 Registration identifies the following services: "Financial Services, Namely, providing management of privately and publicly held investments and mutual funds, investment research services and advisory services in connection therewith" in International Class 36.

In contrast, Applicant's Mark, as amended, identifies:

> International Class 9: Downloadable and non-downloadable software for use in initiating, managing, tracking and enforcing digital assets transactions and transfers; downloadable and non-downloadable software for use in initiating, managing, tracking and enforcing financial transactions on a distributed computer

network; downloadable and non-downloadable software for analyzing and providing financial information in the nature of interest rate pricing and collateral requirements for digital assets; downloadable and non-downloadable software for facilitating access to transactions involving digital asset pools; downloadable and non-downloadable software for initiating, managing and tracking executable software modifications; downloadable and non-downloadable software for voting, delegating votes, and tracking voting and delegated votes with respect to executable software modifications; non-downloadable software for use as an application programming interface (API) for data regarding digital assets.

International Class 36: Financial services, namely, initiating, managing, tracking and enforcing digital assets transactions and transfers; financial services, namely, facilitating access to digital assets services, including earning interest or paying interest; financial services, namely, facilitating access to enforcing digital assets collateral requirements and liquidation; financial services, namely, facilitating access to transactions involving digital asset pools.

International Class 42: Implementation of application programming interface (API) software for data regarding digital assets; software as a service (SAAS) featuring software for initiating, managing, tracking and enforcing digital assets transactions and transfers; software as a service (SAAS) featuring software for initiating, managing and enforcing financial transactions and transfers; software as a service (SAAS) featuring software for holding and transferring interest-bearing digital assets..

Applicant is a company that has developed certain software, including but not limited to an application interface (the "Interface") which facilitates user access to additional software that was deployed on the Ethereum blockchain ("Ethereum"), which initiates, manages, tracks and enforces digital asset transactions and transfers.

To provide context for Applicant's business and the software referenced above, we briefly describe digital assets, blockchains, and Ethereum.

Digital assets constitute a digital representation of value that are designed with specific use and functionality and that exist on a blockchain.

A blockchain is a sequential digital ledger of information that exists on a peer-to-peer network composed of multiple computers that use algorithms to agree on the accuracy of the digital ledger and ensure that the ledger's transaction history is tamper-resistant.

Ethereum is one of a number of blockchains—an accurate digital ledger for monetary value in the form of digital assets in the same way a bank's computer system is an accurate digital ledger for monetary value in the form of U.S. dollars. Ethereum comprises three components: (1) a sequential digital ledger of information that exists (2) on a network composed of multiple computers which (3) use algorithms run on the network of computers to agree on the accuracy of the digital ledger.

Regarding the first component, the information that can exist on Ethereum's digital ledger is wide-ranging. It can include numbers representing monetary value on Ethereum—similar to the numbers reflected in a bank account representing U.S. dollars—and strings of letters and numbers representing a destination address on Ethereum—similar to a bank account number. Any person can create and own exclusively a destination address on Ethereum, just as any person can create and own exclusively a bank account. A person can transfer any of the monetary value on Ethereum from one destination address to another, in the same way people are able to transfer U.S. dollars from one bank account to another. As value is transferred from one destination address to another, the digital ledger updates sequentially to ensure that the destination address sending the monetary value has the amount desired to be sent, and the destination address intended to receive the monetary value is reflected as having received it.

Regarding the second component, the storage and transfer of information (*e.g.*, monetary value) on Ethereum occurs across a network of multiple computers. Unlike a traditional digital ledger that exists on a single computer, Ethereum is composed of thousands of computers that communicate and coordinate actions in a manner that appears to users of Ethereum as a single computer. Most traditional digital ledgers at banks also use a network of multiple computers, though significantly fewer in number than Ethereum.

