

## **BULKY DOCUMENTS**

(Exceeds 300 pages)

**Proceeding/Serial No: 2391145**

**Filed: 3-07-08**

**Title: petition to cancel**

**Part 1 of 2**



Processed by Curtis Puryear

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

TTAB

In re: Trademark Application Serial No. 75673295  
Owner: (REGISTRANT) Entrepreneur Media, Inc.  
Registration No.: 2391145  
Filing Date: April 2, 1999  
Registration Date: October 3, 2000  
Trademark: **ENTREPRENEUR EXPO**  
International Class: 035

SCOTT R. SMITH	)	CANCELLATION NO.:	_____
an individual and citizen of the UNITED STATES,	)		
	)		
Petitioner,	)		
	)		
v.	)		
	)		
ENTREPRENEUR MEDIA, INC.,	)		
a California corporation,	)		
	)		
Registrant.	)		

**PETITION TO CANCEL**

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

Dear Sir or Madam:

Scott R. Smith ("Petitioner"), an entrepreneur, individual and a citizen of the UNITED STATES, with a business trade name of BizStarz, with a business address of 5714 Folsom Blvd, Ste 140, Sacramento, California 95819, believes that he is now and will continue to be damaged by Registration No. 2391145 (the "subject registration") for the mark ENTREPRENEUR EXPO (the "subject mark"), as referenced above. Therefore, Petitioner hereby submits this Petition to Cancel the subject registration by Entrepreneur Media, Inc. ("Registrant") for the subject mark as applied to advertising and business

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services, namely, "Arranging And Conducting Trade Show Exhibitions In The Field Of Entrepreneurial Activities, Namely The Start-Up And Operation Of Small Business Enterprises." To the best of Petitioner's knowledge, Registrant is a California corporation located and doing business at 2445 McCabe Way, Irvine, California 92614.

As grounds for the Petition, Petitioner alleges as follows:

## **OVERVIEW**

1. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office during the prosecution of the subject registration.
2. Petitioner, an "entrepreneur," is now and will continue to be irreparably harmed by the registration of the subject mark because Petitioner has a direct, personal, and commercial interest in using the common, generic, and highly descriptive phrase ENTREPRENEUR EXPO as part of Petitioner's public relations (PR) business for "entrepreneurs."
3. Petitioner believes the subject registration should be cancelled because the subject mark merely describes the Registrant's goods and services, namely "expos" for and about "entrepreneurs."
4. Petitioner believes the subject registration should be cancelled because the subject mark is generic.
5. Petitioner believes the subject registration should be cancelled because the Registrant abandoned use of the subject mark.
6. Petitioner believes the subject registration should be cancelled due to a course of conduct by the Registrant which caused the subject mark to lose any distinctiveness

Registrant alleges it ever acquired as an indication of source.

7. Petitioner believes the subject registration should be cancelled because the Registrant and its retained attorneys have displayed a reckless disregard for the truth in connection with the subject registration in order to induce the Trademark Office to issue and maintain the subject registration which Registrant was not entitled.

#### **SUBJECT MARK HAS BEEN ABANDONED FOR NONUSE**

8. According to Section 45 of the Lanham Act, 15 USC Lanham Act §1127, "A mark shall be deemed to be 'abandoned' if either of the following occurs":

- 1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. **Nonuse for 3 consecutive years shall be prima facie evidence of abandonment.** "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

- 2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph. [Emphasis added]

9. A claim for abandonment can be asserted (1) as a ground for opposition, and (2) as a ground for cancellation "at any time," i.e. either before or after the challenged registration is over five years old. (Lanham Act §14(3), 15 U.S.C. §1064(3))
10. A showing of secondary meaning under Lanham Act §2(f) does not overcome a ground for opposition or cancellation based on abandonment (Lanham Act §2(f), 15 U.S.C. §1052(f))
11. Whether a mark has been abandoned is a question of fact. (*On-Line Careline, Inc. v. America Online, Inc.*, 229 F.3d 1080, 1087, 56 USPQ2d 1471, 1476 (Fed. Cir. 2000))
12. Petitioner is informed and believes, and upon such information and belief, alleges that



Registrant has abandoned the subject registration in that it has discontinued use of the mark with intent not to resume such use.

13. Petitioner is informed and believes, and upon such information and belief, alleges that the subject mark has been abandoned due to nonuse, but Registrant is trying to preserve its rights by "warehousing" the mark. Registrant's alleged use of the mark, even if truthful, has been "token use" over time, with no present intent to commercially exploit the mark.

14. Warehousing of trademarks is not allowed under the Lanham Act (15 U.S.C. §1127).

As stated by SEVENTH CIRCUIT REVIEW, Volume 3, Issue 1, Fall 2007, pgs 453-454, 461 (Petitioner Exhibit #1):

**Under the Lanham Trademark Act, a trademark owner must use the mark in commerce to acquire and maintain ownership rights in that mark.** This requirement operates to prevent the "banking" or "warehousing" of marks. Warehousing is a term used to describe the practice of a party that registers trademarks and effectively collects and stores them as opposed to actually using them. This type of activity is barred both under the Lanham Act and at common law. One cannot register a trademark, cease using the mark on one's products and/or services, and then attempt to extract a licensing fee from sellers of products or services well-suited to adopt that trademark. ...**When trademarks are warehoused they do not serve the principle policies that form the very basis for trademark protection: protecting consumers, protecting trademark owner's investments in their mark, and protecting and fostering fair competition.** Anna B. Folgers, *The Seventh Circuit's Approach to Deterring the Trademark Troll: Say Goodbye to Your Registration and Pay the Costs of Litigation*, 3 SEVENTH CIRCUIT REV. 452 (2007) [Emphasis added]

15. As stated by 15 U.S.C. §1127: "The term 'use in commerce' means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark."

16. Petitioner is informed and believes, and upon such information and belief, alleges that

the subject mark has been abandoned due to nonuse or due to a course of conduct that has caused the mark to lose significance as an indication of source.

17. Petitioner is informed and believes, and upon such information and belief, alleges that the subject mark has been abandoned due to Registrant's failure to police the mark. Registrant has failed to enforce its alleged rights adequately against 3rd parties who are using the same or similar marks for the same or similar goods or services, and this failure to take action against infringers has caused the Registrant's mark "to lose its significance as a mark."

18. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant has allowed its mark to be widely used as the name of the underlying goods themselves, rather than as an indication of the source of the goods, which has caused the mark to become generic.

19. Petitioner is informed and believes, and upon such information and belief, alleges that the subject mark has been abandoned based on material alteration of the mark with discontinued use of the mark in the original form. The test for determining whether a change constitutes a material alteration has been stated as follows:

The modified mark must contain what is in the essence of the original mark, and the new form must create the impression of being essentially the same mark. The general test of whether an alteration is material is whether the mark would have to be republished after the alteration in order to fairly present the mark for purposes of opposition. If one mark is sufficiently different from another mark as to require republication, it would be tantamount to a new mark appropriate for a new application. *Hacot-Colombier*, 105 F.3d 616, 620, 41 USPQ2d 1523, 1526 (Fed. Cir. 1997)

20. Petitioner is informed and believes, and upon such information and belief, alleges that the subject mark has been abandoned based on "naked licensing" of the subject mark

with a lack of quality control. Petitioner believes Registrant has licensed one or more 3rd parties to use the subject mark, but failed to exercise control over the nature and quality of the goods or services sold by the licensee under the subject mark.

21. Abandonment can be found on the basis of uncontrolled or naked licensing. A trademark licensor has an affirmative obligation to control the quality of goods and services sold under the licensed mark. This requirement is intended to ensure that the licensed goods and services will live up to a standardized level of quality, thereby protecting the consuming public from being misled. The TTAB has explained the rule as follows:

**It is well settled that uncontrolled licensing of a mark by the owner thereof results in abandonment of that mark** because allowing other parties to use the mark, without inspection and supervision to assure the maintenance of the quality which the name has come to represent, causes that name to lose its significance as a mark. (*Heaton Enterprises of Nevada Inc., v. Lang*, 7 USPQ 2d 1842, 1848 (TTAB 1988)) [Emphasis added]

22. **Once a prima facie case has been established for abandonment, the burden shifts to the trademark owner** to come forward with evidence showing either (a) that it did not cease use of the mark or (b) that, if use of the mark was discontinued, it intended to resume use (*Rivard v. Linville*, 133 F.3d 1446, 1449, 45 USPQ2d 1374 (Fed. Cir. 1998)). **As otherwise shown in this petition, Petitioner has clearly established a prima facie case for abandonment.**

23. In deciding whether the requisite use has been established, the Federal Circuit and the Board have given short shrift to vague, unsubstantiated testimony on behalf of the party resisting abandonment. (*Cerveceria Centroamericana S.S. v. Cerveceria India, Inc.*, 892 F.2d 1021, 1027, 13 USPQ2d 1307, 1312 (Fed. Cir. 1989))

24. Once a mark has been abandoned, resumed use of the mark cannot cure the abandonment. Resumed use represents a new and separate use of the mark, establishing a new priority day. (*Cerveceria Centroamericana S.S. v. Cerveceria India, Inc.*, 892 F.2d 1021, 1027, 13 USPQ2d 1307, 1312-13 (Fed. Cir. 1989))

**REGISTRANT (REPEATEDLY) DEFRAUDED THE TRADEMARK OFFICE**

25. Petitioner is informed and believes, and upon such information and belief, alleges that the Registrant defrauded the Trademark Office during the prosecution of the subject registration.
26. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office by knowingly and falsely claiming that the subject mark was being used in commerce for the claimed goods and services at the time of its use-based application for registration.
27. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office by knowingly and falsely claiming that the subject mark was being used in commerce during the prosecution or existence of the subject registration.
28. Petitioner is informed and believes, and upon such information and belief, alleges that **Registrant has not made bona fide use of the subject mark in the ordinary course of trade, and not made merely to reserve a right in the subject mark, at any time since the date of filing the application for the subject mark.**
29. As stated by the Board in *Physicians Formula Cosmetics, Inc. v. Cosmed, Inc.*, Cancellation No. 92040782 (March 11, 2005) [not citable]:

It is settled that fraud upon the Patent and Trademark Office constitutes the willful withholding of material information which,

if disclosed to the Office, would have resulted in the disallowance of the registration, or... the disallowance of incontestability under Section 15. See, e.g., *Crown Wallcovering Corp. v. Wall Paper Mfgs. Ltd.*, 188 USPQ 141 (TTAB 1975). An essential element of such a fraud claim is that the defendant's false statements were made willfully, in bad faith, and with the intent to obtain that to which the defendant otherwise would not have been entitled.

30. The Federal Circuit has held that fraud in obtaining *renewal* of a registration amounts to fraud in *obtaining* a registration within the meaning of Section 14(3). As stated in *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986)(citations omitted), "[f]raud in procuring a trademark registration or renewal occurs when an Registrant knowingly makes false, material representations of fact in connection with his application." Thus, according to *Torres*, to constitute fraud on the Trademark Office, the statement must be (1) false, (2) a material representation, and (3) made knowingly.

31. As stated in the Summer 2006 issue of the American Intellectual Property Law Association's *AIPLA Quarterly Journal* (Petitioner Exhibit #2):

**...the Trademark Trial and Appeal board ("the Board") has imposed a heightened duty of candor and strict rule of fraud on practice before the U.S. Patent and Trademark Office ("Trademark Office").** The Board has held that an Registrant or registrant commits fraud in procuring or maintaining a registration when it makes material misrepresentations of fact concerning use of the mark, which it knew or should have known to be false or misleading, and acts in a "reckless disregard for the truth." **A finding of fraud, even as to one of the items listed in an application or registration, will render an entire application void and registration invalid...** According to the Board, "[t]he appropriate inquiry is . . . not into the registrant's subjective intent, but rather into the objective manifestations of that intent."...Intent to deceive will "be inferred from the circumstances and related statement[s] made by" an Registrant or registrant...Thus, where the identification of goods or declaration signed are not "lengthy, highly technical, or otherwise confusing," and the declarant is presumed to be "in a position to know (or to inquire) as to the truth

of the statements" made, a "reckless disregard for the truth is all that is required to establish intent to commit fraud."...The Board also holds that statements concerning use of the mark in connection with the claimed goods and services should be "investigated thoroughly prior to signature and submission to the USPTO," and that a party will not be heard to deny that it did not thoroughly read what it had signed...Moreover, the Board has determined that an amendment to delete the goods or services on which the mark has not been in use will not remedy or cure fraud on the Trademark Office, even if the amendment is filed before a fraud claim is brought." [Emphasis added]

32. In a recent precedential decision by the Trademark Trial and Appeal Board ("TTAB")

in *Medinol Ltd. v. Neuro Vasx, Inc.* (TTAB, 2003), the TTAB declared the entire registration void, holding that "[a] trademark Registrant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it knows or should know to be false or misleading." [Emphasis added] (Petitioner Exhibit #3)

33. Petitioner believes that Registrant made material representations of fact in its

February 2006 declaration to renew the subject registration, which Registrant knew or should have known to be false or misleading. **Registrant renewed the subject registration by filing a knowingly false Declaration of Use.** As otherwise shown in this petition, on at least three (3) occasions, including at least twice before Registrant renewed the subject registration, and at least once after Registrant renewed the subject registration, Registrant executives, in the presence of their attorneys, gave sworn testimony clearly indicating that they had abandoned use of the subject mark, without intent to resume use.

34. Petitioner is informed and believes, and upon such information and belief, alleges that the subject registration should be cancelled because **Registrant's own executives**

have testified that Registrant's use of the subject mark was abandoned several years ago, but Registrant has intentionally withheld this material information in order to induce the Trademark Office to renew a registration to which Registrant was not entitled.

35. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded and/or intentionally mislead the Trademark Office during the prosecution of the subject registration by: 1) claiming ownership of Registration No. 1856997 (DEAD), a mark Registrant knew or should have known it had abandon use of; 2) claiming ownership of Serial No. 74800729 (DEAD), a mark Registrant knew or should have known was on the Supplemental Register, and not on the Principal Register as the examining attorney clearly pointed out was required by T.M.E.P. §1212.04; 3) falsely claiming that the subject mark had become distinctive of the Registrant's goods or services by reason of "substantially exclusive" and "continuous use in commerce."

36. Petitioner is informed and believes, and upon such information and belief, alleges that the subject registration should be cancelled because the only specimen Registrant submitted with its February 2006 Declaration of Use to allegedly show the subject mark currently being used in commerce, was a **suspiciously undated and poorly lit unprofessional photo of an unidentified and unhappy appearing female standing alone in front of a strikingly small and simplistic "Entrepreneur Expo" banner, at an undisclosed location** (Petitioner believes the unidentified female is Rieva Lesonsky, Registrant's senior vice-president and editorial director). Petitioner believes this photo is an old photo being falsely represented as proof of continuous

and current use, or a recently taken photo of a mock ENTREPRENEUR EXPO event intended to falsely show proof of continuous and current use of the subject mark.

(Petitioner Exhibit #4)

37. Petitioner is informed and believes, and upon such information and belief, alleges that the subject registration should be cancelled because Registrant submitted such an unreliable photo as its sole specimen instead of something far more reliable, such as dated marketing materials, because Registrant is intentionally trying to defraud or mislead the Trademark Office about Registrant's abandonment of the subject mark.

38. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office by using its knowingly abandoned, but fraudulently renewed subject mark, to claim acquired distinctiveness for another ENTREPRENEUR EXPO mark filed by the Registrant in or about August 2006 (Serial No. 76664695). (Petitioner Exhibit #5)

39. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office during the prosecution of the subject registration by intentionally misrepresenting and/or withholding material information from the Trademark Office regarding Registrant's knowledge and belief, including public admissions in its own advertisements, that: **"Anyone can use the term 'entrepreneur' in their trade show name."** [Emphasis added] (Petitioner Exhibit #6)

40. According to a February 1, 1995 article by *FOLIO* magazine, a magazine industry publication, Registrant was not using the subject mark for its trade shows as far back as 1994 (Petitioner Exhibit #7):

...in the last year and a half, [Registrant] has created the following products: ...A series of regional trade shows called the



**Entrepreneur Small Business Expos.** There were five in 1994, and plans call for nine expos in 1995. [Emphasis added]

41. Petitioner is informed and believes, and upon such information and belief, alleges that in or about January 1994 Registrant submitted a Declaration for ENTREPRENEUR mark Serial No. 74371737 (CANCELLED) for "arranging and conducting trade show exhibitions..." and "educational services; namely, conducting seminars...." The specimen submitted by Registrant to show current use for Serial No. 74371737 was an advertisement produced by the Registrant that showed that Registrant was using the subject mark as the name of its expos. (Petitioner Exhibit #8)
42. Petitioner is informed and believes, and upon such information and belief, alleges that in or about October 2000 Registrant submitted an application for ENTREPRENEUR mark Serial No. 76159837 (ENTREPRENEUR) for identical goods and services as Serial No. 74371737, namely, "Arranging And Conducting Trade Show Exhibitions..." and "Educational Services, Namely, Conducting Seminars...." The specimen submitted by Registrant to show current use for Serial No. 76159837 was an advertisement produced by the Registrant that clearly showed that Registrant was not using the subject mark as the name of its expos. Registrant was using the name "Entrepreneur Magazine's Small Business Expo." (Petitioner Exhibit #9)
43. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant never intended to resume use or did resume use of the subject mark as the name of its expos after it started using the name "Entrepreneur Magazine's Small Business Expo" as the name of its expos.

