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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Woodfin Suite Hotels, LLC

v.

The Marcus Corporation

Cancellation No. 26,043
against Registration No. 1,893,405,
registered on May 9, 1995

Edward L. Brown, Jr. for Woodfin Suite Hotels, LLC.

James L. Vana of Foley & Lardner for The Marcus
Corporation.

Before Simms, Hohein, Bottorff, Administrative Trademark
Judges:

Opinion by Simms:

Woodfin Suite Hotels, LLC (petitioner) seeks
cancellation of Registration No. 1,893,405, issued May 9,
1995, owned by The Marcus Corporation (respondent), a
Wisconsin corporation, for the mark shown below for
hotel/motel services.



After answer, both parties submitted testimony and evidence during trial, and briefs have been submitted. No oral hearing was requested.

In its petition, petitioner asserts ownership of the marks WOODFIN (Reg. No. 1,458,855, issued September 22, 1987, Section 8 accepted, Section 15 acknowledged) and WOODFIN SUITES and W design ("SUITES" disclaimed)(Reg. No. 1,613,356, issued September 11, 1990, renewed), shown below, for hotel services:



Petitioner asserts use of the trade name and trademark WOODFIN since January 3, 1986, and asserts that respondent's mark so resembles petitioner's previously used

and registered marks as to be likely to cause confusion, to cause mistake or to deceive.

In its answer, respondent denied the essential allegations of the petition and asserted the affirmative defenses of estoppel and laches. More particularly, respondent alleges that petitioner knew of respondent's use of its mark since at least August 31, 1990, and its service mark application since around December 30, 1990; that petitioner failed to oppose respondent's application or to object until petitioner filed this petition in April 1997. According to respondent, this delay caused respondent undue prejudice and harm, which should thereby estop petitioner from filing this cancellation petition.

In August 1999, the Board denied respondent's motion for summary judgment brought on the basis of laches, noting that there were genuine issues concerning the facts surrounding respondent's claim of laches.

Both parties have taken testimony and submitted notices of reliance on discovery responses and other matter.

The Record

According to the testimony of Mr. Samuel Hardage, petitioner's founder, petitioner opened its first all-suites hotel under the mark WOODFIN SUITES in Newark,

California, around January 1986.¹ Another hotel was soon opened in Sunnyvale, California. Petitioner's hotels, which its witness characterizes as a "very small chain" (Hardage dep., 15), now operate in several states, and cater to business customers during the week and leisure customers on weekends. Petitioner classifies its hotels as belonging to the mid- to upscale market. Petitioner's advertising and marketing expenses for 1997 were around \$400,000. Petitioner advertises in newspapers, insert ads, magazines and publications which cater to the travel industry. Petitioner also operates hotels under the mark CHASE SUITES BY WOODFIN.

According to the record, in a *Business Travel News* survey, petitioner was ranked second behind Residence Inns in the all-suite category of hotels.

Petitioner has also taken the testimony of a number of witnesses in support of its claim that there have been instances of actual confusion. For example, a friend of Mr. Hardage's testified that he saw an article in a Denver newspaper about the construction of a new hotel by the name of "Wood(something)." This witness called Mr. Hardage and told him that he noticed that petitioner herein was

¹ Discovery responses indicate that Woodfin was the maiden name of Mr. Hardage's mother.

building a new hotel in Denver. However, Mr. Hardage informed the witness that that was one of respondent's hotels.

Another witness, Mr. James Hire, testified that he had told another individual that petitioner had a property in Denver, when in fact that was respondent's property.

Ajit Nana, an officer of another hotel, testified that he sent a note of congratulations to petitioner on the opening of a new hotel in Illinois when in fact the hotel was one of respondent's. Another witness, Mr. Joel Graff, testified that, while driving a rental car at night near Chicago, he thought he saw one of petitioner's WOODFIN hotels along the highway. Later, back in California, he mentioned this fact to Mr. Hardage at a party but was told that this property was not one of petitioner's. It was in fact one of respondent's hotels.

Ms. Michelle Meshanko, a sales manager for petitioner, testified that she received a phone call from a woman who said she had stayed at a WOODFIN hotel in suburban Cincinnati. Respondent operates a WOODFIELD SUITES hotel in Cincinnati. However, the caller never mentioned the name WOODFIELD and, on cross-examination, the witness testified that the caller could have been referring to another hotel.