Regarding the third component, unlike a traditional digital ledger, which relies on a single party to confirm the accuracy of the digital ledger, the network of computers running Ethereum work collectively to "agree" on the accuracy of the digital ledger. This agreement occurs through an algorithm, which was created at the inception of Ethereum and which is used by the network of computers to ensure the accuracy of the information, including monetary value, transferred on Ethereum. In essence, when used to transfer monetary value, the network of computers running Ethereum are confirming the accuracy of the digital ledger setting forth ownership of the monetary value in various destination addresses that people and institutions own in the same way as a bank confirms the accuracy of its digital ledger setting forth ownership of U.S. dollars in various bank accounts that people and institutions own.

As is clear from both Applicant's amended identification of goods and services and the above detailed description of Applicant and its goods and services, unlike the '696 Registrant, Applicant does not provide investment or advisory services in any way, does not engage in management of privately and publicly held investments and mutual funds, and does not engage in investment research services. At this time, Applicant simply develops and deploys software, which a user can access to facilitate its ability to engage in various digital asset transactions and transfers, meaning that users must actively manage their digital assets and engage in transactions and transfers.

Conversely, the '696 Registrant is critical to the provision of goods and services covered by the '696 Mark—*i.e.*, the '696 Registrant must provide the investment and advisory services as well as the management of privately and publicly held investments and mutual funds, meaning that the user (*i.e.*, the recipient of '696 Registrant's services) is not required to take any action with respect to its investments.

The goods and services identified by the respective marks serve entirely different purposes and functions and are not interchangeable. Therefore, consumer confusion is not likely.

B. There Is No Likelihood of Confusion between Applicant's Mark and the '696 Registration Because the Marks Are Dissimilar in Sight, Sound, and Commercial Impression.

The primary factor in a likelihood of confusion analysis under the *Du Pont* test involves evaluating Applicant's Mark and the '696 Mark, in their entireties, as to appearance, sound, connotation, and overall commercial impression to determine their similarity or dissimilarity. *Du Pont*, 476 F.2d at 1361.

Although both marks contain the word "COMPOUND," Applicant respectfully submits that a likelihood of confusion analysis cannot focus on a single word in the marks, but rather must examine the marks in their entireties. Indeed, the basic principle in determining whether consumer confusion between two or more marks will arise is that the marks must be compared in their entireties. *Mr. Hero Sandwich Sys., Inc. v. Roman Meal Co.*, 781 F.2d 884, 887, 228 U.S.P.Q. (BNA) 364 (Fed. Cir. 1986). In *Mr. Hero*, the Federal Circuit held that the TTAB erred when it simply looked at the word "ROMAN" as the source indicator for "ROMAN MEAL" products. *Id*. Consequently, the Federal Circuit found there was no reason to believe that consumers would be confused as to the source of a product titled "ROMANBURGER" simply because of the inclusion of the word "ROMAN." *Id.* Similarly, here, Applicant respectfully submits that when examining the respective marks, the PTO should consider more than the common word "COMPOUND" in the marks.

As noted above, when a mark is made up of several words or characters, a portion of the words in that mark cannot be examined standing alone as a source indicator. *Id.* Likewise, it is a violation of the anti-dissection rule to focus upon the "prominent" feature of a mark and decide

likely confusion solely upon that feature, ignoring all other elements of the mark. *See* McCarthy § 23:41 at 22-91. *In re Bed & Breakfast Registry*, 791 F.2d 157, 229 U.S.P.Q. (BNA) 818, 819 (Fed. Cir. 1986), is particularly instructive. There, the Federal Circuit held that "BED & BREAKFAST REGISTRY" and "BED & BREAKFAST INTERNATIONAL" were not confusingly similar simply because they shared the term "BED & BREAKFAST." *Id.* The court concluded that a "speculative assumption" by the Examining Attorney that one mark could be somehow connected to the other because of common words was an inadequate basis for denying registration and reversed the PTO's decision. *Id.* at 158-59.