44. Registrant advertised its expos as "Entrepreneur Magazine's Small Business Expos" in the October 1997 issue of Registrant's Entrepreneur magazine (the declaration for the application for the subject registration was signed on March 24, 1999, and filed on April 2, 1999). (Petitioner Exhibit #10)
45. Registrant advertised its expos as "Entrepreneur Magazine's Small Business Expos" in the February 1999 issue of Registrant's Entrepreneur magazine (the declaration for the application for the subject registration was signed on March 24, 1999, and filed on April 2, 1999). (Petitioner Exhibit #11)
46. Registrant advertised its expos as "Entrepreneur Magazine's Small Business Expos" in the March 1999 issue of Registrant's Entrepreneur magazine (the declaration for the application for the subject registration was signed on March 24, 1999, and filed on April 2, 1999). (Petitioner Exhibit #12)
47. Registrant advertised its expos as "Entrepreneur Magazine's Small Business Expos" in the April 1999 issue of Registrant's Entrepreneur magazine (the declaration for the application for the subject registration was signed on March 24, 1999, and filed on April 2, 1999). (Petitioner Exhibit #13)
48. Registrant advertised its expos as "Entrepreneur Magazine's Small Business Expos" in the May 1999 issue of Registrant's Entrepreneur magazine (the declaration for the application for the subject registration was signed on March 24, 1999, and filed on April 2, 1999). (Petitioner Exhibit #14)
49. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office during the prosecution of the subject registration by intentionally misrepresenting and/or withholding material information

from the Trademark Office regarding Registrant's public admissions of its knowledge and belief that its alleged trademark rights consisting of or including the word "entrepreneur" are strictly limited to publication names (Petitioner Exhibit #15):

...a representative for Entrepreneur Media, the parent company that publishes [Entrepreneur] magazine, maintains [Scott] Smith is deceiving people by fabricating the publisher's intentions. [The Entrepreneur Business Center] and anyone else who uses entrepreneur in a business title have nothing to worry about, unless the trademarked word shows up in the name of a publication, said Rieva Lesonsky, senior vice president and editorial director of Entrepreneur Media. (*Indianapolis Business Journal*, April 30, 2001)

50. Petitioner is informed and believes, and upon such information and belief, alleges that the Registrant defrauded the Trademark Office when in or about March 1999, Registrant submitted a Declaration for the subject registration that Registrant knew or should have known was false or misleading. Registrant falsely claimed that the subject mark was currently being used in connection with the claimed services, namely: "Arranging And Conducting Trade Show Exhibitions In The Field Of Entrepreneurial Activities, Namely The Start-Up And Operation Of Small Business Enterprises."
51. Petitioner is informed and believes, and upon such information and belief, alleges that the Registrant defrauded the Trademark Office when in or about March 1999, Registrant submitted a Declaration for the subject registration that Registrant knew or should have known was false or misleading. Registrant falsely claimed that the subject mark was currently being used "by advertising in magazines and other periodicals and in the distribution of promotional literature."

52. According to the "Code of Ethics" of the Society of Professional Journalists

(Petitioner Exhibit #16), "the nation's most broad-based journalism organization, dedicated to encouraging the free practice of journalism and stimulating high standards of ethical behavior":

**Professional integrity is the cornerstone of a journalist's credibility. ...Journalists should be honest, fair and courageous in gathering, reporting and interpreting information. ...Journalists should: ...be free of obligation to any interest other than the public's right to know. ...Remain free of associations and activities that may compromise integrity or damage credibility. ...Deny favored treatment to advertisers and special interests and resist their pressure to influence news coverage. [Emphasis added]**

53. Petitioner is informed and believes, and upon such information and belief, alleges that

**Lesonsky, Registrant's senior vice-president and editorial director, has admitted to and demonstrated decades of direct involvement and tacit approval of Registrant's unethical, fraudulent and deceptive business practices.** Petitioner believes this is highly relevant to this Petition because it shows that Registrant's top editor has a history of participating in Registrant's unethical and fraudulent business practices, and has shown a reckless disregard for the truth.

54. Petitioner believes that the unethical acts and the credibility issues of Registrant's

staff, executives and attorneys are directly relevant to, and support, Petitioner's allegations that the Registrant has repeatedly defrauded the Trademark Office.

55. Petitioner is informed and believes, and upon such information and belief, alleges that

**a "culture of fraud" exists at Registrant's company.**

56. Petitioner is informed and believes, and upon such information and belief, alleges that

**Registrant defrauded the Trademark Office during the prosecution of the subject**

registration by intentionally misrepresenting and/or withholding material information from the Trademark Office regarding Registrant's abandonment of the subject mark.

**As otherwise shown in this Petition, Registrant's executives have on at least three (3) different occasions, admitted while giving sworn testimony that Registrant abandoned use of the subject mark.** For example, Registrant's senior vice president and editorial director, Lesonsky, clearly indicated in her July 8, 1999 deposition that Registrant was no longer using the subject mark. Lesonsky testified that since at least sometime before July 1999 Registrant was using the names "Entrepreneur Magazine's Business Expo" or "Entrepreneur Small Business Expo" for the name of Registrant's expos, and not the mark ENTREPRENEUR EXPO.

57. Lesonsky, who as Registrant's senior vice president and editorial director is presumed to be in a position to be aware of Registrant's business activities, would certainly have personal knowledge and involvement in Registrant's expos, and her testimony clearly indicates that as far back as sometime before July 1999, Registrant had abandoned use of the subject mark. Indeed, Registrant has run advertisements promoting its "Entrepreneur Magazine's Small Business Expo" that state: "Meet Rieva Lesonsky, editorial director of Entrepreneur." (Petitioner Exhibit #17)

58. Petitioner is informed and believes, and upon such information and belief, alleges that even if Registrant can somehow show that it had not abandoned use of the subject mark by July 1999, Lesonsky's testimony clearly shows that **the subject mark was not even distinctive in the mind of the corporate representative who was specifically designated by the Registrant for a deposition regarding Registrant's trademarks and business activities.** Excerpts from Lesonsky's July 8, 1999

deposition: (Petitioner Exhibit #18)

Page 23, lines 20-24:

Sharon Sandeen (Attorney): Okay. The next mark is "Entrepreneur Expo." Is that mark currently in use by Entrepreneur Media?

Lesonsky: **I think it's "Entrepreneur Magazine's Business Expo," but I don't really know.**

Page 44, lines 16-22:

Sandeen: It also says [the Entrepreneur mark] it's used in conjunction with trade shows and educational seminars. How is it used with trade shows and educational seminars?

Lesonsky: For our own trade shows we use the name. Obviously it's the name of the show, "Entrepreneur Small Business Expo." It's used in the advertising of the show, the signage at the show.  
[Emphasis added]

59. Lesonsky has testified under oath that she first became a Registrant employee in 1978, and has been a Registrant employee since 1983. Excerpt from Lesonsky's April 29, 2003 trial testimony (Petitioner Exhibit #19):

Pg 34, lines 8-9:

Lesonsky: I joined the company for the first time in December of 1978.

Pg 36, lines 9-10:

Lesonsky: I got fired actually in March of '80. Got rehired in November of 1983.

60. Petitioner is informed and believes, and upon such information and belief, alleges that Lesonsky has been generally familiar with Registrant's trademark registrations since at least the early 1980s. For example, on or about August 28, 1984 Registrant's retained attorney, Henry Bissell, sent Lesonsky a "carbon copy" of a cease and desist letter issued to the Aurora Chamber of Commerce regarding their "Aurora Small Business Entrepreneur" publication. (Petitioner Exhibit #20)

61. Lesonsky has testified under oath that she is familiar with Registrant's trademarks.

Excerpt from Lesonsky's April 29, 2003 testimony (Petitioner Exhibit #21):

Pg 99, lines 7-12:

Mark Finkelstein (Registrant's attorney): Are you generally familiar with Entrepreneur's trademark registrations?

Lesonsky: Yes.

62. Lesonsky's April 29, 2003 trial testimony clearly shows that Registrant has a long history of dishonest business practices. Among Lesonsky's many revealing statements, Lesonsky testified that Registrant's flagship publication "was a really bad magazine" that was started and run by "not a very ethical man," that Registrant has a history of not having "ethical practices," and that Registrant has a history of "credibility issues" with "who they wrote about" and how they "did business."

63. Lesonsky has admitted to direct involvement in the Registrant's dishonest business practices. For example, Lesonsky admits working on at least one of Registrant's fraudulently ranked "Franchise 500" lists. Excerpt from Lesonsky's April 29, 2003 testimony (Petitioner Exhibit #22):

Pg 35, lines 2-11:

Finkelstein: What do you mean there weren't "journalistic ethical practices in motion"?

Lesonsky: ... we publish something called *The Franchise 500*. The first one came out in March of 1980, I believe, so **I worked on the first one in 1979**; and this ranks the best franchises in the United States of America. The winner for the first year was a car wash which technically was not even a franchise. They were a business opportunity, but they were the company's biggest advertiser so they somehow became, you know, No. 1.

Finkelstein: I see. So were there some credibility issues with the company?

Lesonsky: I think **there were a lot of credibility issues**. Not only

with who we wrote about, but how we did business.  
[Emphasis added]

64. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant continues to use its Franchise 500 lists to deceive the public. For example, the January 2004 issue of Registrant's Entrepreneur magazine included an editorial by Lesonsky that intentionally and knowingly misled its readers to believe that Registrant's Franchise 500 list is now **and has always been** the most objective, trustworthy and useful ranking of franchise opportunities available anywhere (Petitioner Exhibit #23).

65. Despite Lesonsky's sworn admissions that Registrant's Franchise 500 list has a history of not being objective or reliable, **Lesonsky's January 2004 editorial deceptively mischaracterizes the history, objectivity, and reliability of Registrant's Franchise 500 lists.** Lesonsky's editorial even includes the Franchise 500 list that Lesonsky worked on that dishonestly ranked "Dan Hanna Auto Wash" as America's #1 franchise opportunity. Excerpts from Lesonsky's editorial:

Do you remember what you were doing in 1980? ...Most of what I remember from those days is fragmentary, but **I do recall sitting on the floor surrounded by hundreds of forms, helping compile Entrepreneur's very first Franchise 500®,** published in the 1980 March issue. ...Flash forward a few years to the mid-1980s. I had left Entrepreneur (been fired, actually) but was now back. Then editorial assistant, now executive editor Maria Anton and I were responsible for compiling the annual Franchise 500®, which had brought the magazine some positive attention. **...the Franchise 500® still provides an objective view of the hundreds of franchise opportunities clamoring for your attention.**  
[Emphasis added]

66. Petitioner is informed and believes, and upon such information and belief, alleges that **Registrant's Franchise 500 lists continue to be based on a "secret formula" that**



can be influenced by payola – "a secret or indirect payment for a commercial favor." Petitioner believes Registrant refuses to disclose its so-called "secret formula" because it's Franchise 500 lists are not as objective, credible, or reliable as Registrant misleads the public to believe. Franchise rankings by other firms do not have to use "secret formulas," and don't have a history of ranking franchises based on dishonest criteria. Lesonsky's 2004 editorial mentions the still secretive nature of Registrant's Franchise 500 lists:

Over the years, we...have fine-tuned the 500, updating the formula (which, like McDonald's sauce, **remains a secret to most**)...  
[Emphasis added]

67. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant's deceptive Franchise 500 list(s) have likely caused significant, irreparable and ongoing emotional and economic injury to its readers. Registrant knows or should know that a significant percentage of its readers are people interested in buying a franchise who have never before run or purchased a business or a franchise, and as such, are looking for reliable sources of information about business and franchise opportunities. Indeed, why else would a potential franchisee buy or read Registrant's Franchise 500 lists? In fact, the cover of Registrant's January 2004 Franchise 500 issue of Entrepreneur magazine even boldly proclaims, "DON'T BUY A FRANCHISE UNTIL YOU READ THIS!" (Petitioner Exhibit #24)
68. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant is intentionally misleading its readers to believe that its Franchise 500 lists are currently now, and have always been well researched, honest and reliable. As a direct result, untold thousands of people are wrongly relying upon data that has a

history of being deceptive and dishonest, to make one of the most important, lasting, and expensive decisions of their lives.

69. Petitioner is informed and believes, and upon such information and belief, alleges that a franchise falsely ranked by Registrant's Franchise 500 lists can promote its false rankings to the consuming public for several decades. For example, Hanna Car Wash Systems (f.k.a. "Dan Hanna Auto Wash") continues to promote, and profit from its allegedly dishonest ranking as America's #1 franchise opportunity by Registrant's Franchise 500 list in the early 1980s. (Petitioner Exhibit #25)

In 1981, Entrepreneur's magazine named Hanna the #2 franchiser in the world (just behind McDonald's) and in 1982 named Hanna #1.

70. According to Lesonsky's sworn testimony, Lesonsky never resigned even though she had knowledge and belief that Registrant wasn't a "professional" or "legitimate" company until at least after Shea purchased it in December 1986. Which means Lesonsky, a journalism school graduate and current top editor for Registrant, knowingly and willingly worked at an unprofessional and illegitimate publishing company for the majority of Lesonsky's first ten (10) years working for Registrant. (Petitioner Exhibit #26)

Page 38, lines 10-16:

We started hiring more professional salespeople. We got better equipment. ... we became what I would consider a professional company, you know, a legitimate, real magazine.

71. During Lesonsky's April 29, 2003 trial testimony, Lesonsky testified about how essential credibility is for a magazine (Petitioner Exhibit #27):

Page 38, lines 24-25; page 39 lines 1-10:

And in some magazines they don't even let salespeople talk to editorial people. We're not like that.

But you -- in order to maintain your credibility as a magazine to your readers so they know that they can trust every word that you are writing, that it's objective and credible and legitimate, you can't have a relationship with advertisers.

**You can't reward an advertiser for buying an ad.** You can't write a story about someone because they bought an ad. You can't write a story about someone because they paid you money. **That's the antithesis of what good journalism ethics are...** [Emphasis added]

72. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant continues to operate dishonestly and to have unethical business practices. For example, according to at least two (2) articles by *The New York Times* ("America's Paper of Record"), Nielsen/NetRatings, "a leading company in measuring Internet traffic, sharply cut its previously reported statistics for [Registrant's website] to 2 million unique visitors from 7.6 million" because Registrant was caught using pop-ups to greatly exaggerate its web traffic numbers. **It's not plausible that Registrant's nearly 400% spike in web traffic numbers could have been the result of an honest mistake, oversight or misunderstanding.** Such a dramatic increase in web visitors for a mature website such as Registrant's is unheard of absent extraordinary circumstances. (Petitioner Exhibit #28)
73. As part of Petitioner's investigations, Petitioner telephoned Scott Ross, senior product manager for Nielsen/NetRatings, regarding *The New York Times* articles reporting that Registrant had been greatly overstating its web traffic numbers (*The New York Times* attributed Ross as a source for their information about Registrant's web traffic numbers). During this telephone conversation, Ross told Petitioner: **"I can't think of**

any web traffic numbers being as dramatically overstated as [Registrant's], at least not in the U.S." [Emphasis added]

74. Petitioner is informed and believes, and upon such information and belief, alleges that **Registrant continues to make hugely inflated and knowingly false claims about its web traffic numbers.** During an April 21, 2007 interview for "I'm There for You Baby," a radio show and podcast for technology entrepreneurs, Peter Shea, Registrant's CEO/Chairman, falsely claimed that: "We're also the largest online internet location for small, medium-sized businesses. **We have had months where we've had as many as 10 to 12 million unique visitors.**" [Emphasis added] (note: The "I'm There for You Baby" radio show was called "The Entrepreneur's Guide to the Galaxy" until Registrant forced a name change). Petitioner believes and alleges that Shea's statements during this radio interview show a stunningly reckless disregard for the truth by Registrant's top executive and sole shareholder, and provide more proof of Registrant's continuing and decades long pattern of dishonest and unethical conduct. Incredibly, Shea's web traffic claims are 150% higher than the previously overstated numbers that were already nearly 400% higher than Registrant's actual numbers, making Shea's claims approximately **600% higher** than Registrant's actual numbers. Shea's actions remind Petitioner of the metaphor, "**a fish rots from the head down,**" a more colorful way of saying that "**...a corrupt organization is the result of a corrupt ruler or leader.**" (Petitioner Exhibit #29)

75. Petitioner is informed and believes, and upon such information and belief, alleges that the Registrant defrauded the Trademark Office when in or about December 1999, Registrant submitted a Declaration falsely claiming that the subject mark: (Petitioner Exhibit #30)

...has become distinctive of the goods through the Registrant's substantially exclusive and continuous use in commerce for at least the five years immediately before the date of this statement... I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that **these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both**, under section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any registration resulting therefrom. Ronald L. Young, Secretary of Registrant [Emphasis added]

76. Petitioner is informed and believes, and upon such information and belief, alleges that according to sworn statements made by several of Registrant's employees and executives, **Registrant had already abandoned use of the subject mark well before Registrant's December 1999 declaration submitted to the Trademark Office.** Registrant (and its retained attorneys) knew or should have known that its claim of "substantially exclusive and continuous use in commerce" was a false or misleading statement.

77. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office during the prosecution of the subject registration by intentionally misrepresenting and/or withholding material information from the Trademark Office regarding Registrant's abandonment of the subject mark. As otherwise shown in this Petition, Registrant's employees and executives have on at

least three (3) different occasions, admitted while giving sworn testimony that Registrant long ago abandoned use of the subject mark. **Lesonsky, repeatedly admitted while testifying at trial on April 29, 2003, that Registrant had abandoned use of the subject mark during or prior to 1998, without intent to resume use** (*Entrepreneur Media, Inc. v. Smith*, Case No. CV 98-3607 FMC (CTx)).

Excerpts from Lesonsky's April 29, 2003 testimony (Petitioner Exhibit #31):

Pg 45, lines 14-15, 20-22:

Finkelstein: Does Entrepreneur sponsor any **activities** like trade shows?

Lesonsky: Entrepreneur has -- we sponsor -- **we used to have our own expo**, entrepreneur expo, small business expo.

Pg 60, lines 16-18:

Finkelstein: Next exhibit, 44.

Lesonsky: This is an ad for the Entrepreneur Expos. **We used to do expos** for a number of years...

Pg 61, lines 2-6:

Finkelstein: Okay. Exhibit 45, what is that?

Lesonsky: This is -- this is a later iteration of the expos. The other one, as you noticed, was dated '93. **This is '98. It was now called The Small Business Expo**; and we were doing it in partnership in conjunction with American Express.

Pg 63, lines 11-17:

Lesonsky: ...for a while we tried -- expos are expensive; and we were breaking even and decided it was a lot of effort to break even. So we tried to do it online and create a virtual expo. So we ran some ads for that. It really didn't work. The technology was not quite there yet, but we tried it for a while.  
[Emphasis added]

78. Registrant is so blatant with its fraudulent actions that even after repeatedly admitting under oath during a district court trial that Registrant had abandoned use of the ENTREPRENEUR EXPO mark, that later that very same day, Registrant submitted

as evidence, one of its then registered ENTREPRENEUR EXPO marks (Registration No. 1856997, CANCELLATION date July 9, 2005). However, based on Lesonsky's testimony, Registrant abandoned use of the ENTREPRENEUR EXPO mark five (5) or so years beforehand. Excerpt from Lesonsky's April 29, 2003 testimony (Petitioner Exhibit #32):

Page 99, line 25, pg 100, lines 1-2:

Finkelstein: The next exhibit is 12, registration 1856997. If you turn to the second page.

Lesonsky: For the ENTREPRENEUR EXPO.

