

# Reducing the phantom menace: strategies for protecting and using adaptable marks

Although phantom trademarks have clear advantages for their registrants, the US Patent and Trademark Office has been somewhat unpredictable in its response to applications for such marks over the years. Various strategies may help to enhance the likelihood of successful registration and use

**A so-called ‘phantom’ trademark** is one where the mark as applied-for is missing an integral element, which is represented by a placeholder and subject to change as the mark is used in commerce. In word marks, the phantom element is often represented by blanks, dots, dashes or placeholders (eg, XXXX). In design marks, certain areas may simply be blank, in order to be filled with changeable elements when the mark is used in the marketplace.

One key benefit of a phantom mark registration is that it can cover multiple versions of the same mark through only one application. Rather than having to file a new application for each new variation of a mark, phantom mark registrations give trademark owners the flexibility to alter aspects of their mark while continuing to rely on a single registration. For example, a phantom element can be adjusted over time to represent each new year, model number or geographical location.

Despite the clear advantages for registrants, it is a fundamental rule of US practice that each trademark registration covers only a single mark. As many applications with phantom elements potentially cover multiple marks, the US Patent and Trademark Office (USPTO) has been somewhat unpredictable in its treatment of these applications over the years. Phantom marks seem to have been more regularly accepted by the office until the mid-1990s, when it began to increase its scrutiny. The USPTO’s current approach to phantom marks is reflected in Section 1214 of the Trademark Manual of Examining Procedure, which provides that an examining attorney must refuse registration of a mark with a phantom element under Sections 1 and 45 of the Trademark Act (15 USC §§1051 and 1127) “if the element encompasses so many potential combinations that the drawing would not give adequate constructive notice to third parties as to the nature of the mark and a thorough and effective search for conflicting marks is not possible”. For example, a statement that “the blank line represents a date that is subject to change” would necessitate

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#### AUTHORS

PAUL C  
LLEWELLYN AND  
PALAK MAYANI  
PARIKH

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refusal of the entire application. However, such an explicit statement is not necessary to warrant a refusal to register. The examining attorney may determine that the specimen fails to match the drawing because of a phantom element in the drawing (and, in the case of an intent-to-use application, the examining attorney may advise the applicant of refusal on the grounds that it seeks to register more than one mark).

#### Federal Circuit divide

This standard was illustrated by two Federal Circuit cases almost 20 years ago. In *In re Int’l Flavors & Fragrances Inc* the Federal Circuit refused registration of the mark LIVING XXXX where “xxxx” referred to a specific herb, plant, fruit or vegetable, finding that the “XXXX” portion was a significant element of the mark and would encompass so many potential variations of the mark that it could not provide the public with adequate constructive notice as to the nature of the mark – thus preventing an effective search for conflicting marks (183 F3d 1361 (Fed Cir 1999)). Two years later, the Federal Circuit reversed a Trademark Trial and Appeal Board (TTAB) decision to reject registration of the mark (- - -) MATTRESS where the dotted lines represented an area code. It held that the mark was registrable because it was clear that the dotted lines, although variable, depicted an area code for which the possible permutations were “limited by the offerings of the telephone companies” (*In re Dial-A-Mattress Corp*, 240 F3d 1341 (Fed Cir 2001)).

Taken together, these two Federal Circuit decisions reflect the two sides of the phantom-mark divide.

#### Case law flexibility

More recent decisions illustrate the TTAB’s ongoing examination of the boundaries of acceptable and unacceptable phantom elements, as well as what constitutes a trademark appearing in a specimen. For example, in 2014 the TTAB reversed an examining

attorney’s refusal to register a design consisting of the ENTERPRISE auto rental logo superimposed over a blank label, where the applicant’s specimens showed the blank space on the label containing the words “commercial trucks” and “fleet management”, respectively.