Further, there is no *per se* rule that two marks are confusingly similar simply because the junior user's mark incorporates the whole of another's mark. To the contrary, courts and the PTO frequently have found no likelihood of confusion between such marks. *See, e.g., Colgate-Palmolive Co. v. Carter-Wallace, Inc.*, 432 F.2d 1400, 167 U.S.P.Q. (BNA) 529 (C.C.P.A. 1970) (PEAK PERIOD not confusingly similar to PEAK); *Lever Bros. Co. v. Barcolene Co.*, 463 F.2d 1107, 174 U.S.P.Q. (BNA) 392 (C.C.P.A. 1972) (ALL CLEAR not confusingly similar to ALL); *In re Ferrero*, 479 F.2d 1395, 178 U.S.P.Q. (BNA) 167 (C.C.P.A. 1973) (TIC TAC not confusingly similar to TIC TAC TOE); *Conde Nast Pubs., Inc. v. Miss Quality, Inc.*, 507 F.2d 1404, 184 U.S.P.Q. (BNA) 422 (C.C.P.A. 1975) (COUNTRY VOGUES not confusingly similar to VOGUE); *New England Fish Co. v. Hervin Co.,* 511 F.2d 562, 184 U.S.P.Q. (BNA) 817, (C.C.P.A. 1975) (KITTY not confusingly similar to BLUE MOUNTAIN KITTY Q's).

Applying the above analysis to the instant matter, Applicant respectfully submits that its Mark and the '696 Mark convey different commercial impressions. Where, as here, marks in their entireties convey significantly different commercial impressions, this strongly weighs

against a likelihood of confusion between two marks, even if the two marks contain a common word or term. *See Shen Mfg. Co. v. Ritz Hotel, Ltd.,* 393 F.3d 1238, 73 U.S.P.Q.2d (BNA) 1350 (Fed. Cir. 2004) (RITZ and THE RITZ KIDS create different commercial impressions); *In re Farm Fresh Catfish Co.*, 231 U.S.P.Q. (BNA) 495 (T.T.A.B. 1986) (CATFISH BOBBERS for fish held not likely to be confused with BOBBER for restaurant services); *In re Shawnee Milling Co.*, 225 U.S.P.Q. (BNA) 747 (T.T.A.B. 1985) (GOLDEN CRUST for flour held not likely to be confused with ADOLPH'S GOLD'N CRUST and Design for coating and seasoning for food items); *In re S. D. Fabrics, Inc.*, 223 U.S.P.Q. (BNA) 54 (T.T.A.B. 1984) (DESIGNERS/FABRIC (stylized) for retail fabric store services held not likely to be confused with DAN RIVER DESIGNER FABRICS and design for textile fabrics)). Thus, just as the Court of Customs and Patent Appeals determined that "ALL" is not confusingly similar to "ALL CLEAR," *see Lever Bros., supra,* COMPOUND MONEY FUND, considered as a whole, is different in appearance, sound, and commercial impression from COMPOUND.

First, the marks are different in appearance. Unlike the '696 Registration, Applicant's Mark does not include the term "MONEY FUND." *See Taco Time Int'l, Inc. v. Taco Town, Inc.*, 217 U.S.P.Q. (BNA) 268 (T.T.A.B. 1982) (analyzing differences in syllables, pronunciation, appearance, and meaning to determine that the marks TACO TIME and TACO TOWN are not likely to be confused). Because, as previously discussed, marks must be considered in their entireties, and not dissected into parts to provide a basis for likelihood of confusion, Applicant's exclusion of the words "MONEY FUND" in its Mark cannot be ignored in a likelihood of confusion analysis.