79. Petitioner is informed and believes, and upon such information and belief, alleges that the Registrant defrauded the Trademark Office when in or about December 2003, seemingly prompted by Lesonsky admitting under oath that Registrant had long ago abandoned use of the subject mark, **Registrant filed an "intent to use" application for the same ENTREPRENEUR EXPO mark**, Serial No. 76565130. As otherwise shown in this Petition, Serial No. 76565130 was refused registration because the "mark merely describes the services." While this merely descriptive refusal is consistent with at least four (4) other ENTREPRENEUR EXPO applications submitted by the Registrant since 1991, Registrant's filing of Serial No. 76565130 provides additional evidence of Registrant's efforts to: 1) defraud the Trademark Office, 2) to cover-up its abandonment of the subject mark, and 3) to induce the Trademark Office to issue and maintain registrations to which Registrant was not entitled. **Serial No. 76565130 is relevant to this Petition** because it directly relates to Registrant's fraudulent and desperate efforts to acquire a new ENTREPRENEUR EXPO registration to cover-up its abandonment of the subject mark.

80. Petitioner is informed and believes, and upon such information and belief, alleges that after Lesonsky admitted at trial in April 2003 (apparently accidentally) that Registrant had long abandoned use of the subject mark, **Registrant and its retained attorneys, working together, concocted a fraudulent scheme to replace Registrant's still registered, but affirmatively abandoned, subject registration.** Petitioner believes that Registrant's plan was to file a new but identical ENTREPRENEUR EXPO trademark application (Serial No. 76565130, Filing date: December 2003; Petitioner Exhibit #33) on an intent to use basis and if it got registered on the principal register, then expressly abandon, or simply let expire, the subject registration. In other words, **through what could be best described as an effort to commit "trademark laundering," Registrant was attempting to clean up its "dirty" and abandoned subject mark by filing an intent to use application for the exact same mark, for the exact same goods and services.** Unfortunately for the Registrant, the Trademark Office examining attorney wasn't as deceivable as Registrant must have believed. In addition to refusing Serial No. 76565130 for being merely descriptive, the examining attorney also noted that Serial No. 76565130 was identical to the subject registration and informed Registrant that the Trademark Office "will not issue two or more identical registrations." **There is simply no plausible excuse for why the Registrant would file an intent to use application for an identical mark, for identical goods and services, and for the same class as the subject registration.** Unless of course as the Petitioner believes and alleges, Registrant had knowledge and belief that it had abandoned the subject mark.

81. Petitioner believes that Registrant was trying to fraudulently acquire a new



ENTREPRENEUR EXPO registration to cover-up its years old abandonment of the subject mark by sneaking through an intent to use application for Serial No.

76565130 for the identical ENTREPRENEUR EXPO mark, for identical goods and services. **It's just not plausible that this could have been an honest mistake, oversight, misunderstanding, or negligent omission.** Registrant's retained attorneys specialize in intellectual property law and are presumed to be familiar with U.S. trademark law and Trademark Office rules and procedures. Registrant and its retained attorneys are also presumed to be in a position to have direct and personal knowledge of, and executive-level involvement in Registrant's trademarks and business activities. **Registrant and its attorneys knew or should have known that Registrant had abandoned use of the subject mark.** That is precisely why Registrant's Serial No. 76565130 application was filed on an intent to use basis.

82. Petitioner believes that Registrant and its attorneys realized that they were "caught with their hands deep in the cookie jar," and that their fraudulent scheme was now publicly exposed, so they quickly gave up on this particularly ill-conceived plot to defraud the Trademark Office, and in September 2004 sent a letter of express abandonment to the Trademark Office for Serial No. 76565130. (Petitioner Exhibit #34)
83. Petitioner believes that Registrant showed so little respect for the competency of the trademark examiner to catch Registrant's fraudulent acts that Registrant didn't even bother to modify the goods and services named in Serial No. 76565130. **Registrant simply copied the goods and services named in the subject registration for Serial No. 76565130.** To illustrate how exactly duplicative these two marks were, below

are the goods and services named by Registrant in Serial No. 76565130 and for the subject mark (the mark Registrant also falsely used to induce the Trademark Office to register Serial No. 76664695):

**Serial No. 76565130 (ABANDONED):** Goods and Services IC 035. US 100 101 102. G & S: Arranging and conducting Trade Show Exhibitions in the field of entrepreneurial activities; namely, the start-up and operation of Small Business Enterprises.

**Registration No. 2391145 (subject registration):** Goods and Services IC 035. US 100 101 102. G & S: Arranging And Conducting Trade Show Exhibitions In The Field Of Entrepreneurial Activities, Namely The Start-Up And Operation Of Small Business Enterprises.

84. Petitioner is informed and believes, and upon such information and belief, alleges that the timing and exactly duplicative nature of Registrant's application for Serial No. 76565130 clearly shows that it was filed to cover-up Registrant's abandonment of the subject mark.

85. Petitioner is informed and believes, and upon such information and belief, alleges that **Shea, Registrant's CEO, admitted during his July 21, 2006 video-taped deposition that Registrant was no longer using the subject mark or producing any trade seminars, without intent to resume use** (Petitioner Exhibit #35):

Page 268, lines 2-9:

Daniel Weiss (Attorney): ...are you still using the service mark "Entrepreneur" in conjunction with trade seminars?

Shea: **We don't do trade seminars anymore.**

Weiss: ...what is the business of Entrepreneur Expo?

Shea: Entrepreneur Expo is -- **was** a company that put on expos, small business expos.

[Emphasis added]

86. During Shea's July 21, 2006 deposition, he was asked why Registrant had renewed

the subject mark in February 2006 if Registrant was no longer using the mark or its named goods and services. **Shea's testimony shows that Registrant did not have any bona fide plans for resuming use of the subject mark or for producing any exhibitions, trade shows, or seminars.** (Petitioner Exhibit #36):

Pages 268-269, lines 24-25, 1-5

Daniel Weiss (Attorney): ... do you know what the intended use of [the subject] mark would be if ...you're no longer in the business of doing exhibitions and trade shows and seminars. Then what [purpose would renewing] that mark serve?

Page 269, lines 9-10

Shea: It would -- might be a business that we'd get back into.  
[Emphasis added]

87. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office by intentionally misrepresenting and/or withholding material information from the Trademark Office regarding Registrant's abandonment of the subject mark. **Less than three (3) weeks after Registrant's CEO Shea admitted during his July 21, 2006 deposition that Registrant had abandoned use of the subject mark, and had no bona fide plans to resume use of the subject mark, Registrant tried to again acquire a new ENTREPRENEUR EXPO mark.** On or about August 9, 2006, Registrant submitted an intent to use ENTREPRENEUR EXPO application for Serial No. 76664695. (Petitioner Exhibit #37) This time, apparently trying to avoid another refusal to register office action based on duplicative registrations such as previously occurred for Serial No. 76565130, Registrant tried to sneak an intent to use ENTREPRENEUR EXPO application for Serial No. 76664695 through the Trademark Office by

claiming a different trademark class as the subject registration. However, Registrant made such over-reaching claims for its goods and services, that in addition to refusing to register Serial No. 76664695 for being "merely descriptive," the examining attorney also stated:

The wording in the identification of services is indefinite and must be clarified because it is too broad and could include services in other international classes. TMEP §§1402.01 and 1402.03. Furthermore, Registrant must specify the nature of the services as well as their main purpose and their field of use or channels of trade.

88. Petitioner is informed and believes, and upon such information and belief, alleges that although it's obvious that the Registrant learned from its previously and miserably failed attempt to defraud the Trademark Office with its December 2003 intent to use application for Serial No. 76565130, Registrant's intent to use application for Serial No. 76664695 is for the same ENTREPRENEUR EXPO mark, includes the same class, and includes the same goods and services named in the subject mark (the classes and named goods and services still include "starting, operating, and growing small- and mid- sized businesses").
89. Petitioner is informed and believes, and upon such information and belief, alleges that **the timing of Registrant's filing of another intent to use application (Serial No. 76664695) for the ENTREPRENEUR EXPO mark immediately after Registrant's CEO admitted Registrant had abandoned use of the subject mark, was not, and could not, have been mere coincidence.** If Registrant had not already abandoned the subject mark, then there would have been no need for Registrant to file an intent to use application for the same ENTREPRENEUR EXPO mark that includes the same goods and services as the subject mark. By filing yet another intent to use

application that includes the same good and services as the subject mark, Registrant was (again) clearly showing that it had knowledge and belief that it had abandoned use of the subject mark.

90. Petitioner is informed and believes, and upon such information and belief, alleges that

Registrant did not have a "bona fide" intent to use Serial No. 76664695 in connection with all of the identified goods and services as of the filing date of its application.

Registrant filed for Serial No. 76664695 to try and take advantage of the fact that the Trademark Office "will not evaluate the good faith of an Registrant in the ex parte examination of applications. Generally, the Registrant's sworn statement of a bona fide intention to use the mark in commerce will be sufficient evidence of good faith in the ex parte context" (T.M.E.P. §1101).

91. Petitioner is informed and believes, and upon such information and belief, alleges that

Registrant defrauded the Trademark Office by intentionally misrepresenting and/or withholding material information from the Trademark Office concerning Registrant's knowledge that **most use of the phrase ENTREPRENEUR EXPO is by others, not by the Registrant.**

92. Petitioner is informed and believes, and upon such information and belief, alleges that

Registrant defrauded the Trademark Office by intentionally misrepresenting and/or withholding material information from the Trademark Office concerning Registrant's de minimus use of the ENTREPRENEUR EXPO mark. For example, **a search of Registrant's own website (entrepreneur.com) for the phrase "entrepreneur expo" generated just two (2) results.** (Petitioner Exhibit #38) Importantly, of these two results, one was from the November 2003 issue of Registrant's Entrepreneur

magazine and was about the November 8 and 9, 2003 "Self-Employment and Entrepreneur Expo," **an event not produced by the Registrant** (Petitioner Exhibit #39). The second result was from the January 1996 issue of Registrant's Entrepreneur magazine and was written by Lesonsky (Petitioner Exhibit #40). **This reference was possibly the Registrant's last use of the phrase ENTREPRENEUR EXPO, and shows the Registrant already using the name "Entrepreneur Magazine's Small Business Expo" as the name of its expos.**

93. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office by intentionally misrepresenting and/or withholding material information from the Trademark Office concerning the non-distinctive nature of the phrase ENTREPRENEUR EXPO during the prosecution of the subject registration.

94. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office by intentionally misrepresenting and/or withholding material information from the Trademark Office concerning Registrant's acquiescence to 3<sup>rd</sup> party use of the phrase ENTREPRENEUR EXPO.

95. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office by intentionally misrepresenting and/or withholding material information from the Trademark Office concerning **Registrant's promotion of 3<sup>rd</sup> party use of the phrase ENTREPRENEUR EXPO** (see: Petitioner Exhibit #40).

96. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office by intentionally misrepresenting and/or

withholding material information from the Trademark Office with a deliberate intent to deceive and to induce the Trademark Office to issue and maintain registrations to which Registrant was not entitled.

97. Petitioner is informed and believes, and upon such information and belief, alleges that the Trademark Office relied on the absence of material information withheld by the Registrant, and, but for the withholding and/or the misrepresentation of material information by the Registrant, the Trademark Office would not have registered or renewed the subject registration. In the trademark registration context, this constitutes fraud.

98. Petitioner is informed and believes, and upon such information and belief, alleges that the Trademark Office relied on the absence of material information withheld by the Registrant, and, but for the withholding and/or the misrepresentation of material information by the Registrant, the Trademark Office would not have approved Serial No. 76664695 for publication by allowing Registrant to claim acquired distinctiveness through ownership of the subject registration. In the trademark registration context, this constitutes fraud.

99. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant defrauded the Trademark Office by intentionally misrepresenting and/or withholding material information from the Trademark Office regarding secret agreements Registrant has with other users of the phrase ENTREPRENEUR EXPO. Petitioner believes these agreements may show that Registrant is violating the Sherman Antitrust Act by conspiring in restraint of trade or commerce, or to monopolize trade or commerce.

100. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant has intentionally misrepresented and used its knowingly abandoned subject mark to harass and cause annoyance to contacts of Petitioner, including the City of Fort Worth Texas "Entrepreneur Expo."
101. Petitioner is informed and believes, and upon such information and belief, alleges that one or more of Petitioner's contacts has been pressured into reducing, abandoning or otherwise modifying their use of the phrase ENTREPRENEUR EXPO and/or have been coerced into agreements they would have not entered into had they known Registrant had abandoned use of the subject mark, without intent to resume use.
102. Petitioner is informed and believes, and upon such information and belief, alleges that during the prosecution of the subject registration, **Registrant's in-house and/or retained attorneys violated the American Bar Association's (ABA) "Model Rules of Professional Conduct."**
103. Petitioner is informed and believes, and upon such information and belief, alleges that during the prosecution of the subject registration, **Registrant's in-house and/or retained attorneys counseled Registrant to engage, or assisted Registrant, in conduct that Registrant's in-house and/or retained attorneys knew or should have known was criminal or fraudulent.** According to the ABA's "Model Rules of Professional Conduct" Rule 1.2(d) (Petitioner Exhibit #41):
- A lawyer shall not counsel a client to engage, or assist a client, in conduct that the lawyer knows is criminal or fraudulent...**  
[Emphasis added]
104. Petitioner is informed and believes, and upon such information and belief, alleges that during the prosecution of the subject registration, Registrant's in-house and/or



retained attorneys made false statements of material fact or law to a third person, including persons at the Trademark Office, or failed to disclose material facts when disclosure was necessary to avoid assisting a criminal or fraudulent act by a client. According to the ABA's "Model Rules of Professional Conduct" Rule 4.1 (Petitioner Exhibit #42):

In the course of representing a client a lawyer shall not knowingly:

(a) make a false statement of material fact or law to a third person;  
or

(b) fail to disclose a material fact when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client, unless disclosure is prohibited by Rule 1.6.

105. Petitioner is informed and believes, and upon such information and belief, alleges that during the prosecution of the subject registration, Registrant's in-house and/or retained attorneys violated the ABA's "Model Rules of Professional Conduct" Rule 5.1 (Petitioner Exhibit #43):

(a) A partner in a law firm, and a lawyer who individually or together with other lawyers possesses comparable managerial authority in a law firm, shall make reasonable efforts to ensure that the firm has in effect measures giving reasonable assurance that all lawyers in the firm conform to the Rules of Professional Conduct.

(b) A lawyer having direct supervisory authority over another lawyer shall make reasonable efforts to ensure that the other lawyer conforms to the Rules of Professional Conduct.

(c) A lawyer shall be responsible for another lawyer's violation of the Rules of Professional Conduct if:

(1) the lawyer orders or, with knowledge of the specific conduct, ratifies the conduct involved; or

(2) the lawyer is a partner or has comparable managerial authority in the law firm in which the other lawyer practices, or has direct supervisory authority over the other

lawyer, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action.

106. Petitioner is informed and believes, and upon such information and belief, alleges that during the prosecution of the subject registration, Registrant's in-house and/or retained attorneys had knowledge and belief that one or more of Registrant's attorneys committed a violation of the Rules of Professional Conduct but failed to notify the appropriate professional authority. According to the ABA's "Model Rules of Professional Conduct" Rule 8.3(a) (Petitioner Exhibit #44):

A lawyer who knows that another lawyer has committed a violation of the Rules of Professional Conduct that raises a substantial question as to that lawyer's honesty, trustworthiness or fitness as a lawyer in other respects, shall inform the appropriate professional authority.

107. Petitioner is informed and believes, and upon such information and belief, alleges that during the prosecution of the subject registration, Registrant's in-house and/or retained attorneys violated the ABA's "Model Rules of Professional Conduct" Rule 8.4 (Petitioner Exhibit #45):

It is professional misconduct for a lawyer to:

(a) violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another;

(b) commit a criminal act that reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects;

(c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation;

(d) engage in conduct that is prejudicial to the administration of justice;

(e) state or imply an ability to influence improperly a government agency or official or to achieve results by means that violate the Rules of Professional Conduct or other law; or

(f) knowingly assist a judge or judicial officer in conduct that is a violation of applicable rules of judicial conduct or other law.

108. Petitioner is informed and believes, and upon such information and belief, alleges that **Registrant and its attorneys have a long and continuing history of making egregiously over-reaching or knowingly false claims, many times based on non-existent or abandoned marks, to harass and cause annoyance to others.** For example, on or about February 2, 1990, Registrant's retained attorney Henry M. Bissell (Bissell & Bissell, State Bar of California, Bar No. 31628, Inactive) sent a highly demanding cease-and-desist letter to a company using the name "Entrepreneurs' Guild." (Petitioner Exhibit #46) The letter, in part, read:

...Entrepreneur, Inc. [Registrant] publishes a series of Guides and has **pending or issued applications** to register the following marks:

ENTREPRENEURS GUIDE TO BUSINESS START-UPS

ENTREPRENEURS GUIDE TO HOMEBASED BUSINESSES

ENTREPRENEURS GUIDE TO FRANCHISE & BUSINESS OPPORTUNITIES

**...We consider that this activity constitutes a direct infringement of the trademark rights of our client.** The goods appear to be identical in many respects and your use of the term "Entrepreneurs' Guild" creates an impression among members of the public that your business is another venture of Entrepreneur, Inc. or is somehow affiliated with or authorized by our client. In addition, **there is very little discernible difference between our client's Entrepreneurs Guides and your term Entrepreneurs' Guild.**

**We therefore demand that you terminate your use of the terms ENTREPRENEURS' GUILD...** We ask that you deliver up to us

for destruction all products bearing the offending term, including promotional literature, books, software, audio cassettes, video cassettes, newsletters, and any other literature or similar products, together with the printer's mats, plates, and other items which are or may be used in the production of infringing products. [Emphasis added]

109. Petitioner believes and alleges that Bissell's "Entrepreneurs' Guild" demand letter was knowingly inaccurate, misleading and showed a reckless disregard for the truth (Bissell's letters to smaller companies and organizations are noticeably more aggressive and demanding than his letters to entities that Bissell believes have the resources necessary to challenge Registrant's claims). Petitioner searched the online records of the USPTO and was **unable to find any records** indicating that Registrant did in or about February 1990, or has ever, had "pending or issued applications" for ENTREPRENEURS GUIDE TO BUSINESS START-UPS, ENTREPRENEURS GUIDE TO HOMEBASED BUSINESSES or ENTREPRENEURS GUIDE TO FRANCHISE & BUSINESS OPPORTUNITIES.

110. Petitioner is informed and believes, and upon such information and belief, alleges that Bissell has represented and been a USPTO attorney of record for Registrant and its predecessor companies such as Chase Revel, Inc., American Entrepreneurs Association and Entrepreneur, Inc. since at least mid-1979. (Petitioner Exhibit #47)

111. Petitioner is informed and believes, and upon such information and belief, alleges that Bissell has since in or about mid-1979, submitted in excess of one hundred (100) trademark or service mark applications at the USPTO for Registrant and its predecessor companies such as Chase Revel, Inc., American Entrepreneurs Association and Entrepreneur, Inc. (Petitioner Exhibit #48)

112. Petitioner is informed and believes, and upon such information and belief, alleges

that Bissell knows or should know that Registrant's executives have indicated that Registrant has abandoned use of the subject mark, without intent to resume use.