Mr. Peter Urell, a front desk clerk, testified that a guest asked if the WOODFIELD SUITES hotel was related to the WOODFIN hotels. There is other testimony recounting similar instances of alleged confusion.

Respondent took the testimony of its chairman of the board and chief executive officer, Mr. Samuel Marcus, largely in support of respondent's claim of laches. The record shows that petitioner's attorney, upon learning of respondent's use of the name WOODFIELD SUITES, sent respondent a cease and desist letter in August 1990. Respondent's attorney answered at that time that respondent did not believe the marks were confusingly similar. When asked why respondent proceeded to develop its brand of hotels after this correspondence, Mr. Marcus testified, at 9-10:

A Well as I -- Our sense was that the two marks were very different and that there really wasn't any likelihood of confusion, and our lawyers confirmed that conclusion after going through a trademark search.

And as a matter of fact, we are not aware of any actual confusion despite nearly four years of the fact that they're being used competitively in the central and southern Ohio markets and also didn't hear from Woodfin again for over five years until this particular opposition [sic] was started, in spite of the fact that we had indicated to them that we had planned to continue

using it and didn't believe ourselves that there was any confusion.

With respect to the issue of respondent's reliance upon petitioner's inaction between the date of publication of the mark (February 1995) which matured into the registration now sought to be cancelled and the commencement of the instant petition for cancellation (April 1997), Mr. Marcus testified, at 5-7:

A During that time period we -- we had evolved a strategy to develop 50 Woodfield Suites within the coming five-year time frame and also to start a franchising program.

Q So was this a period of aggressive development?

A Yes, that was a very aggressive development program we had announced and planned at that time, yes.

Q Can you identify the Woodfield Suites Hotel properties that were operating, up and open for business as of February 15, 1995?

A I think at that time we had three that were operating: one in Appleton, Wisconsin; one in Milwaukee, Wisconsin; and one in Denver, Colorado. And we had already purchased land in Madison, Wisconsin for a Woodfield Suites, but I don't think we had started construction yet at that point.

Q Thank you. What Woodfield Suites properties have been added since that time?

A Madison, Wisconsin; Chicago, Illinois; Cincinnati, Ohio; and San Antonio, Texas.

Q And which of these properties were acquired between February 15, 1995 and April 4, 1997?

A I think all except Madison. We acquired Cincinnati, Ohio in July of '95, Chicago in July of '96, and then San Antonio in February of 1997.

Q Thank you. Do you know the cost to purchase these properties?

A Sharonville, which is Cincinnati, was \$2.7 million. Bannockburn was Chicago property, 1,360,000, and San Antonio, a million and a half. The total was over five and a half million.

Stipulated affidavit testimony reveals that, during the period from March 1995 to March 1997, respondent and its subsidiaries spent over \$½ million advertising the WOODFIELD SUITES chain (Klingsporn affidavit). During the same period, respondent and its subsidiaries spent over \$9 million on such non-advertising operating expenditures as payroll, repairs, maintenance, utilities, supplies and administrative costs for the hotel chain.

Concerning instances of actual confusion, Mr. Marcus testified, at 11, that he was not aware of any instances of actual confusion:

Q What do you know about confusion generally in the hotel industry?

A Well, obviously there's always a little bit of confusion on the part of the general public and it's -- given the high volume of transactions, it just happens but not an awful lot, not that anybody would -- would ever be concerned that there was real confusion. It's more of a confusion in people's minds oftentimes about two names that, you know, that would say, well, how did they do that?

Q So is it simply a reflection of call volume as opposed to -

A It's really a reflection of call volume, sure.

Respondent also submitted a notice of reliance on various third-party registrations for hotel services which contain the component "WOOD." These include such registered marks as THE WOODLANDS, WOODLAWN SUITES HOTEL and WOODMARK HOTEL. Internet Web home pages also show the existence of such other hotels as THE WOODS, WOODCREST HOTEL and WOODSIDE HOTEL. Other third-party registrations made of record by respondent show registered marks for hotel services ending in the suffix "WOOD," such as ROSEWOOD, CRESTWOOD SUITES, FOXWOODS, HOMEWOOD SUITES and CREEKWOOD INN.