Second, Applicant's Mark and the '696 Registration are phonetically distinguishable by virtue of the fact that the marks contain different words and different syllable counts such that,

when spoken, the marks as a whole sound different. *See id.; see also Cortex Corp. v. W.L. Gore & Assocs.*, 1 F.3d 1253, 28 U.S.P.Q.2d (BNA) 1152, 1153 (Fed. Cir. 1993) (deciding that the TTAB erred when it found the trademarks "GORE-TEX" and "CORTEX" similar because even though the marks rhymed and contained the same "TEX" portion, they were dissimilar in appearance, connotation, and commercial impression).

Third, the addition of the term "MONEY FUND" in the '696 Mark creates an overall commercial impression different from that created by Applicant's Mark. Different connotations or commercial impressions can play a significant role in determining the similarity or dissimilarity between two or more marks, and the Federal Circuit has held that one should derive a mark's commercial impression from the entire mark, not from elements separated and considered in detail. *Opryland USA, Inc. v. Great Am. Music Show, Inc.*, 970 F.2d 847, 851 (Fed. Cir. 1992) ("The commercial impression of a trademark is derived from it as a whole, not from its elements separated and considered in detail. For this reason, it should be considered in its entirety." (quotation marks and citation omitted)); *see also Specialty Brands, Inc. v. Coffee Bean Distribs., Inc.*, 748 F.2d 669, 223 U.S.P.Q. (BNA) 1281, 1285-86 (Fed. Cir. 1984) (comparing SPICE VALLEY and SPICE ISLANDS in their entireties); *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1570, 218 U.S.P.Q. (BNA) 390, 395 (Fed. Cir. 1983) (comparing GIANT FOOD & Design and GIANT HAMBURGERS & Design in their entireties).

In the instant matter, consumers can distinguish the respective meanings and commercial impressions of Applicant's Mark and the '696 Registration. Unlike the '696 Registration, Applicant's Mark does not include the term "MONEY FUND," which describes to consumers

that the services identified by that mark are in connection with a particular investment vehicle or type of investment vehicle.

The above analysis of Applicant's Mark and the '696 Mark shows that, when viewed in their entireties, they have dissimilar appearances, sounds, meanings, connotations, and overall commercial impressions. When this factor is in favor of the dissimilarity of the marks, it is generally dispositive in a likelihood of confusion analysis. *See Champagne Louis Roederer, S.A. v. Delicato Vineyards*, 148 F.3d 1373, 47 U.S.P.Q.2d (BNA) 1459 (Fed. Cir. 1998) (holding that it is not erroneous to find "CRISTAL" and "CRYSTAL CREEK" dissimilar despite identifying the same goods in the same trade channels).

C. There Is No Likelihood of Confusion between Applicant's Mark and the '696 Registration Because Applicant and the '696 Registrant Target Sophisticated Consumers with Different and Focused Needs.

Further obviating any likelihood of confusion between the sources of Applicant's goods and services and those of the '696 Registrant is the fact that the parties' respective customers have different and focused needs: participants engaging with Applicant's software must take action regarding their digital assets because they are looking to gain access to software that allows them to engage in digital asset transactions and transfers, including depositing, withdrawing, and pooling digital assets, whereas consumers engaging with the '696 Registrant are not taking any actions regarding their investments because they are seeking investment advisory services, investment research and / or access to mutual funds for the '696 Registrant to take action with respect to the consumers' investments. Consumers who engage with the services or products identified by Applicant's Mark and those who engage with the services identified by the '696 Registration will make very deliberate choices because they are seeking these goods and services for specific and different purposes, such that confusion between the

sources of the parties' goods and services will not arise. *See G.H. Mumm & Cie v. Desnoes & Geddes, Ltd.*, 917 F.2d 1292, 1295, 16 U.S.P.Q.2d (BNA) 1635, 1638 (Fed. Cir. 1990) (determining that when consumers enter the marketplace with a "focused need," confusion between goods or services is less likely).