113. Petitioner is informed and believes, and upon such information and belief, alleges that **Registrant and Bissell have had knowledge and belief that Registrant abandoned use of the subject mark since at least December 1998.** As part of discovery for *Entrepreneur Media, Inc. vs. Stardock Systems, Inc.* (Case No. SACV-98-495), Bissell on behalf of Registrant, submitted PLAINTIFF'S RESPONSE TO DEFENDANT'S FIRST SET OF INTERROGATORIES PROPOUNDED TO PLAINTIFF ENTREPRENEUR MEDIA, INC. Included in Bissell's answer for Interrogatory No. 7 are statements that clearly indicate that Registrant and Bissell had knowledge and belief that Registrant had abandoned use of the subject mark prior to December 1998, was likely no longer producing any tradeshow, and had no bona fide intention to resume use of the subject mark (Petitioner Exhibit #49):

Since May, 1992, plaintiff's trade shows have been conducted in association with the mark ENTREPRENEUR, first as "Entrepreneur Expo" then as "Entrepreneur Magazine's Small Business Expo".

114. Petitioner is informed and believes, and upon such information and belief, alleges that Bissell has knowledge and belief that since the date of Registrant filing its application for the subject mark and the filing of this petition, that Registrant has not made bona fide use in commerce of the subject mark in the ordinary course of trade, and not "token use" over time made merely to reserve a right in the subject mark, with no present intent to commercially exploit the subject mark, for three (3) consecutive years or more.

115. Petitioner is informed and believes, and upon such information and belief, alleges

that Bissell has not seen proof that since the filing of Registrant's application for the subject registration, that Registrant has made bona fide use in commerce of the subject mark in the ordinary course of trade, and not "token use" over time made merely to reserve a right in the subject mark, with no present intent to commercially exploit the subject mark, without failing to do so for three (3) consecutive years or more.

116. Petitioner is informed and believes, and upon such information and belief, alleges that Ronald L. Young (State Bar of California, Bar No. 68407, Active), Registrant's corporate counsel, was present during Lesonsky's April 29, 2003 trial testimony in Los Angeles, California. During her sworn testimony, Lesonsky clearly indicated that Registrant had abandoned use of the subject mark without intent to resume use. Because Young was present during Lesonsky's testimony, it is presumed that Lesonsky's testimony put Young on notice that Registrant had abandoned use of the subject mark.

117. Petitioner is informed and believes, and upon such information and belief, alleges that as Registrant's corporate counsel, Young is presumed to be in a position to provide Registrant with analysis and counsel on legal, policy, and intellectual property issues, anticipate and guard against legal risks facing the company, and develop and recommend company policy and position on legal issues.

118. Petitioner is informed and believes, and upon such information and belief, alleges that the law firm of Latham & Watkins, LLP has represented Registrant and its trademarks and services marks since at least May 1999. (Petitioner Exhibit #50)

119. Petitioner is informed and believes, and upon such information and belief, alleges

that the law firm of Latham & Watkins has represented Registrant using numerous attorneys, including: Perry J. Viscounty, Mark A. Finkelstein, Deborah A. Gubernick, Jeremy R. Tarwater, Eric M. Kennedy, Donald P. Bunnin, Julie L. Dalke, Michele D. Johnson, and Joanna R. Wolfe.

120. Petitioner is informed and believes, and upon such information and belief, alleges that Latham & Watkins is one of the world's largest law firms, that Latham was the first U.S.-based law firm to report revenues in excess of \$2 billion, and Latham's 2007 profit per partner was \$2.27 million. (Petitioner Exhibit #51)

121. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant and its attorneys have a long and continuing history of making over-reaching or knowingly false claims, many times based on non-existent or abandoned marks, to harass and cause annoyance to others. For example, on or about July 10, 2007, Registrant's retained attorney Mark A. Finkelstein (Latham & Watkins, State Bar of California, Bar No. 173851, Active) signed and submitted a "Notice of Opposition" against Victor Cheng's LIFESTYLE ENTREPRENEUR mark (TTAB Opposition No. 91178306) (Petitioner Exhibit #52). Petitioner believes and alleges that Finkelstein's Notice of Opposition was knowingly inaccurate, misleading and showed a reckless disregard for the truth. **Despite being present on at least three (3) occasions when Registrant executives affirmatively abandoned use of the subject mark, without intent to resume use, Finkelstein still listed and attached the subject registration to Registrant's Notice of Opposition against Cheng.** Because Finkelstein was present when Registrant's executives affirmatively abandoned the subject mark, Finkelstein knew or should have known that this Notice of Opposition

contained false or misleading claims. Finkelstein's Notice of Opposition on behalf of Registrant, alleged, in part:

[Registrant] owns the following US Patent and Trademark Office trademark and service mark registrations consisting of or including the ENTREPRENEUR mark ...ENTREPRENEUR EXPO ...Reg. Number 2391145...[Registrant's] ...registrations are valid, unrevoked, uncanceled, and in full force and effect. ...Please recognize as attorneys for EMI Perry J. Viscounty, Mark A. Finkelstein, Michele D. Johnson, Julie L. Dalke, and the law firm of Latham & Watkins LLP.

122. Petitioner is informed and believes, and upon such information and belief, alleges that Finkelstein was present and representing Registrant at Lesonsky's July 8, 1999 deposition in Irvine, California. During her sworn deposition, Lesonsky clearly indicated that Registrant had abandoned use of the subject mark, without intent to resume use. Because Finkelstein was present at Lesonsky's deposition, it is presumed that **since at least July 8, 1999, Finkelstein has had knowledge and belief that Registrant abandoned use of the subject mark, without intent to resume use.**
123. Petitioner is informed and believes, and upon such information and belief, alleges that Finkelstein was present and representing Registrant during Lesonsky's April 29, 2003 trial testimony in Los Angeles, California. During her sworn testimony, Lesonsky clearly indicated that Registrant had abandoned use of the subject mark, without intent to resume use. Because Finkelstein was present during Lesonsky's testimony, it is presumed that Lesonsky's testimony put Finkelstein on notice that Registrant had abandoned use of the subject mark, without intent to resume use.
124. Petitioner is informed and believes, and upon such information and belief, alleges that Finkelstein was present and representing Registrant at Petitioner's November 16, 2005 deposition in Sacramento, California. During his deposition, Petitioner clearly



indicated that he had belief and evidence to show that Registrant had defrauded the Trademark Office, particularly regarding Registrant's claims of "substantially exclusive" usage of marks consisting of or including the word ENTREPRENEUR. The words "fraud" and "fraudulent" were mentioned at least thirteen (13) times during Petitioner's deposition, and mostly by Finkelstein. Because Finkelstein was present during Petitioner's deposition, it is presumed that Finkelstein has knowledge and belief that Registrant could likely be a defendant in a trademark fraud case.

Excerpts from Petitioner's deposition (Petitioner Exhibit #53):

Page 127, lines 14-25

Finkelstein: Any other ways or evidence in your mind that supports your position that there was fraud committed on the PTO?

Petitioner: They also ran a full-page promotional article, I should say a favorable article, on a book entitled "Computer Entrepreneurs," and as you know, that first trademark of [Registrant's] dealt with both publications and computer usage. And so a book called "Computer Entrepreneurs" conflicts with both of those descriptions, and they have Subsequently litigated against people who have used the term "entrepreneur" as a part of the title of a book.

Page 134, lines 1-4

Finkelstein: Do you have any other evidence of your belief that the mark should be cancelled because of fraud?

Petitioner: Yes, but it's volumes that I can't recall off the top of my head.

125. Petitioner is informed and believes, and upon such information and belief, alleges that Finkelstein was present and representing Registrant at Shea's July 21, 2006 deposition in Irvine, California. During his sworn deposition, Shea clearly indicated that Registrant had abandoned use of the subject mark, without intent to resume use. Because Finkelstein was present during Shea's deposition, it is presumed that Shea's

deposition put Finkelstein on notice that Registrant had abandoned use of the subject mark, without intent to resume use.

126. Petitioner is informed and believes, and upon such information and belief, alleges that Finkelstein has knowledge and belief that since the date of Registrant filing its application for the subject mark and the filing of this petition, that Registrant has not made bona fide use in commerce of the subject mark in the ordinary course of trade, and not "token use" over time made merely to reserve a right in the subject mark, with no present intent to commercially exploit the subject mark, for three (3) consecutive years or more.

127. Petitioner is informed and believes, and upon such information and belief, alleges that Finkelstein has not seen proof that since the filing of the Registrant's application for the subject registration, that Registrant has made bona fide use in commerce of the subject mark in the ordinary course of trade, and not "token use" over time made merely to reserve a right in the subject mark, with no present intent to commercially exploit the subject mark, without failing to do so for three (3) consecutive years or more.

128. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant's retained attorneys, particularly Bissell and Finkelstein, and also Viscounty, Johnson and Dalke of Latham & Watkins, communicate with each other about Registrant's trademark applications, registered trademarks, pending trademarks, trademark strategies, trademark disputes and business plans.

129. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant's in-house and retained attorneys have communicated with each other

about Registrant's statements that it has abandoned use of the subject mark, without intent to resume use.

130. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant's retained attorneys, including Bissell and Finkelstein, have communicated with each other about Registrant's abandonment of the subject mark, without intent to resume use.

131. Petitioner is informed and believes, and upon such information and belief, alleges that **Registrant was founded by convicted bank-robber and serial con man "Chase Revel"** (a.k.a. John Leonard Burke; a.k.a. Charles Hudson; a.k.a. Jacques Victor Baron; a.k.a. Rio Sabor; a.k.a. Marcus Wellbourne).

132. Petitioner is informed and believes, and upon such information and belief, alleges that Revel used Registrant's Entrepreneur magazine as a front to hock "get rich quick" business schemes onto his unsuspecting readers, people Revel knew were unsophisticated budding-entrepreneurs looking to buy or start businesses so they could attain the American dream.

133. In or about January 2003, Joseph R. Mancuso, founder and president of the Chief Executive Office's Club, Inc., wrote in an article that **Revel is one of the five "greatest cons of our time."** [Emphasis added] (Petitioner Exhibit #54)

134. In or about January 2006, Revel settled Federal Trade Commission (FTC) charges that Revel was the creator of false and misleading advertising for dietary supplements, and phony magazines. Revel is now required to post a \$1 million performance bond before advertising, marketing, or selling any food, drug, dietary supplement, device, or health-related service. As part of the settlement, Revel also

agreed to pay \$27,500 for consumer redress. According to the FTC's press release, "Revel also is the subject of a 1994 stipulated order with the FTC involving the advertising and marketing of pinhole eyeglasses." (Petitioner Exhibit #55)

135. Numerous articles have covered Revel's unethical business practices and felonious acts. According to an August 1, 1986 *Los Angeles Times* article (Petitioner Exhibit #56):

Chase Revel, founder of Los Angeles-based Entrepreneur magazine and author of a number of books on how to start small businesses, took an unusually direct approach to raising capital early in his career. He robbed banks. ... Twenty years ago ... **Revel attempted to rob four banks in Houston in one day.** ... The man one Houston paper described as "droll and dashing" pleaded guilty to one count of bank robbery by intimidation and to two counts of attempted bank robbery by intimidation...He also pleaded guilty to robbing a Las Vegas bank of \$5,000 two weeks earlier and to the attempted robbery of another Las Vegas bank. **He was sentenced to four years in prison.** [Emphasis added]

136. Petitioner is informed and believes, and upon such information and belief, alleges that Revel was in charge when Registrant submitted applications and claims for Registrant's earliest marks, including its ENTREPRENEUR "house mark," the mark Registrant has used to induce the Trademark Office to grant Registrant's marks that consist of or include the word ENTREPRENEUR, and has used to harass and cause annoyance to Petitioner and Petitioner's contacts, to the damage of Petitioner and Petitioner's contacts. (Petitioner Exhibit #57)

137. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant's fraudulent acts are so numerous and have been occurring for so many years, that **this may be one of the most remarkable cases ever of defrauding the Trademark Office**, and Petitioner may need to file a motion for leave to amend this

petition for cancellation to plead Petitioner's allegations with more particularity when the evidence to be gathered so warrants.

138. According to the Trademark Trial and Appeal Board Manual of Procedure

("TBMP") §402.01: "The general scope of the discovery that may be obtained in inter partes proceedings before the Board is governed by Fed. R. Civ. P. 26(b)(1), which provides, in part, as follows:"

*Parties may obtain discovery regarding any matter, not privileged, that is relevant to the claim or defense of any party, including the existence, description, nature, custody, condition, and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of any discoverable matter. ... Relevant information need not be admissible at the trial if the discovery appears reasonably calculated to lead to the discovery of admissible evidence. ...*

139. According to "The Crime-Fraud Exception to the Attorney-Client Privilege" article

by attorneys Dennis L. Perez & Steven M. Palestine, and published by the CCH

"Journal of Tax Practice and Procedure" (June 2000) (Petitioner Exhibit #58):

**The crime-fraud exception provides, in general, that communications between a lawyer and a client will not be privileged where an attorney's services are utilized in furtherance of a crime or fraud.** ...The crime-fraud exception to the attorney-client privilege is well established in American jurisprudence. In a 1933 decision by the United States Supreme Court, *Clark v. United States*, the Court wrote that while there is a privilege protecting confidential communications between a lawyer and a client, the "privilege takes flight if the relation is abused. A client who consults an attorney for advice that will serve him in the commission of a fraud will have no help from the law. He must let the truth be told." ...The prima facie test to overcome the attorney-client privilege was established in *Clark* where the Supreme Court wrote that to drive the privilege away under the crime-fraud exception, there must be "*prima facie evidence* that it has some foundation in fact. **When that evidence is supplied, the seal of secrecy is broken.**" ...the crime-fraud exception does not require a completed crime or fraud but only that the client had consulted the attorney in an effort to complete one. ...The courts have held that

the crime-fraud exception can apply even where the attorney has no knowledge of the crime or fraud and takes no affirmative step in furtherance of such crime or fraud. *Clark v. United States*, 289 U.S. 1, 15 (1933). [Emphasis added]

140. Because **Petitioner has demonstrated a strong prima facie case showing that**

**Registrant consulted with its attorneys in furtherance of a crime or fraud,**

Petitioner believes the crime-fraud exception to attorney-client privilege applies to this cancellation, and that communications between Registrant and its attorneys are discoverable.

141. Because Petitioner has demonstrated a strong prima facie case showing that

Registrant consulted with its attorneys in furtherance of a crime or fraud, Petitioner believes all related work product is discoverable.

**"ENTREPRENEUR EXPO" IS GENERIC**

142. **Petitioner believes the subject registration should be cancelled because the**

**subject mark is the generic name of the genus or class of goods or services.** It is plain that the genus or class of goods or services at issue here is "expos" for and about "entrepreneurs."

143. Petitioner believes the subject registration should be cancelled because according to

TMEP 1209.01(c) "...generic terms are incapable of functioning as registrable trademarks denoting source, and are not registrable on the Principal Register under §2(f) or on the Supplemental Register."

144. Petitioner believes the subject registration should be cancelled because according to

TMEP 1209.01(c)(i):

**There is a two-part test used to determine whether a designation is generic: (1) What is the class of goods or services at issue? and (2) Does the relevant public understand the**

**designation primarily to refer to that class of goods or services?** H. Marvin Ginn Corp. v. International Association of Fire Chiefs, Inc., 782 F.2d 987, 990, 228 USPQ 528, 530 (Fed. Cir. 1986). The test turns upon the primary significance that the term would have to the relevant public. ... Evidence of the public's understanding of a term can be obtained from any competent source, including dictionary definitions, research databases, newspapers and other publications. ... When a term is a compound word, the examining attorney may establish that a term is generic by producing evidence that each of the constituent words is generic, and that the separate words retain their generic significance when joined to form a compound that has "a meaning identical to the meaning common usage would ascribe to those words as a compound." In re Gould Paper Corp., 834 F.2d 1017, 5 USPQ2d 1110, 1111-1112 (Fed. Cir. 1987) [Emphasis added]

145. Petitioner believes the subject registration should be cancelled because according to TMEP §1209.01(c)(ii) which states:

As specifically amended by the Trademark Law Revision Act of 1988, §14 of the Trademark Act provides for the cancellation of a registration of a mark at any time if the mark "becomes the generic name for the goods or services, or a portion thereof, for which it is registered...." 15 U.S.C. 1064(3).

146. Petitioner believes the subject registration should be cancelled because, as stated in *Pilates, Inc. vs. Current Concepts, Inc.* (U.S. District Court, Southern District of New York; October, 2000, 96 Civ. 43) "A final factor in the genericness inquiry is the availability of other means to describe the product or service at issue. The Second Circuit explained the importance of this consideration in *Genesee Brewing Co. v. Stroh Brewing Co.*, 124F.3d 137 (2d Cir. 1997)" (pgs 46-47):

Trademark law seeks to provide a producer neither with a monopoly over a functional characteristic it has originated nor with a monopoly over a particularly effective marketing phrase. Instead the law grants a monopoly over a phrase **only** if and to the extent it is necessary to enable consumers to distinguish one producer's goods from others and even then **only** if the grant of such a monopoly will not substantially disadvantage competitors by preventing them from describing the nature of their goods.

Accordingly, if a term is necessary to describe a product characteristic that a competitor has a right to copy, a producer may not effectively preempt competition by claiming that term as its own. [Emphasis added]

147. Petitioner believes the Trademark Office Examining Attorney erred by not requiring Registrant to disclaim "ENTREPRENEUR" because such wording is generic in the context of Registrant's services. *In re Wella Corp.*, 565 F.2d 143, 196 USPQ 7 (C.C.P.A. 1977); *In re Creative Goldsmiths of Washington, Inc.*, 229 USPQ 766 (TTAB 1986); *In re Carolyn's Candies, Inc.*, 206 USPQ 356 (TTAB 1980); TMEP §1213.03(b). Following the standard format used by the Trademark Office, Registrant should have been required to use the following disclaimer:

No claim is made to the exclusive right to use  
"ENTREPRENEUR" apart from the mark as shown.

148. Petitioner believes the subject registration should be cancelled because as otherwise shown in this Petition, **numerous entities unrelated to Registrant have for years generically and descriptively used the subject mark in connection with goods and services similar to Registrant's.** The reasoning is simple: when the relevant public is presented with the phrase "entrepreneur expo," they understand that it is an "expo" for and about "entrepreneurs." An ENTREPRENEUR EXPO for an "entrepreneur," is comparable to what an "Inventor Expo" is to an "inventor."