Arguments of the Parties

Petitioner argues that the marks are sufficiently similar in that both begin with the word "WOOD", the accent being on that first syllable, and that the second syllable

of both marks starts with the letter "F". Also, both marks have the word "SUITES" under the dominant part of the marks. With respect to the services, petitioner argues that the parties are in direct competition offering identical suite-type hotel services which appeal to business and leisure travelers. Further, petitioner maintains that its mark is distinctive and strong, having been used since 1986 with expansion of the chain to seven states. In 1998, petitioner's advertising and marketing expenses were around \$400,000. While petitioner admits, brief, 8, that eight other hotels besides the parties' facilities are using the term "WOOD" in their marks (Woodmark Hotel, The Woodlands, Wood Crest, Woodcreek, The Woods, etc.), petitioner argues that these hotels are in different market areas and appeal to different customers.

Petitioner also points to the testimony noted above of seven witnesses, including two hotel industry professionals, who testified concerning instances of actual confusion. Petitioner argues that families with budget constraints, especially with little time to decide where to stay, are likely to be confused as a result of the similarities of the respective marks.

Respondent, on the other hand, contends that WOODFIN, petitioner's mark, is also a common surname. It is

respondent's position that the similarities in the marks are outweighed by their important differences in sight, sound and meaning. Further, respondent argues that the term "WOOD" is in common use in the hotel industry and is included in numerous marks for hotels. Thus, the term "WOOD" per se is weak, according to respondent, and purchasers will look to other parts of the marks to distinguish them.

Respondent also maintains that there is no support for petitioner's argument that hotel customers are not sophisticated, the cost of a hotel stay being significant. With respect to any alleged strength of petitioner's marks, respondent contends that petitioner has not identified its market share and that there is no direct evidence of consumer recognition of petitioner's marks. Further, petitioner has not identified what portion of its sales and advertising is directed to the WOODFIN SUITES chain as opposed to petitioner's hotels operating under the mark CHASE SUITES BY WOODFIN.

Respondent maintains that, despite over five years of direct competition in an overlapping market (in Ohio), there is no credible evidence of actual confusion. Respondent criticizes petitioner's evidence on this issue because petitioner's witnesses were unable for the most

part to provide names of allegedly confused persons and could not state that the callers or guests were confused by the marks of the parties. Respondent argues that there are a number of explanations for the mistakes other than name confusion. Also, some instances of alleged confusion were merely inquiries of relationship, while other incidents involved people who were not potential customers of hotel services.

Finally, respondent argues that petitioner unreasonably delayed in asserting its rights in this proceeding and that respondent has suffered material prejudice as a result of this delay. Respondent points to the millions of dollars spent acquiring and advertising new properties of its hotel chain. Because respondent built up a valuable business since the date of publication of its mark, opened new facilities, increased its sales and incurred substantial advertising expenses, respondent argues that petitioner's claim is barred under the doctrine of laches. This doctrine applies, according to respondent, because confusion is not inevitable in this case.

With respect to this defense, petitioner counters that, while it put respondent on notice in 1990 with its cease and desist letter, at that time the trade areas of the parties did not overlap. Petitioner argues that

respondent should have known that, once respondent moved into overlapping market areas, which respondent did with the opening of the Cincinnati facility in January 1997, petitioner would again object. In any event, in its brief petitioner explains that, while it learned, in January 1991, of the filing of the application that matured into the registration herein sought to be cancelled, in early 1995 when respondent's mark was published for opposition, petitioner's counsel was not reviewing the *Official Gazette* for conflicting marks. Finally, petitioner argues that the defense of laches does not apply in any event because confusion is inevitable in this case.

Opinion

We make our determination of likelihood of confusion on the basis of those of the *du Pont*² factors that are relevant in view of the evidence of record. Two key considerations in any analysis are the similarity or dissimilarity of the respective marks and the similarity or dissimilarity of the goods or services with which the marks are being used, or are intended to be used. See *Federated Foods, Inc. v. Fort Howard Paper Co.*, 544 F.2d 1098, 192

² *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973).

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USPQ 24 (CCPA 1976); and *In re Azteca Restaurant Enterprises, Inc.*, 50 USPQ2d 1209 (TTAB 1999).

Turning first to the services, the respective hotel services are, for our purposes, legally identical. Moreover, the evidence reflects that both parties are offering suite-type lodging services, sometimes even in the same state. Furthermore, the classes of purchasers--business travelers and leisure weekend travelers--are the same. Even so, hotel services are somewhat expensive and are purchased with some degree of care.