Further, due to the specificity of the parties' respective goods and services, one can also expect that the parties' customers are sophisticated and will exercise great care and consideration. *See Du Pont,* 476 F.2d at 1361 (evaluating the level of consumers' sophistication). This is particularly true where, as here, consumers are engaging with technology. For example, the First Circuit recognized that consumer sophistication for computerized blood analyzer machines was the "most critical factor" in its analysis of likelihood of confusion, and the court ultimately found no infringement with a local anesthetic preparation identified by the same mark. *Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1206, 220 U.S.P.Q. (BNA) 786, 790-91 (1st Cir. 1983); *see also Pignons S. A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 489, 212 U.S.P.Q. (BNA) 246 (1st Cir. 1981) (deciding that purchaser sophistication is dispositive in a likelihood of confusion analysis because sophisticated consumers exercise greater care in their purchasing decisions).

As discussed above, those engaging with Applicant's software are individuals or businesses who seek access to the ability to conduct digital asset transactions and transfers. Conversely, customers of the '696 Registrant are seeking investment advisory services, investment research, and/or exposure to mutual funds. Because of the specificity of the parties' respective goods and services, "customers" of Applicant and the '696 Registrant are sophisticated and will exercise great care and consideration in the selection of the needed goods and services. Additionally, users of the goods and services provided under Applicant's Mark

include, but are not limited to, software developers and technologically-savvy individuals or entities using or transacting in digital assets. Conversely, users of the services identified by the '696 Registration include traditional investors who are not necessarily software developers or who do not (or do not need to) have any technological know-how. Therefore, because the parties' respective goods and services target consumers and businesses with very different and specific needs, and because these consumers and businesses are sophisticated, the consumers for the goods and services under each mark will exercise care when selecting the parties' respective goods and services, there is no likelihood of confusion.

D. **Applicant's Mark Will Not Be Confused with the '696 Registration Because the Respective Goods and Services Are Sold through Different Trade Channels.**

Another important factor in determining likelihood of confusion is whether the marks travel in different channels of trade. *Du Pont*, 476 F.2d at 1361; *see also Giorgio Beverly Hills, Inc. v. Revlon Consumer Prods. Corp.*, 869 F. Supp. 176, 183-84 (S.D.N.Y. 1994) (no "proximity" found where one product sold in a mass department store outlet while the other sold in exclusive stores); *In re Fesco, Inc.*, *supra* (allowing two parties to concurrently use an identical mark where their goods were different and there was insufficient evidence to establish that the goods would be encountered by the same purchasers).

The TTAB has rejected any assumption that goods or services identified in an application or registration travel in the same channels of trade:

> "Finally, of the few registrations that contain reference to both x-ray imaging equipment and nuclear imaging equipment, it is not clear on the record to what extent the goods or services therein, and their channels of trade, are similar to the goods herein and their respective channels of trade. Thus, we conclude that the Examining Attorney has not established that applicant's and registrant's identified goods are sufficiently related that, if sold under the identical or similar marks, confusion is likely."

In re Digirad Corp., 45 U.S.P.Q.2d (BNA) 1841, 1845 (T.T.A.B. 1998).

Applying this factor, Applicant submits that the services identified by the '696 Registration do not travel in the same trade channels as Applicant's goods and services. Specifically, Applicant's goods and services are available through Applicant's web-based application available at https://app.compound.finance. Conversely, the services identified by the '696 Registration—*e.g.*, investment advisory services—are available only via the '696 Registrant. Thus, there is no likelihood that consumers will encounter the goods or services identified by Applicant's Mark or the services identified by the '696 Registration and be confused as to the source or origin of these goods and services because the trade channels do not overlap.