149. Petitioner believes the subject registration should be cancelled because the subject mark is the common descriptive name of the genus or class of goods or services. As articulated in *H. Marvin Ginn Corp. v. International Ass'n of Fire Chiefs, Inc.*, (Fed. Cir. 1986):

A generic term is the common descriptive name of a class of goods or services, and, while it remains such common descriptive name,



it can never be registered as a trade-mark because such a term is "merely descriptive" within the meaning of §2(e)(1) and is incapable of acquiring de jure distinctiveness under §2(f). **The generic name of a thing is in fact the ultimate in descriptiveness.** ... The critical issue in genericness cases is whether members of the relevant public primarily use or understand the term sought to be protected to refer to the genus of goods or services in question. [Emphasis added]

150. Petitioner believes the subject registration should be declared generic and cancelled because "Generic terms are terms that the relevant purchasing public understands primarily as the common or class name for the goods or services," (TMEP 1209.01(c)), and "Evidence of the public's understanding of a term can be obtained from any competent source, including dictionary definitions, research databases, newspapers and other publications." (TMEP 1209.01(c)(i)) [Emphasis added]. As stated by *Dictionary.com Unabridged (v 1.1)* based on the *Random House Unabridged Dictionary*, © Random House, Inc. 2006, the word "entrepreneur" is a *noun* defined as:

...a person who organizes and manages any enterprise, esp. a business, usually with considerable initiative and risk. ... **Origin: 1875-80...** [Emphasis added] (Petitioner Exhibit #59)

151. Petitioner believes the subject registration should be declared generic and cancelled because "Generic terms are terms that the relevant purchasing public understands primarily as the common or class name for the goods or services," (TMEP 1209.01(c)), and "Evidence of the public's understanding of a term can be obtained from any competent source, including dictionary definitions, research databases, newspapers and other publications." (TMEP 1209.01(c)(i)). As stated by *Dictionary*, © Random House, Inc. 2006, the word "expo" is a *noun* defined as:

...**ex·po** [ek-spoh] -*noun, plural -pos.* (often initial capital letter)

1. a world's fair or international exposition: *Expo '67 in Montreal*.
2. **any exhibition or show:** *an annual computer expo*.

[Origin: 1960–65; by shortening] [Emphasis added] (Petitioner Exhibit #60)

152. Petitioner believes the subject registration should be cancelled because the subject mark is currently, and has long been used by numerous 3<sup>rd</sup> parties unaffiliated with, or licensed by, Registrant. **A recent Google search for the phrase "entrepreneur expo" generated 10,600 results, and none of the first 100 appears to have been founded by Registrant.** (Petitioner Exhibit #61) Examples include: the Nevada Center for Entrepreneurship and Technology "Entrepreneur Expos" in Reno and Las Vegas (Petitioner Exhibit #62); the Waukesha County Technical College "Micro Entrepreneur Expo" in Pewaukee, Wisconsin (Petitioner Exhibit #63); the "Military Entrepreneur Expo" in Oceanside, California (Petitioner Exhibit #64); the Atlanta Metropolitan College's "Entrepreneur Expo" in Atlanta, Georgia (Petitioner Exhibit #65); and the City of Fort Worth Texas "Entrepreneur Expo" (Petitioner Exhibit #66).

153. Petitioner believes the subject registration should be cancelled because the subject mark was "generic" as of the date its application was filed, and the mark remains "generic" as of the date of this Petition.

154. Petitioner believes the subject registration should be cancelled because the subject mark is generic when used in connection with the Registrant's goods and services. This point is further shown by *Schwan's IP, LLC vs. Kraft Pizza Company*, United States Court of Appeals for the Eighth Circuit (2006):

**A generic term can never function as a trademark because it refers to the common name or nature of the article...** 'Because a generic term denotes the thing itself, it cannot be appropriated by one party from the public domain; it therefore is not afforded

trademark protection even if it becomes associated with only one source,' *Blinded Veterans Ass'n v. Blinded Am. Veterans Found.*, 872 F.2d 1035, 1039 (D.C. Cir. 1989), for a competitor must be able to 'describe his goods as what they are.' *In re Merrill Lynch, Pierce, Fenner, & Smith, Inc.*, 828 F.2d 1567, 1569 (Fed. Cir. 1987) (quoting *CES Publ'g Corp. v. St. Regis Publ'ns, Inc.*, 531 F.2d 11, 13 (2nd Cir. 1975)). Likewise, **descriptive terms are generally not protectible because they are needed to describe all goods of a similar nature.** Such a term describes the ingredients, characteristics, qualities, or other features of the product and may be used as a trademark only if it has acquired a secondary meaning. *Id.*; *Co-Rect Prods., Inc.*, 780 F.2d at 1329. **To be afforded protection, then, a descriptive term must be so associated with the product that it becomes a designation of the source rather than of a characteristic of the product.** *In re Merrill Lynch, Pierce, Fenner, & Smith, Inc.*, 828 F.2d at 1569. [Emphasis added]

155. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant has used the subject mark generically, without reference to Registrant's alleged trademark rights.
156. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant has used the word ENTREPRENEUR generically, without reference to Registrant's alleged trademark rights.
157. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant has used the word EXPO generically, without reference to Registrant's alleged trademark rights.
158. Petitioner is informed and believes, and upon such information and belief, alleges that on at least two occasions, Registrant tried unsuccessfully to get the phrase SMALL BUSINESS EXPO registered on the Principal Register (Serial No. 74020522 (ABANDONED) Filing Date: January 19, 1990; and Serial No. 74572501 (CANCELLED) Filing Date: September 12, 1994).

Registrant was unsuccessful because like the phrase ENTREPRENEUR EXPO, the phrase SMALL BUSINESS EXPO was merely descriptive of Registrant's goods and services. Registrant eventually gave up on getting the phrase SMALL BUSINESS EXPO registered on the Principal Register and instead filed a trademark application for the phrase ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO (Serial No. 75711195, Filing Date: May 20, 1999). Registrant's ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO mark was eventually allowed on the Principal Register, but as a 2(f) in part, with a disclaimer for the phrase SMALL BUSINESS EXPO.

**"ENTREPRENEUR EXPO" IS HIGHLY DESCRIPTIVE**

159. Petitioner believes the Trademark Office Examining Attorney erred by not declaring the subject mark "so highly descriptive" that it is the "generic name for the goods or services." (TMEP 1209.01(c)(ii))
160. The subject mark has been registered on the Principal Register for more than five (5) years, however, **Petitioner believes that Petitioner can rely upon any ground that could have prevented registration initially**, because as otherwise shown in this Petition, Petitioner believes and alleges that Registrant falsely claimed, among other things, that the subject mark has become distinctive to Registrant's goods and services through "substantially exclusive" and "continuous use in commerce." As otherwise shown in this Petition, Registrant affirmatively abandoned the subject mark on numerous occasions, both before and after filing several knowingly false declarations.
161. Petitioner believes the subject registration should be cancelled because the Trademark Trial and Appeal Board (TTAB) has consistently held marks "merely

descriptive" when they describe the Registrant's goods or services, and **the subject mark is clearly descriptive of Registrant's goods and services.**

162. Petitioner believes the subject registration should be cancelled because the Trademark Office has consistently found the subject mark to be descriptive of the Registrant's goods and services.

163. Petitioner believes the subject registration should be cancelled because the subject mark was "merely descriptive" of the Registrant's goods and services as of the date its application was filed, and the subject mark remains "merely descriptive" as of the date of this Petition.

164. Petitioner believes the subject registration should be cancelled because the subject mark is so highly descriptive and generic that no thought, imagination or perception is required to understand the nature of the applicant's services when the relevant public is confronted with subject mark.

165. Petitioner believes the subject registration should be cancelled because **the Trademark Office has required well over one hundred (100) Disclaimers for the word ENTREPRENEUR(s)**, including many of Registrant's applications. Without these disclaimers, the Trademark Office would not register the marks. (Petitioner Exhibit #67)

166. Petitioner believes the subject registration should be cancelled because the Trademark Office has required nearly one thousand (1,000) Disclaimers for the word EXPO, including for the subject mark. Without these disclaimers, the Trademark Office would not register the marks. (Petitioner Exhibit #68)

167. The subject mark was initially refused registration because as the examining

attorney noted:

Mark is Merely Descriptive - §2(e)(1) Refusal

**The examining attorney refuses registration on the Principal Register because the proposed mark merely describes the services. ...A mark is merely descriptive under Trademark Act Section 2(e)(1), 15 U.S.C. 1052(e)(1), if it describes an ingredient, quality, characteristic, function, feature, purpose or use of the relevant services. ...The applicant applied to register the mark ENTREPRENEUR EXPO for "arranging and conducting trade show exhibitions in the field of entrepreneurial activities, namely, the start-up and operation of small business enterprises." The term "ENTREPRENEUR" refers to the subject matter and feature of the exhibitions, namely, "exhibitions in the field of entrepreneurial activities." The term "EXPO" is an acronym for "exposition," which is defined as a "public exhibition or show," *Merriam Webster's Collegiate Dictionary* 410, 10th ed. (1996). Therefore, the mark merely describes the feature and nature of the applicant's services, and does nothing more. Accordingly, the mark is refused registration on the Principal Register.**  
[Emphasis added]

168. Petitioner believes the subject registration should be cancelled because the subject mark merely describes the Registrant's services. In fact, Registrant's attempt to register Serial No. 76565130 for the same ENTREPRENEUR EXPO mark in December 2003 was refused registration because "the proposed mark merely describes the services." Soon after Serial No. 76565130 was refused registration for being merely descriptive and for being duplicative of the subject mark, Registrant expressly abandoned Serial No. 76565130. Specifically, the examining attorney wrote:

**The examining attorney refuses registration on the Principal Register because the proposed mark merely describes the services. Trademark Act Section 2(e)(1), 15 U.S.C. Section 1052(e)(1); TMEP section 1209 *et seq.*...A mark is merely descriptive under Trademark Act Section 2(e)(1), 15 U.S.C. 1052(e)(1), if it describes an ingredient, quality, characteristic, function, feature, purpose or use of the relevant services. ...It is not necessary that a term describe all of the purposes, functions,**

characteristics or features of the services to be merely descriptive. It is enough if the term describes one attribute of the services.

...The Registrant applied to register the mark ENTREPRENEUR EXPO for "arranging and conducting trade show exhibitions in the field of entrepreneurial activities, namely, the start-up and operation of small business enterprises." The Registrant's mark is descriptive of the services because it describes a feature or purpose of the services offered—namely, the way in which Registrant arranges and promotes "expos" or expositions dealing with entrepreneur-related themes or topics. Thus, since the Registrant's services involve dealing with entrepreneur-related expositions or "expos", the mark ENTREPRENEUR EXPO merely describes a characteristic, quality, feature or purpose of Registrant's services.

...Accordingly the mark is refused registration on the Principal Register under Section 2(e)(1). [Emphasis added]

169. Petitioner believes the subject registration should be cancelled because **the subject mark is incapable of distinguishing the Registrant's goods and services from the goods and services of others and, therefore, cannot function as a trademark or as an indication of source.** At the very least, Registrant should be required to demonstrate with actual and persuasive evidence that the highly descriptive subject mark has become distinctive of the Registrant's goods and services. Petitioner is confident the Registrant will not be able to do so.

170. Petitioner believes the subject registration should be cancelled because the words "entrepreneur" and "expo" are common, generic, and highly descriptive terms, standing alone, or as in this case, when combined. For the subject mark, the descriptiveness of "entrepreneur" and "expo" are the same whether combined or standing alone. The composite subject mark refers to an "expo" for and about "entrepreneurs," or an "expo" about the field of "entrepreneurship," or an "expo" about "entrepreneurial" activities. **It is hard to imagine a mark more descriptive than the subject mark.**

171. Petitioner believes the subject registration should be cancelled because the Trademark Office examining attorney erred in accepting Registrant's evidence and allowing registration on the Principal Register under Trademark Act Section 2(f). As stated by the examining attorney for Registrant's ENTREPRENEUR EXPO application for Serial No. 76664695:

**...the subject mark merely describes the subject matter and intended users of Registrant's services, namely, a public exhibition or show involving seminars and workshops for entrepreneurs.** Trademark Act Section 2(e)(1), 15 U.S.C. §1052(e)(1); TMEP §§1209 *et seq.* ...A mark is merely descriptive under Trademark Act Section 2(e)(1), 15 U.S.C. §1052(e)(1), if it describes an ingredient, quality, characteristic, function, feature, purpose or use of the relevant services. ...A mark that describes an intended user of a service is also merely descriptive within the meaning of Section 2(e)(1). ...The determination of whether a mark is merely descriptive is considered in relation to the identified services, not in the abstract. *In re Polo International Inc.*, 51 USPQ2d 1061 (TTAB 1999)... Here, the term **"ENTREPRENEUR" is merely descriptive of the subject matter and intended users of the applicant's services**, namely, individuals who are embarking on, or are already conducting, their own businesses or enterprises. ...The term **"EXPO" is merely descriptive of the venue for applicant's services**, namely, a show in which different seminars, workshops, and wares are exhibited to the public. ...A mark that combines descriptive terms may be registrable if the composite creates a unitary mark with a separate, nondescriptive meaning. However, **if each component retains its descriptive significance in relation to the goods or services, the combination results in a composite that is itself descriptive.** *In re Tower Tech, Inc.*, 64 USPQ2d 1314 (TTAB 2002) ... Here, the combination of the terms "ENTREPRENEUR" and "EXPO" does not create a unitary nondistinctive mark. Each term retains its descriptive qualities, such that registration is refused pursuant to Trademark Act Section 2(e)(1). [Emphasis added]

172. Petitioner believes the subject registration should be cancelled because the phrase "entrepreneur expo," and the words "entrepreneur" and "expo," are common, descriptive and generic terms that were not created by Registrant, and were never



distinctive to Registrant's goods and services.

173. Petitioner believes that since the subject mark is "highly descriptive" that Registrant should have been required to show actual evidence of acquired distinctiveness. The evidence of acquired distinctiveness provided by Registrant to the Trademark Office during the prosecution of this registration is not sufficient to establish that the subject mark has acquired distinctiveness, and the Trademark Office Examining Attorney erred in accepting Registrant's evidence and allowing registration on the Principal Register under Trademark Act Section 2(f).

174. Petitioner believes that since the subject mark is "highly descriptive" that Registrant should have been required to show actual evidence of acquired distinctiveness.

According to T.M.E.P. §1212.04(a):

The examining attorney has the discretion to determine whether the nature of the mark sought to be registered is such that a claim of ownership of a prior registration for the same or similar goods or services is enough to establish acquired distinctiveness. For example, if the mark sought to be registered is deemed to be **highly descriptive** or misdescriptive of the goods or services named in the application, the examining attorney may require additional evidence of acquired distinctiveness. [Emphasis added]

175. Since at least 1991, Registrant has filed at least five (5) ENTREPRENEUR EXPO applications, and at least four (4) have been initially refused registration because the Trademark Office determined that the ENTREPRENEUR EXPO mark is "merely descriptive" of Registrant's goods and services.

176. Petitioner believes the subject registration should be cancelled because besides the untested claims of acquired distinctiveness by the Registrant's own executives and attorneys, **Registrant has not, and will not, be able to submit persuasive actual evidence that the subject mark has become distinctive to the Registrant's goods**

and services (that the relevant purchasing public identifies the subject mark with the Registrant).

177. According to T.M.E.P. §1212.06, there are many options for applicants to establish acquired distinctiveness by actual evidence, including, but not limited to:

**1212.06 Establishing Distinctiveness by Actual Evidence**

Under Trademark Rule 2.41(a), 37 C.F.R. 2.41(a), an applicant may, in support of registrability, submit affidavits, declarations under 37 C.F.R. 2.20, depositions or other appropriate evidence showing the duration, extent and nature of the applicant's use of a mark in commerce that may lawfully be regulated by Congress, advertising expenditures in connection with such use, letters or statements from the trade and/or public, or other appropriate evidence tending to show that the mark distinguishes the goods or services. ... An evidentiary showing of secondary meaning, adequate to show that a mark has acquired distinctiveness indicating the origin of the goods, includes evidence of the trademark owner's method of using the mark, supplemented by evidence of the effectiveness of such use to cause the purchasing public to identify the mark with the source of the product. ...In considering a claim of acquired distinctiveness, **the issue is whether acquired distinctiveness of the mark in relation to the goods or services has in fact been established in the minds of the purchasing public**, not whether the mark is capable of becoming distinctive.

**1212.06(b) Advertising Expenditures**

...proof of an expensive and successful advertising campaign is not in itself enough to prove secondary meaning [*particularly for highly descriptive marks such as the subject mark*] ... The ultimate test in determining whether a designation has acquired distinctiveness is applicant's success, rather than its efforts, in educating the public to associate the proposed mark with a single source.

**1212.06(c) Affidavits or Declarations Asserting Recognition of Mark as Source Indicator**

The value of the affidavits or declarations depends on the statements made and the identity of the affiant or declarant. ... Proof of distinctiveness requires more than proof of the existence of a relatively small number of people who associate a mark with the applicant. ...**affidavit of applicant's counsel expressing his belief that the mark has acquired secondary meaning accorded "no probative value whatsoever" because, among other reasons, the statement is subject to bias...**

**1212.06(d) Survey Evidence, Market Research and Consumer Reaction Studies**

Survey evidence, market research and consumer reaction studies are relevant in establishing acquired distinctiveness and secondary meaning. ... **To show secondary meaning, the survey must show that the public views the proposed mark as an indication of the source of the product or service.**

**1212.06(e)(i) First or Only User**

When the applicant is the only source of the goods or services, use alone does not automatically represent trademark recognition and acquired distinctiveness.

[Emphasis added]

**PETITIONER HAS STANDING**

178. Petitioner has standing because according to the *Trademark Trial and Appeal Board Manual of Procedure* ("TBMP"; Second Edition June 2003, Revision 1 March 2004, pg 111), "A petition for cancellation may be filed by 'any person who believes that he is or will be damaged by the registration' of the mark."