Concerning the marks--WOODFIN and WOODFIN SUITES and W design, on the one hand, and WOODFIELD SUITES and tree design, on the other--these marks are different in sound and appearance. While both marks begin with the same six letters ("WOODFI..."), the second syllable in each mark is distinctly different in sound and appearance. Also, each mark conveys the connotation of a different surname, and each has a different design element. Also, since generic and disclaimed portions of marks are entitled to little weight in the likelihood-of-confusion analysis, the identity of that part of the respective marks ("SUITES") has little bearing on the question of the similarity of the marks. See *In re National Data Corp.*, 753 F.2d 1056, 224 USPQ 749, 751 (Fed. Cir. 1985).

While petitioner argues that its mark is a strong one, this record does not support this contention. Petitioner's own testimony shows that petitioner operates a "very small chain," and, except for the first hotels, petitioner's record is not clear on how long the other hotels have been operating. Also, petitioner has not demonstrated its relative market position, or otherwise adequately demonstrated the strength of its mark. And, as respondent has pointed out, it is not clear if the advertising figures petitioner has made of record include the Chase Suites by Woodfin chain as well. The number two ranking in a survey of all-suites hotels, furthermore, does not prove that this "very small chain" is well-recognized among the relevant public. Moreover, petitioner has admitted the existence of other "WOOD"-prefixed marks for hotel services.

Accordingly, we agree with respondent that, considering that some degree of care is used in the selection of a hotel in which to stay, the respective marks are sufficiently different such that confusion or mistake is not likely.

We have considered the testimony with respect to alleged instances of actual confusion. Most of these incidents did not involve potential purchasers of the respective hotel services, or involved mere inquiries of

any relationship or affiliation of the parties. See *Marshall Field & Co. v. Mrs. Fields Cookies*, 25 USPQ2d 1321, 1327 (TTAB 1992) and *Toys "R" Us, Inc. v. Lamps R Us*, 219 USPQ 340, 346 (TTAB 1983). In any event, considering the number of calls (over 25,000 calls per year, according to petitioner's witness Urell) or reservations made, the number of alleged instances of actual confusion is relatively isolated and small.

Because we find no likelihood of confusion, respondent's affirmative defense of laches need not be considered. However, we observe that, even if we had determined that confusion were likely, respondent's evidence of substantial investment and expenditures from the date of publication of its mark (February 1995) to the date the instant petition was filed (April 1997) would appear to make out a case of unreasonable delay and substantial prejudice to respondent.

Although respondent couches its affirmative defense in terms of laches, it appears more accurate to say that the defense is really one of acquiescence. Acquiescence consists of the combination of unreasonable delay on the part of the plaintiff, who knew about the defendant's rights, plus material or substantial harm to the defendant as a result of expenditure of resources attributable to the

delay of the plaintiff in bringing its claim. Laches and acquiescence have been characterized as separate defenses, which, as explained by Professor McCarthy, can be distinguished as follows:

To preserve some semantic sanity in the law, it is appropriate to reserve the word "acquiescence" for use only in those cases where the trademark owner, by affirmative word or deed, conveys its implied consent to another. That is, laches denotes a merely passive consent, while acquiescence implies active consent. *McCarthy on Trademarks and Unfair Competition*, supra at § 31.14 [1].

While the nature of the consent may differ with respect to laches and acquiescence, a prima facie case of either defense requires a showing of unreasonable delay in asserting one's rights against another and material prejudice to the latter as a result of the delay. See *Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes, Inc.*, 971 F.2d 732, 23 USPQ2d 1701, 1703 (Fed. Cir. 1992) and *Hitachi Metals International, Ltd. v. Yamakyu Chain Kabushiki Kaisha*, 209 USPQ 1057 (TTAB 1981). In an opposition or cancellation proceeding, the determination of whether a period of delay is unreasonable is measured from the date the application for registration is published for opposition, rather than from the date of use of the mark.

National Cable Television Association, Inc. v. American Cinema Editors, Inc., 937 F.2d 1572, 19 USPQ2d 1424 (Fed. Cir. 1991). It is respondent's burden to show an unreasonable delay and prejudice from that delay since the date of publication. See *Marshall Field & Co. v. Mrs. Fields Cookies, supra*.

During the period of time from publication of the mark until the filing of the petition, respondent's "aggressive development" resulted in entering into contracts to acquire land for three new hotels and building four, at a cost of over \$5½ million. Also, respondent and its subsidiaries spent over \$½ million advertising the WOODFIELD SUITES chain during this period and spent over \$9 million on various non-advertising operating expenditures. Suffice it to say that, had we found likelihood of confusion, the evidence of record would appear to make out a case of acquiescence.

Decision: The petition for cancellation is dismissed.