In similar factual situations, the TTAB has found that such contemporaneous use of marks is not likely to cause confusion. For example, in *Dynacolor Corp. v. Beckman & Whitley, Inc.*, 134 U.S.P.Q. (BNA) 410 (T.T.A.B. 1962), the Board held that the marks DYNAFIX and DYNAFAX were not confusingly similar because sales to photo finishers were in a different trade channel than the sale of expensive cameras to the public, even though the goods were arguably related. *See also In re Shipp*, 4 U.S.P.Q.2d (BNA) 1174 (T.T.A.B. 1987) (laundry and cleaning services offered to the public under the PURITAN & Design mark were not confusingly similar to dry-cleaning machine parts or cleaning preparations, including dry cleaning preparations, sold under the PURITAN mark both to laundromats and dry-cleaning establishments); *Telex Corp. v. Sound Ear, Inc.*, 169 U.S.P.Q. (BNA) 255 (T.T.A.B. 1971) (identical marks identifying hearing aids and listening devices for television were not confusingly similar although both goods were used by people who are hard-of- hearing).

Accordingly, Applicant respectfully submits that there is no likelihood of confusion between its Mark and the ‘696 Mark because the respective goods and services are available in widely disparate channels of trade and, as to the ‘696 Mark, exclusively by the ‘696 Registrant.

E. There Is No Evidence of Actual Confusion between Appellant’s Mark and the ‘696 Registration.

Applicant acknowledges that actual confusion is not required for a showing of likely confusion between marks. Nonetheless, actual confusion is strong proof that a likelihood of confusion may exist. *In re Majestic Distilling Co.*, 315 F.3d 1311, 1317, 65 U.S.P.Q.2d 1201 (Fed. Cir. 2003) (“A showing of actual confusion would of course be highly probative, if not conclusive, of a high likelihood of confusion.”).

Additionally, proof that two marks have concurrently existed in the marketplace without actual confusion has been regarded as relative evidence, though not determinative, of a likelihood of confusion. *Raytheon Co. v. Litton Bus. Sys., Inc.*, 169 U.S.P.Q. 438 (T.T.A.B. 1971); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 23, cmt. d (1995) (“When the parties have made significant use of their respective designations in the same geographic market for a substantial period of time, the absence of any evidence of actual confusion may in some cases justify an inference that the actor’s use does not create a likelihood of confusion”).

Applicant began using its Mark in interstate commerce in connection with the underlying goods and services no later than September 2018. According to the PTO’s records, the ‘696 Registrant began using the ‘696 Mark in commerce on January 21, 2004. Therefore, both Applicant and the ‘696 Registrant have used their respective marks concurrently in commerce for two years. Further, Applicant is not aware of any actual confusion between its Mark and the ‘696 Mark. Therefore, though not determinative, Applicant respectfully submits that the concurrent use in commerce of its Mark and the ‘696 Mark for almost two years is relevant.

In summary, Applicant respectfully submits that no likelihood of confusion exists between its Mark and the '696 Registration because: (1) the marks identify dissimilar, non-competing goods and services; (2) the marks have dissimilar appearances, sounds, meanings, and commercial impressions; (3) purchasers of goods and services identified by the respective marks are sophisticated and will exercise care in their purchasing decisions; (4) the respective goods and services travel in different trade channels; and (5) Applicant is unaware of any actual confusion between its Mark and the '696 Mark.

Accordingly, Applicant respectfully requests that the PTO withdraw its citation to the '696 Registration as a potential basis for refusing to register Applicant's Mark.

VI. LIKELIHOOD OF CONFUSION CONCERNING THE CITED PRIOR-PENDING APPLICATIONS

In addition to the '696 Mark, the Office Action cites the following prior pending trademark applications: U.S. Application Serial Nos. 87715583 (the "'583 Application"), 88266206 (the "'206 Application"), 888266216 (the "'216 Application" and with the '206 Application, the "Zen Applications")), and 88400371 (the "'371 Application" and collectively with the '583 Application and the Zen Applications, the "Cited Applications"), noting that if any of the Cited Applications issues, the Mark may be refused under Trademark Act Section 2(d). Even if issued, the Cited Applications with not cause a likelihood of confusion with Applicant's Mark, as set forth below.