179. Petitioner has standing because according to TBMP §309.03(b), pgs 145-147:

**Any person who believes it is or will be damaged by registration of a mark has standing to file a complaint.** At the pleading stage, all that is required is that a plaintiff allege facts sufficient to show a "real interest" in the proceeding, and a "reasonable basis for its belief of damage." To plead a "real interest," plaintiff must allege a "direct and personal stake" in the outcome of the proceeding. The allegations in support of plaintiff's belief of damage must have a reasonable basis "in fact." ...there is no requirement that actual damage be pleaded or proved in order to establish standing or to prevail in an opposition or cancellation proceeding. ...**A plaintiff need not assert proprietary rights in a term in order to have standing.** For example, when descriptiveness or genericness of the mark is in issue, plaintiff may plead (and later prove) its standing by alleging that it is engaged in the sale or [sic] the same or related products or services (or that the product or service in question is within the normal expansion of plaintiff's business) and that the plaintiff has an interest in using the term descriptively in its business. [Emphasis added]

180. **The standing requirement in cancellation proceedings is liberally construed.**

To have standing, a petitioner need only show "a personal interest in the outcome of the case beyond that of the general public." *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1028-29, 213 USPQ 185, 188-89 (CCPA 1982).

181. The Federal Circuit has recognized two requirements for standing: the plaintiff must have (1) a real "interest" in the proceedings, and (2) a "reasonable" basis for his belief of damage, *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999).

182. While a petitioner's belief in damage must have some reasonable basis in fact, this statutory provision has been liberally applied. **As long as the petitioner has a "real interest" in the outcome of the case, beyond that of the general public, they have standing within the meaning of Section 14, *Jewelers Vigilance Comm., Inc. v. Ullenberg Corp.*, 823 F.2d 490, 492-94, 2 USPQ2d 2021, 2022-24 (Fed. Cir. 1987).**

183. To enhance the reliability of trademark searching and to prevent unused marks from being warehoused, the Trademark Office has a policy against having unused marks remain on the register indefinitely. **The public interest in removing "dead" registrations from the register weighs in favor of giving a liberal construction in cases where a petitioner seeks to cancel a registration on the ground that the mark in question has been abandoned for nonuse.** As observed by the Court of Customs and Patent Appeals, the predecessor court of the Federal Circuit:

There is no procedure for the Commissioner of Patents and Trademarks to initiate action against defunct marks which appear in registrations. Thus, we believe the public interest is served...in broadly interpreting the class of persons Congress intended to be allowed to institute cancellation proceedings, *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1030, 213 USPQ 185, 190 (CCPA 1982).

184. Petitioner has standing because **Petitioner is an "entrepreneur" specializing in**

**public relations (PR) services for small businesses and "entrepreneurs."** Since at least 1993, Petitioner has circulated and promoted Petitioner's and hundreds of other "entrepreneur"-related stories to thousands of local and national media outlets, government and business leaders, and others that support or offer goods and services to small businesses and "entrepreneurs."

185. Petitioner has standing because he believes and alleges that the subject registration is inconsistent with Petitioner's equal right to use the descriptive and generic phrase ENTREPRENEUR EXPO in Petitioner's business.

186. Petitioner has standing because according to Registrant's public statements, marketing materials, legal claims, and actions, Registrant's target market includes Petitioner's target market: small businesses and "entrepreneurs." For example, press releases produced by the Registrant state that the Registrant offers services "for and about entrepreneurs" (Petitioner Exhibit #69) and is a "company dedicated to entrepreneurs growing their businesses." (Petitioner Exhibit #70) [Emphasis added]

187. Petitioner has standing because **Petitioner is an "entrepreneur," and as such, is a member of the larger group of "entrepreneurs."** Petitioner, and this larger group of "entrepreneurs," are now and will continue to be irreparably damaged by the subject registration.

188. Petitioner has standing because **Petitioner's business provides services for "entrepreneurs" and as such, is a member of the larger group of businesses that provide services for "entrepreneurs."** Petitioner, and this larger group of businesses, are now and will continue to be irreparably damaged by the subject registration.

189. Petitioner has standing because Registrant views other users of the word "entrepreneur" as competitors, and has threatened or taken legal actions against Petitioner because of his use of the word "entrepreneur." These actions by Registrant are now and will continue to damage Petitioner.
190. Petitioner has standing because **Registrant alleges that Petitioner's goods and services are the same or related to the Registrant's goods and services**, and that Petitioner is a "competitor" of Registrant since both target small businesses and "entrepreneurs."
191. Petitioner has standing because **Registrant alleges that Registrant and Petitioner are competitors** by claiming that Registrant and Petitioner both provide PR services (even though several of Registrant's employees and executives have admitted during sworn testimony that Registrant does not provide PR services).
192. Petitioner's "entrepreneur" clients and PR services for "entrepreneurs" have been featured by numerous local and national media outlets, including Entrepreneur's *Start-Ups* (Petitioner Exhibit #71), *Forbes* magazine (Petitioner Exhibit #72), *Black Enterprise* (Petitioner Exhibit #73), and *The New York Times* (Petitioner Exhibit #74).
193. Petitioner has standing because as stated in *Federal Glass Co. v. Corning Glass Works*, 162 USPQ 279, 282-83 (TTAB 1969), **"If the designation in question is found to be merely descriptive, merely ornamental or the like [generic], damage is presumed** since a registration thereof with the statutory presumptions afforded the registration would be inconsistent with the right of another person to use these designations or designs in connection with the same or similar goods as it would have the right to do when and if it so chooses." [Emphasis added]

194. Petitioner has standing because Petitioner is an advocate for the intellectual property rights of "entrepreneurs," particularly entrepreneurs involved in intellectual property disputes with deep-pocketed "brand name bullies." For example, to help raise awareness among Capitol Hill lawmakers about the growing and unique intellectual property problems facing America's entrepreneurs, Petitioner organized and co-hosted with the U.S. House Small Business Committee, a national conference titled "Acute Intellectual Property Issues for Small Businesses," in Washington, DC in November 2002. This successful conference drew entrepreneurs, attorneys, federal government officials, and reporters from across the country, including the Administrator for Trademark Policy and Procedure from the U.S. Patent & Trademark Office. (Petitioner Exhibit #75)

195. Several articles were published about Petitioner's "Acute Intellectual Property Issues for Small Businesses" conference in Washington, DC, including an article in the November 2002 issue of *Patent Café* magazine. (Petitioner Exhibit #76)

196. Petitioner has standing because Petitioner is an advocate of entrepreneurs and entrepreneurship, and as such, is occasionally asked to speak at entrepreneur-related events (Petitioner Exhibit #77).

197. Petitioner has standing because "entrepreneur expos" are generally designed to help current and future entrepreneurs (including "entrepreneur" Petitioner), and include seminars and workshops that feature speakers knowledgeable about topics of interest to current and budding entrepreneurs. Petitioner is now and will continue to be irreparably harmed by the subject registration because Registrant's ownership of the subject registration limits Petitioner's speaking opportunities at "entrepreneur expos"

since Registrant has a duty to threaten or take legal actions to restrict or prevent others from using the phrase "entrepreneur expo" or from producing "entrepreneur expos."

198. Petitioner has standing because speaking at, and being otherwise involved in entrepreneur-related events provides valuable exposure for Petitioner's PR services and clients. Being limited or prevented from speaking at or otherwise participating in "entrepreneur expos" is now and will continue to irreparably harm Petitioner's business.

199. Petitioner has standing because Petitioner's ability to participate in entrepreneur-related events has previously been significantly and irreparably directly because of Registrant. For example, in September 2002 Petitioner was invited to be a workshop panelist at the annual conference of the United States Association for Small Business and Entrepreneurship (USASBE) in Hilton Head, South Carolina in January 2003. The title of the workshop was "Entrepreneurship and the Press," a perfect match for Petitioner's areas of expertise. However, the USASBE's invitation was hastily withdrawn in October 2002 solely because USASBE had "obtained a substantial commitment from [Registrant]" and feared repercussions from Registrant if Petitioner had been allowed to participate in this conference.

200. Petitioner believes that he has, under threat of continued and imminent damage to Petitioner's business, been forced to file this Petition to Cancel as a result of the Registrant's efforts to hijack the phrase ENTREPRENEUR EXPO from the public domain. Petitioner believes Registrant has already threatened or taken legal action against one or more organizations that use the phrase ENTREPRENEUR EXPO



(despite Registrant affirmatively abandoning use of the mark ENTREPRENEUR EXPO). Such actions by Registrant are now and will continue to irreparably damage Petitioner's PR business.

201. While a decision designated as not precedential is not binding upon the TTAB it may be cited for whatever persuasive value it might have.

202. Petitioner has standing according to a non-precedential Board opinion involving Registrant, *Kurt M. Markva v. Entrepreneur Media, Inc.*, Cancellation No. 92043899 (TTAB 2004), where when discussing Registrant's failed challenge of Markva's standing, the Board wrote:

In order to establish its standing to object to the registration of an allegedly merely descriptive or generic term, a plaintiff need only show that it has a real interest in the proceeding because it is one who has a present or prospective right to use the term descriptively in its business.

203. Petitioner also has standing according to *Ritchie v Simpson* 170 F. 3d 1092 (Fed Cir. 1999).

In no case has this court ever held that one must have a specific commercial interest, not shared by the general public, in order to have standing as a Petitioner. Nor have we ever held that being a member of a group with many members is itself disqualifying. The crux of the matter is not how many others share one's belief that one will be damaged by the registration, but whether that belief is reasonable and reflects a real interest in the issue. See 15 U.S.C. §1063.

204. Petitioner has standing because the number of organizations that can produce "entrepreneur expos" and the number of current and would-be entrepreneurs that can attend and benefit from "entrepreneur expos," impacts Petitioner's PR business. Petitioner's contacts that currently produce "entrepreneur expos," or may in the future want to produce "entrepreneur expos," must be able to use the phrase

ENTREPRENEUR EXPO to effectively and properly produce and market their "entrepreneur expos."

205. Petitioner has standing because unless the subject registration is cancelled, Registrant could unfairly enjoy a monopoly on the phrase ENTREPRENEUR EXPO, and such a monopoly is now and would continue to damage Petitioner because it would prevent many of Petitioner's contacts from being able to use the phrase ENTREPRENEUR EXPO or to effectively promote and describe their goods and services. The success of Petitioner's business is directly linked to the success of Petitioner's clients and contacts.

206. Petitioner has standing because Registrant views Petitioner and many of Petitioner's contacts as competitors. Based on Registrant's litigious history and public statements, unless the subject registration is cancelled, Registrant will threaten or take legal actions to prevent its alleged competitors from being able to use the phrase ENTREPRENEUR EXPO (Petitioner Exhibit #78):

[Registrant] corporate counsel Ron Young... "We don't go after just the little guys . . . but the law requires us to... If you don't protect your mark, you lose it and it becomes generic. When it becomes generic, it is unprotectable -- like 'escalator' and 'cellophane.'"

207. Petitioner has standing because the subject mark places Registrant in a position to harass and cause annoyance to Petitioner and Petitioner's contacts. Such a position by Registrant is now and will continue to irreparably damage Petitioner's PR business.

208. Based on Registrant's numerous trademark filings and legal attacks, and its being featured in the critically-acclaimed book "Brand Name Bullies" (Petitioner Exhibit #79), Registrant is an aggressive and deep-pocketed brand name bully whose beliefs

and intentions are crystal clear: Registrant believes it can own all variations and all trade use of the word ENTREPRENEUR, despite overwhelming evidence to the contrary.

209. Petitioner believes and alleges that Registrant is so obsessed with monopolizing all variations and all trade use of the word ENTREPRENEUR, that it is willing to defraud the Trademark Office.

210. Petitioner has standing because the subject registration is now and will continue to cause significant and irreparable damage to the Petitioner, as well as to thousands of other entrepreneurs and organizations, is against public policy, and must be cancelled.

211. Petitioner believes the subject registration must be cancelled because allowing Registrant a trademark for the highly descriptive and generic phrase ENTREPRENEUR EXPO would be as wrong as granting Registrant ownership of other common, highly descriptive, and generic event-related phrases such as: "auto show," "band camp," "basketball tournament," "chili cook-off," "company picnic," "crab feed," "job fair," "pep rally," "political convention," "ski swap," "spelling bee," "state fair," "summer school," "swap meet," "tent sale," "track meet," "trade show," or "travel expo." Like the aforementioned phrases, the highly descriptive and generic phrase ENTREPRENEUR EXPO fails to function as a mark that is perceived by the relevant public as identifying and distinguishing Registrant's goods and services.

212. Petitioner is informed and believes, and upon such information and belief, alleges that Registrant has threatened or taken legal actions against one or more of Petitioner's contacts over use of the phrase ENTREPRENEUR EXPO even though Registrant knew or should have known that it had abandoned use of the subject mark,

without intent to resume use. These actions by Registrant are now and will continue to irreparably damage Petitioner's contacts and business.

213. Petitioner has standing because Petitioner has a direct and personal stake in the outcome of this proceeding. Petitioner has a reasonable basis for his belief that his business is now and will continue to be irreparably damaged if the subject registration is not cancelled and Registrant can continue to prevent or limit Petitioner and others from being able to use the phrase ENTREPRENEUR EXPO.

214. Petitioner has standing because a Petitioner's allegations of damage to his business are sufficient to establish standing. For the foregoing reasons, Petitioner has standing to file this Petition to Cancel.

215. Petitioner is informed and believes, and upon such information and belief, alleges that **Registrant's retained attorneys are guilty of gross misconduct and/or of violating a disciplinary rule(s).** Registrant's retained attorneys knowingly and willfully presented to the Trademark Office false or misleading information during the prosecution of the subject registration, with the intention of helping Registrant's decades long scheme to deceive and induce the Trademark Office into issuing and maintaining registrations to which Registrant was not entitled. **It is inconceivable that Registrant could have perpetrated its campaign to defraud the Trademark Office without the active and deliberate participation of its retained attorneys.**

216. Petitioner has standing because allowing Registrant to keep and maintain the subject registration would continue to place Registrant in a position to interfere with the legitimate rights of Petitioner and Petitioner's contacts to use the highly descriptive and generic ENTREPRENEUR EXPO phrase, which is now and will

continue to hinder the success of other "entrepreneur expos," because producers of "entrepreneur expos" must be able to use the phrase "entrepreneur expo" to accurately and effectively name and describe their expos.

217. Allowing Registrant to keep and maintain the subject registration is now and would continue to place Petitioner and Petitioner's contacts at a significant competitive disadvantage. Accordingly, the phrase ENTREPRENEUR EXPO for "expos" for and about "entrepreneurs" must remain in the public domain.

218. Registration of Registrant's alleged mark should be cancelled because approval was obtained and/or maintained by fraud.

219. By reason of the foregoing, Petitioner is now and will continue to be damaged by the subject registration, and the subject registration should be cancelled.

WHEREFORE, PETITIONER believes that he is now and will continue to be damaged by the subject registration and prays that this Petition to Cancel be sustained in favor of Petitioner, that judgment be entered against Registrant, and that the subject registration be cancelled.

Dated: March 5, 2008

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Scott R. Smith", written over a horizontal line.

Scott R. Smith  
5714 Folsom Blvd, Ste 140  
Sacramento, California 95819  
(916) 453-8611



**PROOF OF SERVICE**

I hereby certify that a true and complete copy of the foregoing:

**NOTICE OF OPPOSITION AGAINST ENTREPRENEUR MEDIA, INC'S  
"ENTREPRENEUR EXPO" MARK**

has been served on Henry M. Bissell by mailing said copy on **March 5, 2008** via USPS  
Priority Mail postage prepaid to:

Henry M. Bissell  
Bissell & Bissell  
6820 La Tijera Blvd, Suite 106  
Los Angeles, CA 90045

Executed on **March 5, 2008**, at Sacramento, California

A handwritten signature in black ink, appearing to read "Scott R. Smith", written over a horizontal line.

Scott R. Smith

## THE SEVENTH CIRCUIT'S APPROACH TO DETERRING THE TRADEMARK TROLL: SAY GOODBYE TO YOUR REGISTRATION AND PAY THE COSTS OF LITIGATION

ANNA B. FOLGERS\*

Cite as: Anna B. Folgers, *The Seventh Circuit's Approach to Detering the Trademark Troll: Say Goodbye to Your Registration and Pay the Costs of Litigation*, 3 SEVENTH CIRCUIT REV. 452 (2007), at <http://www.kentlaw.edu/7cr/v3-1/folgers.pdf>.

### INTRODUCTION

Known for his role as an intellectual property "entrepreneur"<sup>1</sup>, Mr. Leo Stoller is the prototypical trademark troll.<sup>2</sup> Stoller has made it his business to sue as many parties as possible for the use of "his" STEALTH trademark.<sup>3</sup> One court recently described Stoller as

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\* J.D. candidate, May 2008, Chicago-Kent College of Law, Illinois Institute of Technology; pursuing Certificate in Intellectual Property Law; B.A. Political Science, June 2005, DePaul University.

<sup>1</sup> Colin Moynihan, *He Says He Owns The Word 'Stealth' (Actually, He Claims 'Chutzpa', Too)*, N.Y. TIMES, July 4, 2005, accessible at: <http://www.nytimes.com/2005/07/04/business/04stealth.html>.

<sup>2</sup> The trademark troll sets out to register as many marks as possible, without the intent to use and invest in the mark. Just as the "forest troll" appears to collect his "toll" from travelers passing over a bridge, the trademark troll magically appears when an unsuspecting producer adopts the same or similar mark and poses upon them two choices: pay to get a license to use my mark or litigate.

<sup>3</sup> *Central Manufacturing, Inc. v. Brett*, 492 F.3d 876, 880 (7th Cir. 2007) ("Acting as a sort of intellectual property entrepreneur, Stoller has federally registered scores of trademarks with the U.S. PTO...many containing everyday words that regularly pop up in commercial enterprise").



“running an industry that produces often spurious, vexatious, and harassing federal litigation.”<sup>4</sup> The problem with Mr. Stoller is that the intellectual property community and the courts doubt whether Stoller actually uses the STEALTH mark on actual goods sold in commerce.<sup>5</sup> Rather, he merely exploits his trademark registrations to negotiate and extract licensing fees from companies using the mark on their own products.<sup>6</sup> Some of those third parties, when threatened with litigation, have entered into licensing or settlement agreements for use of the STEALTH mark. These agreements cover a startling collection of products, ranging from “hand tools to make prosthetic limbs to construction consulting services to track lighting.”<sup>7</sup> It was reported that Stoller even accused Sony Pictures of infringing the STEALTH mark by including the word as the title of a film featuring Navy pilots.<sup>8</sup>

Although Stoller purports to have been hired to serve as a trademark expert at various trademark trials throughout the country,<sup>9</sup> his situation exemplifies a common misunderstanding that exists among the public, legal practitioners, and even district courts. The mere federal registration of a mark does not give the trademark owner a monopoly over that mark; as the Seventh Circuit has noted, “bare registration is not enough.”<sup>10</sup> Under the Lanham Trademark Act, a



<sup>4</sup> Central Manufacturing, Inc. v. Brett, No. 04 C 3049, 2005 WL 2445898 at \*1 (N.D. Ill. Sept. 30, 2005) *aff’d*, 492 F.3d 876, 880 (7th Cir. 2007).