Drawing

Specimen

The TTAB noted that the applicant’s description of the mark did not indicate that any elements were missing or subject to change, and held that the drawing constituted one entire mark – regardless of the additional generic matter in the specimen of use (*In re Enterprise Holdings, Inc.*, Serial No 85675437 (TTAB August 25 2014) [not precedential]).

Conversely, in *In re Bar NND Ranches, LLC* the TTAB refused registration of a mark that depicted a “fanciful deer design” in which the deer’s antlers appeared as dashed lines and were not claimed as a feature of the mark (Serial No 77928601 (TTAB July 28 2015) [not precedential]). In this case, the application expressly stated that different-sized antlers would be used to indicate the different strengths of the coffee sold by the applicant, and the applicant’s specimen of use showed much larger antlers than those depicted in the drawing.

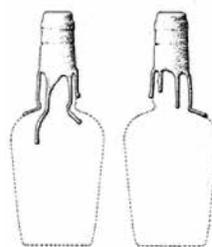


Drawing

Specimen

The TTAB held that the antlers were an inseparable and integral element of the mark drawing and because the applicant had failed to indicate that these would be “within a range limited by size, shape, or number of points”, the dashed antlers in the drawing were a changeable – and thus unregistrable – phantom element (*id* at \*8).

This outcome appears to contradict the registration obtained in 1985 by Maker’s Mark Distillery, Inc for the design of a bottle top, where the application specifically stated that the mark consisted of “a wax-like coating covering the cap of the bottle and trickling down the neck of the bottle in a freeform irregular pattern” (US Registration 1,370,465 (November 12 1985)). In fact, the drawing submitted by Maker’s Mark displayed two different versions of the design, clarifying that (as with



Maker’s Mark Distillery bottle drawing

the deer antlers in *Bar NND Ranches*) the configuration of the trademark would vary with use in the marketplace.

Nonetheless, the mark was registered without any phantom-mark refusal. The discrepancy between these cases may be due to a gradual shift in the USPTO’s attitude towards phantom marks. However, another explanation could be that the varying patterns of the Maker’s Mark design do not change the overall impression of the mark and may not even be noticed by consumers.

The 2016 case of *In re Perception Options LLC* further demonstrates the modern TTAB’s reluctance to register trademarks that clearly include phantom elements (Serial No 86104779 (TTAB May 11 2016) [not precedential]). In this case, the TTAB affirmed a refusal to register a mark consisting of the repeated element “XXX.XX” arranged in a pattern of overlapping circles, in which each X represented a single-digit number. Although the overall arrangement of the numerals was fixed, the TTAB found that the commercial impression of the entire mark would change depending on which numbers were placed in which positions in the arrangement. The TTAB reasoned that different areas of the mark would become more or less prominent based on the integers, colours, font style and font types that were chosen for each “XXX.XX” term, making constructive notice as to what mark was actually registered impossible.

More recently, the TTAB similarly held in a precedential decision that the marks NP----- and SL----- for sealant compounds for joints, where the variable designation “-----” represented up to three numeric digits, were unregistrable phantom marks (*In re Construction Research & Technology GmbH*, 122 USPQ2d 1583 (TTAB 2017)). The applicant’s primary argument on appeal was that the phantom elements were similar to the three-digit phantom element in *Dial-A-Mattress Operating Corp.* It argued that three variable digits permitted only a limited number of numeric combinations; therefore, an easy search would uncover the applied-for marks. However, the TTAB held that the *Construction Research* trademarks sharply contrasted with the *Dial-A-Mattress* mark, which clarified that the phantom element represented an area code, thereby eliminating the public’s need to guess “the significance of the missing information” and ensuring that any variant in the phantom element would not affect the mark’s “overall meaning or commercial impression”. Conversely, the *Construction Research* marks did not clearly indicate the significance of the possible number combinations (eg, a particular series or version of the product, a physical characteristic or a utilitarian purpose) – effectively attempting to register over 2,000 possible marks with different number combinations and meanings. Because the public would be unable to determine the scope of any such trademark, registration was refused.