A. The '583 Application

The '583 Application seeks a trademark for the word mark "Compound Eye," for "computer software providing 3D vision for autonomous machines, robots and vehicles by measuring depth, range finding, providing localization, mapping, perception and vision; computer hardware" in Class 9, and "[l]icensing of computer software" in Class 45.

For the same reasons discussed above as to why there is no likelihood of confusion as between the ‘696 Registration and the Mark, there will not be likelihood of confusion between the ‘583 Application and the Mark.

i. The ‘583 Application Identifies Different, Non-competing Services.

Although the ‘583 Application identifies “computer software,” the specific services for such software are directed to providing “3D vision for autonomous machines, robots and vehicles . . .” whereas Applicant’s goods and services are directed to “software” for enabling access to software that allows for deposits, withdrawals and pooling of digital assets.

ii. The ‘583 Application Is Dissimilar in Sight, Sound, and Commercial Impression.

The ‘583 Application is for the mark “Compound Eye” and although both applications seek marks that contain the word “Compound,” Applicant respectfully submits that a likelihood of confusion analysis cannot focus on a single word in the marks, but rather on the marks in their entireties. When a mark comprises several words or characters, a portion of the words in that mark cannot be examined standing alone as a source indicator. *See In re Bed & Breakfast Registry*, 791 F.2d at 158-59. There is no *per se* rule that two marks are confusingly similar simply because the junior user’s mark incorporates the whole of another’s mark. *See, e.g.*, *Colgate-Palmolive Co.*, 432 F.2d 1400. The Applicant’s Mark and the ‘583 Applications are phonetically distinguishable by virtue of the fact that the marks contain different words and different syllable counts such that, when spoken, the marks as a whole sound completely different. The addition of the word “Eye” in the ‘583 Application creates an overall commercial impression different from that created by Applicant’s Registration.

iii. The Applicant and the ‘583 Applicant Target Sophisticated Consumers with Different and Focused Needs.

The parties' respective customers have different and focused needs: participants engaging with software to facilitate digital asset transactions such as depositing, withdrawing and pooling such digital assets differ significantly for consumers engaging with software 3D vision for autonomous machines.

iv. Applicant's Mark Will Not Be Confused with the '583 Application Because the Respective Services Would Be Available or Sold through Different Trade Channels.

As noted above, Applicant's goods and services are available on Ethereum or through certain mobile and web-based software applications, whereas the goods available for "Compound Eye" appear as if they will only be available through that company's website. Moreover, Applicant's goods and services are already being provided in commerce on Ethereum and online whereas the '583 Applicant's goods are not yet for sale.

B. The '206 and '216 Applications ("Zen Applications")

The Zen Applications seek trademarks for the word marks "Zen Compound," covering:

> Branding services, namely, management and development of hospitality, restaurant, retail, galleries, museums, night life and lifestyle brands; Business management and development services in the nature of marketing activities for launching of new hospitality, restaurant, retail, galleries, museums, night life and lifestyle projects, services and products; Consulting services in the field of retail stores and lifestyle business brand development; Real estate sales management in the fields of hospitality, night life, restaurant, retail, museum and gallery, and lifestyle companies, in Class 35;
>
> Real estate investment services in the fields of hospitality, night life, restaurant, retail, museum and gallery, and lifestyle companies; Financing of real estate development projects in the fields of hospitality, night life, restaurant, retail, museum and gallery, and lifestyle companies; development, in Class 36;
>
> Real estate development services in the field of residential communities, mixed-use properties, in Class 37;
>
> Consulting services in the field of museums, in Class 41; and
>
> Consulting services in the field of hospitality, night life and restaurant, bar and hotel services development; Consulting in the field of restaurant, bar, night life and hotel

services, in Class 43.

"Zen Compound" is a self-described

> "entertainment complex . . . designed to go well beyond the traditional nightclub and world-class restaurant. More than a place for people to unwind and stimulate their senses, the Zen Compound is a hub of creative spirituality – exactly as the name suggests. Visitors to the Compound create and perform art, music and dance while they are enriching their Western experience with an Eastern education."