<sup>5</sup> *Id.* at \*2.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> Moynihan, *supra* note 1.

<sup>9</sup> Stoller’s website is accessible at: <http://rentmark.blogspot.com>. On this site Stoller identifies himself as the “Director and national spokesman” [sic] for the Americans for the Enforcement of Intellectual Property Rights, which “advocates the strict enforcement of American intellectual property rights”. He also identifies himself as a “Trademark Expert” and offers the following services: “trademark valuations, licensing, appeal drafting etc.”

<sup>10</sup> Custom Vehicles, Inc. v. Forest River, Inc., 476 F.3d 481, 485 (7th Cir. 2007); *see also* Zazu Designs v. L’Oreal, S.A., 979 F.2d 499, 504 (7th Cir. 1992) (registration itself only establishes a rebuttable presumption of use as of the filing date.); Allard Enter., Inc. v. Advanced Programming Resources, Inc., 146 F.3d 350, 356 (6th Cir. 1998) (“One of the bedrock principles of trademark law is that trademark or service marks ownership is not acquired by federal or state registration.

trademark owner must use the mark in commerce to acquire and maintain ownership rights in that mark.<sup>11</sup> This requirement operates to prevent the “banking” or “warehousing” of marks.<sup>12</sup> Warehousing is a term used to describe the practice of a party that registers trademarks and effectively collects and stores them as opposed to actually using them. This type of activity is barred both under the Lanham Act and at common law. One cannot register a trademark, cease using the mark on ones’ products and/or services, and then attempt to extract a licensing fee from sellers of products or services well-suited to adopt that trademark.<sup>13</sup> This type of operation was, and continues to be, Stoller’s *modus operandi*.<sup>14</sup> Stoller or one of his corporate entities have been involved in at least 49 cases in the Northern District of Illinois alone and at least 47 of them purport to involve trademark infringement.<sup>15</sup> Tellingly, no court has ever found infringement of any trademark allegedly held by Stoller or his related companies in any reported opinion.<sup>16</sup> Although one would think that these staggering statistics alone would deter Stoller, this apparently has not been the case. In fact, Stoller’s cases have generally “proven so frivolous and

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Rather, ownership rights flow only from prior appropriation and actual use in the market.”); *Boxcar Media, LLC v. Redneckjunk, LLC*, 345 F. Supp. 2d 76, 79 (D. Mass. 2004) (“Federal registration is irrelevant to a determination of whether a trademark is granted protection.”).

<sup>11</sup> 15 U.S.C. § 1127 (2006).

<sup>12</sup> *Custom Vehicles, Inc.*, 476 F.3d 481 at 485.

<sup>13</sup> *See id.*

<sup>14</sup> *See Central Manufacturing, Inc. v. Brett*, 492 F.3d 876, 880 (7th Cir. 2007) (stating that this practice formed an “essential part of [Stoller’s] business strategy” and noting that if “there was a Hall of Fame for Hyperactive trademark litigators, Stoller would be on it”).

<sup>15</sup> *Central Manufacturing, Inc. v. Brett*, 2005 WL 2445898 \*1, 1 (N.D. Ill. Sept. 30, 2005) *aff’d*, 492 F.3d 876, 880 (7th Cir. 2007).

<sup>16</sup> *Id.* at \*2. The Northern District court alone has ordered Stoller or his corporate entities to pay defendants’ attorneys’ fees and costs in at least six other reported cases: *S Indus., Inc. v. Ecolab Inc.*, 1999 WL 162785, \*1 (N.D. Ill. Mar. 16, 1999); *S Indus., Inc. v. Stone Age Equip., Inc.*, 12 F. Supp. 2d 796 (N.D. Ill. 1998); *S Indus., Inc. v. Centra 2000, Inc.*, 1998 WL 157067 (N.D. Ill. Mar. 31, 1998); *S Indus., Inc. v. Diamond Multimedia Sys., Inc.*, 991 F.Supp. 1012 (N.D. Ill. 1998); *S Indus., Inc. v. Diamond Multimedia Sys., Inc.*, 17 F. Supp. 2d 775 (N.D. Ill. 1998); *S Indus., Inc. v. Hobbico, Inc.*, 940 F. Supp. 210 (N.D. Ill. 1996).

wasteful of court resources” that in his most recent action, the Northern District of Illinois enjoined him from filing any new civil action in the district courts without first obtaining the court’s permission.<sup>17</sup>

In *Central Manufacturing, Inc. v. Brett*, the Seventh Circuit affirmed a decision of the Northern District of Illinois in which the court utilized two important weapons to counter Stoller’s most recent meritless trademark infringement suit: the power to order the cancellation of a trademark registration and the power to award attorney’s fees and costs to the prevailing party.<sup>18</sup> Not only did the Seventh Circuit approve of the district courts decision to cancel the plaintiff’s mark, the court stated that “where . . . a registrant’s asserted rights to a mark are shown to be invalid, cancellation is not merely appropriate, it is the best course.”<sup>19</sup> If the approach taken by the Seventh Circuit is implemented more often by district courts throughout the country, trademark trolls such as Stoller may think twice about bringing suit for infringement of a mark in which no protectable rights exist.

This Comment proposes that other courts should follow the lead of the Seventh Circuit and that the cancellation-as-best-course rule should become the norm rather than the exception.<sup>20</sup> A more liberal invocation of the court’s discretionary power of cancellation promotes trademark law’s three policy components: protection of producers, protection of consumers from confusion, and the encouragement of fair competition. Second, this policy assuages the costs associated with needless trademark litigation. Third, it places the public on notice of cancellations as ordered by the courts and provides increased certainty regarding trademark rights to the public. Finally, this policy also operates as a judicial “refreshing” mechanism for clearance of the unused trademark from the trademark register. The combination of mark cancellation and the award of attorney’s fees and costs to the prevailing party creates a powerful situation which may deter

<sup>17</sup> *Central Manufacturing, Inc.*, 492 F.3d at 881.

<sup>18</sup> *Id.* at 876.

<sup>19</sup> *Id.* at 883.

<sup>20</sup> *Id.*

trademark trolls, such as Stoller, from filing or threatening to file meritless suit against innocent parties for use of a mark he lacks valid ownerships rights.

Section I of this Comment outlines the commercial use requirement as found in the Lanham Trademark Act ("Lanham Act") including its connection to the acquisition of federal registration, determining priority among competing claimants, and its relevance to deterring trademark warehousing. This section also discusses the commercial use requirement's relationship to the "triumvirate" – the consumers, producers, and competitors the Lanham Act seeks to protect. Section II analyzes the consequences of the failure to use a mark in commerce, particularly in the context of litigation, where non-use is used to collaterally attack the registration of the plaintiff. Most importantly, this section discusses the power of the court to order the cancellation of registrations pursuant to 15 U.S.C. § 1119 of the Lanham Act. Section III discusses the practical, evidentiary issues of proof where a plaintiff must prove commercial use to establish ownership and prevail on an infringement claim. Section IV introduces the decision of the Seventh Circuit in *Central Manufacturing*. Section V discusses the Seventh Circuit's view of proper invocation of the power of cancellation and the award of attorneys' fees in cases involving trademark trolls and proposes the cancellation-as-best-course is a valuable and recommended approach that other circuits should follow. Finally, Section VI sets forth a separate discussion of the award of attorneys' fees and costs in trademark litigation in the Seventh Circuit and its role in deterring the trademark troll.

## I. BACKGROUND: THE LANHAM ACT AND TRADEMARK LAW POLICY

The Lanham Act was created in 1946 and remains the federal statute governing trademark rights.<sup>21</sup> The Act protects both registered and common law rights and defines the term "trademark" to include "any word, name, symbol, or device or any combination thereof: (1) used by a person or (2) which a person has a bona fide intention to use

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<sup>21</sup> See 15 U.S.C. §§ 1051-1141(n) (2006).

in commerce...to identify and distinguish his or her goods... from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”<sup>22</sup> Under this definition, in order to qualify for protection a mark must be “distinctive.”<sup>23</sup> In *Abercrombie & Fitch Co. v. Hunting World, Inc.*, the Second Circuit set forth the now well-known categories of marks: (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful.<sup>24</sup> Generic marks never merit protection; descriptive marks are only protectable with proof of secondary meaning or acquired distinctiveness; suggestive and arbitrary or fanciful marks are protectable without proof of secondary meaning.<sup>25</sup> A mark achieves secondary meaning when, after being introduced to the market, unknown to consumers, the products catches on and the mark comes to be uniquely associated with the original source.<sup>26</sup>

The *Abercrombie* spectrum indicates a progressive degree of distinctiveness and therefore a concomitant increase in the strength of a mark.<sup>27</sup> Arbitrary and fanciful marks are on one end and generic marks on the other. A mark owner is “better off adopting a fanciful or arbitrary mark” where they have yet to achieve the brand popularity level of someone like Nike.<sup>28</sup> By not adopting a mark that is merely descriptive, a mark owner need not prove that the mark has acquired secondary meaning in the minds of the relevant buying public.<sup>29</sup> It is easier to gain protection in the first instance and gives the mark owner time to develop consumer recognition through promotion and

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<sup>22</sup> *Id.* at § 1127.

<sup>23</sup> *Wal-Mart Stores v. Samara, Bros.*, 529 U.S. 205, 210-216 (2001) (discussing distinctiveness in the context of trade dress protection).

<sup>24</sup> 537 F.2d 4, 9 (2d Cir. 1976).

<sup>25</sup> *Id.* at 9-11.

<sup>26</sup> *Custom Vehicles, Inc. v. Forest River, Inc.*, 476 F.3d 481, 483-484 (7th Cir. 2007); *see also* 15 U.S.C. § 1052(f) (“...nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant’s goods in commerce...”).

<sup>27</sup> *American Society of Plumbing Engineers v. TMB Pub., Inc.*, 109 Fed. Appx. 781,789 n.9 (7th Cir. 2004).

<sup>28</sup> *Custom Vehicles*, 476 F.3d 481 at 484 (7th Cir. 2007).

<sup>29</sup> *Id.*

investment. On other hand, refusing protection for generic marks ensures that typical words are not monopolized.

*A. Commercial Use and Acquisition of Trademark Rights*

Once a mark has met the statutory definition of a trademark by obtaining the requisite degree of distinctiveness the mark owner must meet the second requirement for registration: use in commerce.<sup>30</sup> The distinctiveness and commercial use requirements are closely related: the more a mark is used in commerce the more likely the mark is to be viewed as distinctive of the registrant's goods. The commercial use requirement is tied to Congress' ability to regulate trademarks in the first instance: the power to regulate trademarks arises out of the Commerce Clause of the Constitution.<sup>31</sup>

There are two methods of registration.<sup>32</sup> First, a mark owner who has already begun use of the mark in commerce may file an application for registration.<sup>33</sup> Second, a person who has yet to use the mark in commerce, but has a bona fide intent to use the mark in commerce, may file an intent to use application ("ITU").<sup>34</sup> Where a person files an ITU application it must be followed up with proof of actual use of the mark in commerce within six months of the date of filing.<sup>35</sup> Filing an ITU application establishes priority as of the date of

<sup>30</sup> 15 U.S.C. § 1051.

<sup>31</sup> See *The Trademark Cases*, 100 U.S. 82, 94-95 (1879) (distinguishing between Congress's express power to regulate patent and copyright under Article I, Section 8 and the power to regulate trademarks as falling only under the Commerce Clause); see also 15 U.S.C. § 1127 (defining commerce as "all commerce which may lawfully be regulated").

<sup>32</sup> See 15 U.S.C. §§ 1051(a), 1051(b).

<sup>33</sup> *Id.* at § 1051(a).

<sup>34</sup> *Id.* at § 1051(b) ("(1) A person who has a bona fide intention ... to use a trademark in commerce may request registration ... (3) The statement shall ... specify-- (A) that the person making the verification believes that he or she... [is] be entitled to use the mark in commerce...").

<sup>35</sup> *Id.* at § 1051(d).

filing (except as against those already using the mark) and thus serves as a “place-holder.”<sup>36</sup>

Under the Lanham Act, the term “use in commerce” means the “bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.”<sup>37</sup> This definition represents an effort on behalf of Congress to eliminate what was known as the “token use” of a trademark, or, minor acts or sales made to meet the threshold commercial use requirement in order to register the mark, maintain the mark, or to even prevent others from adopting the mark.<sup>38</sup>

As evidenced by the aforementioned requirements, although trademark rights are established through use, not by virtue of registration,<sup>39</sup> federal registration remains desirable because it endows additional benefits not provided at common law including: (1) nationwide constructive notice of the use and ownership of the mark; (2) original jurisdiction in federal courts based on federal question jurisdiction for actions concerning the mark; (3) prima facie evidence of the validity of the mark; (4) the right to use the mark nationally; (5) the right to use the mark; (6) the assistance of customs officials in policing the importation products bearing infringing marks.<sup>40</sup>

Thus, in litigation, favorable presumptions of validity, ownership, and the exclusive right to use the mark attach where a registered mark is at issue.<sup>41</sup> The Seventh Circuit has noted, however, that the evidentiary value of a certificate of registration may be one of minor

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<sup>36</sup> *Zazu Designs v. L'Oreal, S.A.*, 979 F.2d 499, 503 (7th Cir. 1992).

<sup>37</sup> 15 U.S.C. § 1127.

<sup>38</sup> *See Paramount Pictures Corp. v. White*, 31 U.S.P.Q.2d 1768, 1774 (T.T.A.B 1994); *see also* The Trademark Law Revision Act, Public Law 100-667 (1988).

<sup>39</sup> *See In re ECCS, Inc.*, 94 F.3d 1578, 1579 (Fed.Cir.1996); *see also In re Int'l Flavors & Fragrances, Inc.*, 183 F.3d 1362, 1366 (Fed. Cir. 1999) (“The federal registration of a trademark does not create an exclusive property right in the mark”).

<sup>40</sup> *America Online, Inc. v. AT&T Corp.*, 243 F.3d 812, 818 (4th Cir. 2001); *see also* 15 U.S.C. §§ 1072, 1121, 1115, 1072, 1111, and 1125(b).

<sup>41</sup> 15 U.S.C. § 1115.

significance because the presumption is an easily rebuttable one.<sup>42</sup> It “merely shifts the burden of production to the alleged infringer.”<sup>43</sup>

### *B. Commercial Use and Priority Contests*

Commercial use is also relevant to establishing priority among competing claimants of trademark rights. “Priority contests” arise where two or more parties allege prior use, and thus, valid rights in, the same trademark for similar products or services.<sup>44</sup> The first date of commercial use serves as a guidepost to determining who has better rights, or, priority, in the mark. The first party to use a mark is generally considered the “senior” user and is entitled to enjoin the “junior” user from using the same, or a confusingly similar, mark.<sup>45</sup> The senior user receives priority over the junior user and has the power to enjoin the junior user from using the mark on the same or related goods. Further, the scope of protection enjoyed by a trademark owner is not restricted to the original owner’s use of the mark. The “natural expansion” doctrine allows that owner to extend the scope of its protection for products the mark was originally used, but also related product lines.<sup>46</sup> Under this doctrine, the senior trademark owner’s rights are limited to those goods that have been used and those related to the original goods, but also those that lie within the realm of natural expansion.<sup>47</sup> Accordingly, commercial use has repercussions for a trademark owner’s use of the mark when faced with others using the mark on the same products, but also other products so long as they are related to the original.

<sup>42</sup> *Custom Vehicles, Inc. v. Forest River, Inc.*, 476 F.3d 481, 486 (7th Cir. 2007).

<sup>43</sup> *Id.* (citing *Door Systems, Inc. v. Pro-Line Door Systems, Inc.*, 83 F.3d 169, 172 (7th Cir.1996)); *see also* *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 604 (9th Cir. 2005).

<sup>44</sup> *See* J. Thomas McCarthy, 3 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 20:17 (4th Ed.)(2007).

<sup>45</sup> *Id.* at § 16:5 (discussing the nature of the senior users market and the “zone of natural expansion” doctrine).

<sup>46</sup> *Id.*

<sup>47</sup> *Id.*



*C. Commercial Use, Trademark Warehousing, and Policy Implications*

The commercial use requirement also prevents mark owners from warehousing and hoarding trademarks.<sup>48</sup> As Judge Posner of the Seventh Circuit recently explained in *Custom Vehicles, Inc. v. Forest River*:

Bare registration is not enough. Trademarks cannot be “banked” or “warehoused”—that is, you cannot register thousands of names, unrelated to any product or service that you sell, in the hope of extracting a license fee from sellers of products or services for which one of your names might be apt.<sup>49</sup>

→ When trademarks are warehoused they do not serve the principle policies that form the very basis for trademark protection: protecting consumers, protecting trademark owner’s investments in their mark, and protecting and fostering fair competition.

Trademark law protects consumers from confusion between brands in the marketplace and also allows consumers to distinguish between competing products.<sup>50</sup> The law functions to prevent confusion by reserving protection only for marks that are distinctive of the goods or services of the mark owner. Because others are prohibited from using the mark on the same or similar goods, consumers are guaranteed that the products they buy originate with the same source,

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<sup>48</sup> *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1581 (Fed.Cir.1990) (“The Lanham Act was not intended to provide a warehouse for unused marks”).

<sup>49</sup> *Custom Vehicles, Inc. v. Forest River, Inc.*, 476 F.3d 481, 485 (7th Cir. 2007) (citing *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 219 (4th Cir. 2002)).

<sup>50</sup> See Graham B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism In Trademark Law*, 92 IOWA L. REV. 1597, 1613 (2007) (“Once consumer understanding, and hence a trademark right, is established, the primary goal of trademark law is to protect the integrity of that understanding by minimizing consumer confusion.”).

thus preventing consumer confusion. If a mark is not used, the consuming public cannot make the necessary link between the mark and a specific product.<sup>51</sup> Thus, hoarding prevents other producers from making rightful use of a mark and inhibits the creation of real connections between products and their sources.

These connections not only assist consumers in making purchasing decision by distinguishing among competing brands, but also function to reduce consumer search costs.<sup>52</sup> Trademarks serve as source-identifiers by furnishing information about a products source, quality, and other important characteristics in a quick and costless fashion. This phenomenon is referred to as the reduction of "consumer search costs."<sup>53</sup> When a consumer makes a connection between a product or service in terms of price, quality, or the sheer image of life-style a consumer wishes to exude<sup>54</sup>, the trademark becomes something they can rely on time and again to assist them in making their purchasing decisions. Thus, consumer "search costs" are reduced due to the ease by which a consumer chooses a product based upon the association of the mark with the product and its source.<sup>55</sup> Neither of the aforementioned consumer-related policies of trademark law could be fulfilled without the commercial use requirement. Mark hoarding minimizes the communication between the consumer, the mark, and the producer. Hence, consumers lose meaningful and valuable information that they may use in making purchasing decisions.