The TTAB also recently affirmed the refusal to register on the Supplemental Register a configuration of a label, place card coupon or tag, in which the drawing showed dotted lines on each side that indicated “the height and width dimensions of the product”, but were not claimed as a feature of the mark (*In re MPT, Inc.*, Serial No 86316207 (TTAB August 9 2017) [not precedential]).

The examining attorney refused registration, asserting that the dotted lines were a phantom element that could be used in commerce in various lengths and widths. The

TTAB affirmed, holding that varying the lengths and widths of those lines would produce significantly different configurations, creating “completely different commercial impressions”. The TTAB stated that in three-dimensional configurations of goods, “the form and shape are the essence of the mark” and the applicant’s use of broken lines impermissibly opened the door to multiple marks.

Conversely, in the same year, the TTAB issued another precedential decision, this time allowing the registration of a design mark comprising an ibis wearing an unmarked hat and sweater, applied for by the University of Miami for use in connection with a variety of goods (*In re University of Miami*, 123 USPQ2d 1075 (TTAB 2017)).

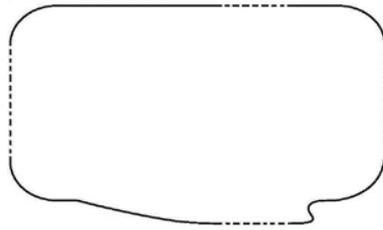
The examining attorney initially refused registration of the mark because the specimen differed from the drawing by including a stylized letter “U” on the hat and the word “Miami” on the front of the sweater. The specimen also depicted stripes on the sweater that were absent from the drawing. The examining attorney asserted that the sweater effectively operated as a blank slate for any additional elements that the applicant chose to add to the mark.

Reversing this decision, the TTAB turned to cases involving so-called ‘mutilation’ of marks and explained that the test for determining a phantom mark where a specimen shows additional matter considers whether the additional matter is integral to the applicant’s mark or whether the applied-for mark in and of itself creates a separate and distinct commercial impression. The TTAB noted that a design may be registered by itself if it creates a commercial impression separate from any accompanying words. In this case, the ibis design created a separate and distinct commercial impression apart from the additional wording and predominated over the minor alterations; therefore, it was registrable notwithstanding the additional matter in the specimen of use.

**Concluding standards**

Taken as a whole, the recent TTAB case law on phantom marks draws a few conclusions:

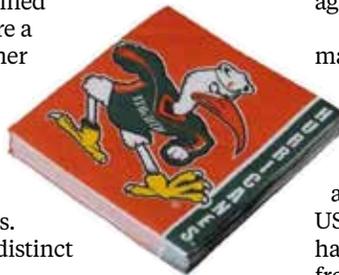
- A higher degree of scrutiny is applied to potential phantom marks when it is clear from the four corners of the application that the applicant wishes to include an element that is subject to change.
- It may be easier to convince the USPTO that a specimen does not show the material alteration of an applied-for mark than to obtain registration of a design that, on the face of the application, contains phantom elements.
- Marks combining designs with phantom word elements may be registered if the design elements, standing alone, create a separate and distinct commercial impression.
- Literal phantom elements shown as dashed lines in drawings will likely be rejected unless the applicant clarifies that these elements consist of a limited number of variations having a specific and defined meaning (eg, telephone area codes).



Label design rejected registration



Drawing



Specimen

These conclusions provide some guidance for practitioners seeking to register marks with flexible elements or accompanying matter. Indeed, the decisions in *University of Miami* and *Enterprise*, both of which permitted registration of marks despite the presentation of additional wording in the specimens of use, suggest that a good way to maintain flexibility is to omit the phantom element of the mark from the drawing completely and make no indication that additional elements will be incorporated into the design. At the very least, this will likely push the TTAB’s analysis from evaluation of a phantom mark to assessment of whether a discrepancy between the drawing and specimen constitutes mutilation of the mark – with the specimen acceptable provided that the applied-for mark creates its own separate and distinct commercial impression.