See printout from the Zen Application Registrant's LinkedIn site, attached as Exhibit B.

As an initial matter, Applicant has priority of use over both the Zen Applications. The Applicant's first use of the Mark is April 2018 with a first use in commerce no later than September 2018. If the Zen Applications were registered, they would have a first use date of January 17, 2019—the date those applications were filed. Thus, the Mark has priority over the Zen Applications. For that reason, the Zen Applications should not prevent the Mark from issuing.

Separately, however, there would not be likelihood of confusion between the Zen Applications and the Mark for the following reasons:

i. The Application Identifies Different, Non-competing Services.

The Application and the Zen Applications seek to register goods and/or services in almost completely different classes—the applicant seeks to register the Mark in Classes 9, 36, 42 whereas the Zen Applications seek to register goods and services in Classes 35, 36, 37, 41 and 43. Where the Application and the Zen Applications overlap—*i.e.*, Class 36—the Applicant seeks to register the Mark for "financial services" where the Zen Applications seek to register for "real estate services" in Class 36. Moreover, there is no overlap between the goods and services offered by Applicant—*i.e.*, software which facilitates digital asset transactions such as depositing, withdrawing and pooling such digital assets—and those offered by the Zen

Applications Registrant—*i.e.*, an "entertainment complex" for art, food, spirituality, among other things.

ii. The Zen Applications Are Dissimilar in Sight, Sound, and Commercial Impression.

The Zen Applications are for the mark "Zen Compound" and although both applications seek marks that contain the word "Compound," Applicant respectfully submits that a likelihood of confusion analysis cannot focus on a single word in the marks, but rather on the marks in their entireties. When a mark comprises several words or characters, a portion of the words in that mark cannot be examined standing alone as a source indicator. *See In re Bed & Breakfast Registry*, 791 F.2d at 158-59. There is no *per se* rule that two marks are confusingly similar simply because the junior user's mark incorporates the whole of another's mark. *See, e.g.*, *Colgate-Palmolive Co.*, 432 F.2d 1400. The Applicant's Mark and the Zen Applications are phonetically distinguishable by virtue of the fact that the marks contain different words and different syllable counts such that, when spoken, the marks as a whole sound completely different. The addition of the word "Zen" in the Zen Applications creates an overall commercial impression different from that created by Applicant's Registration.

iii. The Applicant and the Zen Applicants Target Sophisticated Consumers with Different and Focused Needs.

The parties' respective customers have different and focused needs: participants engaging with software which facilitates digital assets transactions, including depositing, withdrawing and pooling digital assets differ significantly for consumers using an entertainment complex for nightlife, food, and spiritual experiences, among others.

iv. Applicant's Mark Will Not Be Confused with the Zen Applications Because the Respective Services Are Sold through Different Trade Channels.

As noted above, Applicant's goods and services are available on Ethereum or through certain mobile and web-based software applications whereas, based on the information available to date, the goods and/or services available for "Zen Compound" will be available only at the above-cited "entertainment complex," which does not appear to exist or be available to consumers at this time.

C. <u>The '371 Application</u>

Since the PTO issued the Office Action, the '371 Applicant abandoned the '371 Application. Applicant opposed the '371 Application in Proceeding Number 91250756 before the TTAB. During that proceeding, the '371 Applicant unilaterally abandoned it. Accordingly, the existence of the '371 Application—now abandoned—would not cause a likelihood of confusion as such mark will not issue.

[**CONCLUSION ON NEXT PAGE]**

VII. CONCLUSION

Having addressed all of the issues raised in the Office Action, Applicant now believes its Application to be in order, and Applicant respectfully requests early passage to publication and registration on the PTO's Principal Register.

Should the PTO have any questions, please contact the undersigned at (678) 632-6933.

Dated: May 24, 2020

Respectfully submitted,

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