Adopting this approach may enable trademark owners to achieve essentially the same goals as they would with an overtly phantom application. For example, in *In re Bar NND Ranches* the applicant could have obtained registration for one variation of the deer logo (ie, with antlers of a specific length) and likely could have supported that registration with specimens showing antlers of such length, as well as of varying length.

At the same time, the single, non-phantom registration (along with established common law rights) would provide some ammunition in an infringement action against a similar deer logo with antlers of any length.

Another potential approach – at least where design marks are involved – is to apply for multiple variations of the design to cover the numerous variations in use. For example, in *In re MPT, Inc* the applicant could have filed two applications: one for a generally rectangular design oriented horizontally and one for a similar design oriented vertically. The USPTO, in reviewing specimens of use, would likely have accepted a degree of variation in height and width from the exact proportions of the drawings, giving the applicant some flexibility with respect to use. Another approach would have been to describe the mark as having a variation in length and width within certain reasonably finite bounds, which could have led the USPTO to conclude that the mark was adequately described and searchable.

In practice, omission of a phantom element will serve design marks or design/word composite marks better than word marks. Blank spaces are easier to depict in design marks and need not be specifically addressed because:

- it is easier to show that a design element is separate and distinct from literal elements, rather than to show that two literal elements are separate and distinct from one another; and
- the USPTO is more likely to consider variations in design non-material alterations than variations in literal elements.

For would-be phantom marks comprising literal matter, the comparison between *Dial-A-Mattress Operating Corp* and *In re Construction Research & Technology* is informative. Merely limiting a phantom element to three numeric digits is not sufficient to render a mark registrable, but limiting the element to three digits

with specific significance (eg, an area code) may suffice. Restricting the phantom element to a limited range of years (eg, “20--”) could be acceptable, as occurred with the previously registered mark THE TOP TEN TTAB DECISIONS OF 20\*\*. Further, expressly restricting a phantom literal element to merely descriptive material in which no rights are claimed may also help applicants to avoid refusal – as with the registered mark ----- FOR DUMMIES (1997), where the description of the mark states that “the ‘-----’ designations represent different descriptive terms and vary according to the subject matter or theme of the goods”. However, the registration does not claim rights in the “-----” designation as part of the mark as without some reasonable limitation on the nature and scope of the phantom literal element, an application is unlikely to succeed.

Finally, there are a number of potential disadvantages to a phantom mark registration. Two key benefits of a trademark registration are that:

- the registrant’s mark is easier to prove and enforce in litigation; and
- some of the burden of protecting the trademark is transferred, at least in theory, from the registrant to the prospective user, who is on constructive notice of the registration.

These benefits can be reduced – possibly significantly – when a registered mark contains phantom elements. A phantom mark registration may be less likely to appear in a trademark clearance search, leading to inadvertent infringement by a junior user (and providing a defence to claims of wilful infringement). In addition, when assessing a claim of infringement of a phantom mark, one cannot be sure that the court will construe the mark as broadly as the registrant intends. In fact, it is more likely that, as a practical matter, the court will consider the registrant’s mark as used in the marketplace to determine whether there is a likelihood of confusion. As such, a phantom mark registration may ease proof of ownership and validity of a mark, but will not necessarily ease proof of infringement. These considerations should be weighed when assessing the benefits of registering phantom elements and whether those benefits outweigh the USPTO’s potential refusal of the application. **WTR**



Paul C Llewellyn is a partner and Palak Mayani Parikh an associate at Arnold & Porter

[paul.llewellyn@arnoldporter.com](mailto:paul.llewellyn@arnoldporter.com)

[palak.mayani@arnoldporter.com](mailto:palak.mayani@arnoldporter.com)

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