Trademark law also functions to protect trademark producers. The law protects the trademark owners' rightful use from appropriation by others. The law bans pirating use by others who may create and sell products or market services of sub-standard quality. Protection promotes and rewards investment by preserving the value of marks by

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<sup>51</sup> See, e.g. *Panavision Int'l. v. Toeppen*, 141 F.3d 1316, 1325 (9th Cir. 1998).

<sup>52</sup> See Stephen L. Carter, *The Trouble With Trademark*, 99 YALE L.J. 759, 759 (1990) ("Successful marks are like packets of information. They lower consumer search costs, thus promoting the efficient functioning of the market.").

<sup>53</sup> See generally George J. Stigler, *The Economics of Information*, 69 J.POL.ECON. 213 (1961).

<sup>54</sup> *Ty Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002).

<sup>55</sup> *Id.* at 510-511.

prohibiting others from using the mark. By prohibiting others from free-loading off of the good-will a mark has established producers and owners are rewarded for investing time, effort, and money in producing and developing new brands with corresponding new products. Thus, producers and owners are rewarded for creation and use by receiving the protection the law affords them in exchange. Trademark owners are also rewarded with continued patronage and brand loyalty, when they have made efficient use of their marks. As noted above, trademarks reduce consumer search costs, thereby increasing the ability and perhaps frequency of repeat purchasers. The use in commerce requirement is a necessary tradeoff for these benefits to accrue to the mark owner. In theory, if they do not use the marks in commerce they will not benefit financially from the trademark registration. Thus, it is always in their best interest to market and promote their mark as much as possible and to create quality goods associated with the mark in order to increase sales and brand loyalty.

The commercial use requirement also functions to protect and promote fair and honest competition between businesses. Commercial use prevents trademark hoarding, thereby discouraging the artificial reservation and depletion of the trademark reservoir. In exchange for protection, mark owners are permitted to appropriate a term. The trademark rights scenario inherently impairs competition by “impeding the ability of competitors to indicate that their brands are in the same product space.”<sup>56</sup> By forcing registrants to actually use marks or lose them trademark law grants producers freedom to pick and choose terms to accurately describe products and services, unless someone has already adopted and made valid, fair use of the term before them. Furthermore, innocent trademark adopters are protected from trademark trolls threatening license or litigation. Confident that the law only protects registrants who make valid commercial use of their mark producers need not heed to such demands.

Accordingly, the commercial use requirement forms the very core of the fundamental policies trademark law was designed to protect.

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<sup>56</sup> Custom Vehicles, Inc. v. Forest River, Inc., 476 F.3d 481, 485 (7th Cir. 2007).

Consumers, trademark owners, and competition all directly benefit by vigilant enforcement of the use in commerce requirement.

## II. CONSEQUENCES OF FAILURE TO USE MARK IN COMMERCE

The failure to use a mark in commerce may arise in two contexts: in inter-partes proceedings before the United State Patent and Trademark Office ("USPTO") and when raised as a collateral attack in litigation. The Lanham Act gives concurrent power to order the cancellation of a mark to the Trademark Trial and Appeal Board ("TTAB") and the courts.<sup>57</sup> In either context, the non-use of a mark may be challenged on grounds of abandonment or a user may allege use of the mark prior to the date of registration thereby creating a priority contest.<sup>58</sup> A party may file a petition to cancel a trademark directly with the USPTO subject to certain restrictions as explained *supra* in Section B.<sup>59</sup> One can also challenge the validity of a mark and request a court to order its cancellation during trademark litigation.<sup>60</sup>

### *A. Commercial Use and Grounds for Cancellation*

In some cases, 15 U.S.C. § 1064 of the Lanham Act acts as five-year statute of limitations on an opponent's ability to challenge a mark.<sup>61</sup> Marks that have been registered for less than five years may be cancelled "for any reason which would have been sufficient to deny registration in the first instance."<sup>62</sup> This limit applies to claims that there was no bona fide use of the mark in commerce to support the

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<sup>57</sup> See 15 U.S.C. §§ 1067, 1119.

<sup>58</sup> *Id.* at § 1064 (setting forth grounds for cancellation).

<sup>59</sup> *Id.* at § 1064.

<sup>60</sup> *Id.* at §§ 1119, 1067.

<sup>61</sup> *Id.* at § 1154.

<sup>62</sup> *Id.* at §§ 1064, 1071(b)(1); *Int'l. Order of Jobs Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1091 (Fed. Cir. 1984); *see also* McCarthy, *supra* note 44, at § 20:52.

original registration.<sup>63</sup> However, a mark may always be challenged on the grounds that it has been abandoned regardless of how long a mark has been registered.<sup>64</sup>

During the hypothetical priority contest, a party will inevitably invoke § 1052(d), which states that a trademark may not be registered if it “consists of or comprises a mark which so resembles” a mark “previously used in the U.S. by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive . . . .”<sup>65</sup> Where a party realizes that a mark they have been using is the same or confusingly similar to a mark on the register they may have cause to file a petition to cancel that mark if the party’s date of first use is before that of the registrant.<sup>66</sup> In this context, the first step to establish priority is to demonstrate a date of use prior to that of the registrant.<sup>67</sup> The second step is proving likelihood of confusion, assessed under the TTAB’s likelihood of confusion factors, which includes the similarities between the marks and the similarities between the goods or services in which the mark is used.<sup>68</sup> If these two elements are met,

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<sup>63</sup> 15 U.S.C. § 1064; *see also* Jonathon Hudis, *Beginning An Inter Partes Proceedings Before The Trademark Trial and Appeal Board: Nature, Grounds, and Initial Pleadings*, 890 PLI/Pate 103 at 117 (2007).

<sup>64</sup> 15 U.S.C. § 1064. Other challenges that are not subject to the five year statute of limitations includes claims that: (1) the mark has become generic; (2) the mark is functional; (3) the mark was obtained fraudulently; (4) that the mark misrepresents its source; (5) that the mark was obtained contrary to the provisions of § 1064, which sets forth the standards for registering “collective” and “certification” marks; or (6) that the mark . . . is comprised of, among other things . . . immoral, deceptive, or scandalous matter.

<sup>65</sup> *Id.* at § 1052.

<sup>66</sup> *See e.g.* *Ford Motor Co. v. Ford*, 462 F.2d 1405 (C.C.P.A. 1972), *cert. denied*, 409 U.S. 1109 (1973) (cancelling “Ford Records” registration because of likelihood of confusion with Ford Motor Company’s trademark “Ford”); *Southern Enters., Inc. v. Burger King of Florida, Inc.*, 419 F.2d 460 (C.C.P.A. 1970) (cancelling “Whoppaburger” registration because of likelihood of confusion with Burger King’s “Whopper” trademark”).

<sup>67</sup> Hudis, *supra* note 63, at 120.

<sup>68</sup> *Id.*; *see also* *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1972) (setting forth factors relevant to likelihood of confusion analysis).

that party will likely be deemed the “senior” user and the registrant the “junior” user and the junior user’s registered mark should be cancelled pursuant to § 1052(d).

On the other hand, a more direct consequence of the failure to make bona fide use of a mark in commerce arises in the context of a claim of abandonment. Pursuant to § 1127, a trademark has been abandoned where use has been discontinued with the intent not to resume.<sup>69</sup> Thus, the existence of abandonment is a two prong inquiry: (1) there must be a period of non-use and (2) the user must also intend not to resume that use.<sup>70</sup> Intent may be inferred from the circumstances.<sup>71</sup> It is also a question of fact.<sup>72</sup> Non-use of a trademark for three consecutive years constitutes prima facie evidence of abandonment.<sup>73</sup> The effect of this prima facie case is to eliminate the challenger’s burden to establish the element of intent.<sup>74</sup> Thus, it shifts the burden of producing evidence to rebut the presumption of intent to abandon to the plaintiff or trademark owner.<sup>75</sup> A claim of abandonment may be the basis of a cancellation proceeding in the TTAB or may be asserted as an affirmative defense to litigation.

*B. Cancellation and Inter-Partes Proceedings Before the U.S. Patent and Trademark Office*

The TTAB has jurisdiction over four types of inter partes proceedings: oppositions, cancellations, interferences, and concurrent

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<sup>69</sup> *Id.* at § 1127

<sup>70</sup> *Id.*; see also McCarthy, *supra* note 44, at § 17:9.

<sup>71</sup> 15 U.S.C. § 1127; see also M. L. Cross, *Abandonment of a Trademark or Tradename*, 3 A.L.R.2d 1226 (2007) (recognizing that intent is most often presumed from the circumstances because rarely do mark owners expressly indicate their intent to abandon a mark); see also *FirstHealth of Carolinas, Inc. v. CareFirst of Maryland, Inc.* 479 F.3d 825, 830 (Fed. Cir. 2007) (“abandonment is a question of fact”).

<sup>72</sup> *FirstHealth of Carolinas, Inc.*, 479 F.3d 825 at 830.

<sup>73</sup> 15 U.S.C. § 1127.

<sup>74</sup> *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 (Fed. Cir. 1990).

<sup>75</sup> *Id.* at 1579.

use proceedings.<sup>76</sup> Cancellation proceedings may be initiated by any person who believes that they are or will be damaged by a registered mark.<sup>77</sup> An inter partes proceedings before the TTAB is similar to district court proceedings in that there are pleadings, motions, discovery and brief filing.<sup>78</sup> They differ, however, because the TTAB is an administrative tribunal and thus, proceedings are conducted solely in writing.<sup>79</sup> A party to a proceedings may never even come before the board, by way of giving witness testimony or otherwise, unless a party requests oral hearing on the matter.<sup>80</sup>

Although the failure to petition for cancellation over a long period of time will not preclude a party from raising cancellation as a defense to an infringement suit brought by the registrant<sup>81</sup>, that failure may “smack tactical afterthoughts” to a court in later proceedings.<sup>82</sup> Thus, where one doubts the validity of a registration it is always the better course to petition to cancel the mark rather than adopting a “wait and see” approach.<sup>83</sup> Although hindsight is twenty-twenty, there are major benefits to filing a petition to cancel, aside from the obvious proactive avoidance of being placed in the defending position in litigation. First, an inter partes proceeding is doubtlessly less costly than the assertion of either priority or abandonment as an affirmative defense in litigation. Second, an inter partes proceeding is a less time-consuming endeavor. Although it is arguable that the TTAB is just as backlogged

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<sup>76</sup> See Hudis, *supra* note 63, at 111; *see also* 15 U.S.C. §§ 1063, 1064, 1092.

<sup>77</sup> A person may oppose the registration of a mark shown in pending application pursuant to 15 U.S.C. § 1063 and may also petition for cancellation of a mark post-registration pursuant to 15 U.S.C. § 1064.

<sup>78</sup> See Trademark Trial and Appeal Board Manual of Procedure (hereinafter “TBMP”), Chapter 102.02, 2d Ed., 1st Rev. (March 12, 2004) accessible at: <http://www.uspto.gov/go/dcom/ttab> (USPTO rules governing the procedures are designed to approximate the proceedings in a courtroom trial)).

<sup>79</sup> *Id.* at Chapter 102.02.

<sup>80</sup> *Id.*

<sup>81</sup> *Central Manufacturing Inc. v. Brett*, 2005 WL 2445898 \*1, 6 n.5 (N.D. Ill. Sept. 30, 2005) *aff’d*, 492 F.3d 876, 880 (7th Cir. 2007).

<sup>82</sup> See McCarthy, *supra* note 44, at § 30:109.

<sup>83</sup> *Id.*

as the district courts, the average time is much less than that of litigation.

Further, where a party receives an adverse decision from the TTAB, that party is entitled to appeal. A party may appeal a decision of the TTAB to either the U.S. Court of Appeals for the Federal Circuit or to a federal district court.<sup>84</sup> In an appeal to the Federal Circuit, the case proceeds on the closed administrative record and no new evidence is permitted.<sup>85</sup> In contrast, an appeal to the district court is both an appeal and a new action, which allows the parties to request additional relief and to submit new evidence.<sup>86</sup> The courts of appeals, other than the Federal Circuit, have appellate jurisdiction to review the district court's decision.<sup>87</sup>

### *C. Cancellation and Litigation*

The power to cancel a trademark is not limited to the USPTO. As Judge Easterbrook has noted, "trademark law does not reserve the cancellation power to the PTO. A court may cancel a mark itself or order the agency to do so."<sup>88</sup> The power to order the cancellation of a mark is governed by 15 U.S.C. § 1119.<sup>89</sup> That section provides: "In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore cancelled registrations, and otherwise rectify the register with respect to the registrations of any party to the action."<sup>90</sup> The "net effect" of 15 U.S.C § 1119 is to give the courts "concurrent

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<sup>84</sup> 15 U.S.C § 1071; *see also* CAE, Inc. v. Clean Air Engineering, Inc. 267 F.3d 660, 673 (7th Cir. 2001); *see also* McCarthy, *supra* note 44, at §§ 21:20, 21:25, 21:26.

<sup>85</sup> 15 U.S.C. § 1071(a)(4); *see also* CAE, Inc., 267 F.3d at 660.

<sup>86</sup> CAE, Inc., 267 F.3d at 660 (citing *Spraying Sys. Co. v. Delavan, Inc.*, 975 F.2d 387, 390 (7th Cir.1992)); *see also* McCarthy, *supra* note 44, at § 21:20.

<sup>87</sup> 15 U.S.C. § 1121(a).

<sup>88</sup> *Ruth Foundation v. World Church of the Creator*, 297 F.3d 662, 665 (7th Cir. 2002).

<sup>89</sup> 15 U.S.C. § 1119; *see also* *Ruth Foundation*, 297 F.3d at 665.

<sup>90</sup> *Ruth Foundation*, 297 F.3d at 665.



power” with the USPTO to conduct cancellation proceedings.<sup>91</sup> The Supreme Court has noted that § 1119 grants the court “broad power” to order the cancellation of a registered mark.<sup>92</sup>

Unlike inter partes procedures before the TTAB, cancellation of a trademark cannot be the only basis of a plaintiff’s suit.<sup>93</sup> The Seventh Circuit has held that federal courts do not have jurisdiction to hear a claim for cancellation brought by a plaintiff without a current registration.<sup>94</sup> The reasoning for this stems from the language of the Lanham Act and policy implications. First, the plain language of 15 U.S.C. § 1119 states that the court may order cancellation “in any action involving a registered mark” and 15 U.S.C. § 1121 grants jurisdiction to the federal courts “of all actions arising under this Act.”<sup>95</sup> Thus, where a registered mark is not involved a plaintiff may not invoke the jurisdictional grants of the Lanham Act.<sup>96</sup> Second, “if one could file suit in federal court solely for cancellation of a registration, this would undercut and short-circuit the power of the [TTAB].”<sup>97</sup> Thus, some other ground for jurisdiction must exist to invoke the federal jurisdiction of the federal courts, but, theoretically, diversity alone would suffice.<sup>98</sup>

<sup>91</sup> 15 U.S.C. § 1119; *see also* McCarthy, *supra* note 44, at § 30:109.

<sup>92</sup> *Park’n Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 213 (1985).

<sup>93</sup> *See* Jasin R. Berne, *Court Intervention But Not In Classic Form: A Survey of Remedies in Internet Trademark Cases*, 43 ST. LOUIS U.L.J. 1157, 1167 (1999).

<sup>94</sup> *Homemakers, Inc. v. Chicago Home for Friendless*, 313 F.Supp 1087, 1087 (N.D. Ill 1970), *aff’d*, 169 U.S.P.Q. 262 (7th Cir. 1971).

<sup>95</sup> 15 U.S.C. § 1121; *see also id.* at § 1338(a).

<sup>96</sup> *See* McCarthy, *supra* note 44, at § 30:110.

<sup>97</sup> *Id.*

<sup>98</sup> *See, e.g. Simmonds Aerocessories, Ltd. v. Elastic Stop Nut Corp.*, 257 F.2d 485,486 (3d Cir. 1958) (diversity jurisdiction); *but see* *Sam S. Goldstein Industries, Inc. v. Botany Industries, Inc.*, 301 F. Supp. 728, 730 (S.D.N.Y. 1969).

### III. CENTRAL MANUFACTURING, INC. V. BRETT: CANCELLATION OF THE STEALTH MARK AND THE "EXCEPTIONAL" CASE

On April 29, 2004, Stealth Industries, later amended to include Central Manufacturing, Inc. and Leo Stoller<sup>99</sup>, filed suit against George Brett and Brett Brothers Sports International, Inc., seeking an injunction and damages for the defendant's improper use of the "STEALTH" mark on baseball bats in the U.S. District Court for the Northern District of Illinois.<sup>100</sup>

In response, the defendants asserted thirteen affirmative defenses, three of which are relevant to this comment: (1) unenforceability due to invalid or void registrations; (2) abandonment due to failure to use the mark in connection with the plaintiff's business; and (3) non-infringement due to the defendant's use of the mark prior to the plaintiff's.<sup>101</sup> In filing their motion for summary judgment, the defendant argued that the plaintiff failed to meet his burden of producing evidence that would create a genuine issue of material fact for trial for three reasons. First, the plaintiff could not show actual use of the mark on goods sold to the public before the defendant's first use of the mark, despite the existence of a federal registration.<sup>102</sup> Second, even if the registration was valid in the first instance, the plaintiff's lack of commercial use constituted an abandonment of the mark.<sup>103</sup> Third, there could be no likelihood of confusion between the parties use of the marks because confusion cannot arise in the absence of use.<sup>104</sup> Finally, the defendant asked the court to order the cancellation

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<sup>99</sup> See Defendants' Answer and Affirmative Defenses to Plaintiff's Amended Complaint, 2004 WL 2817117 (N.D. Ill., Sep. 2, 2004) (Stoller is the President and sole shareholder of STEALTH Industries, Inc. and Central Mfg. Co.).

<sup>100</sup> Central Manufacturing Inc. v. Brett, 2005 WL 2445898 \*1, 1 (N.D. Ill. Sept. 30, 2005) *aff'd*, 492 F.3d 876, 880 (7th Cir. 2007).

<sup>101</sup> See Defendants' Answer and Affirmative Defenses to Plaintiff's Amended Complaint, 2004 WL 2817117 (N.D. Ill., Sep. 2, 2004).

<sup>102</sup> *Id.*

<sup>103</sup> *Id.*; see also 15 U.S.C. § 1127.

<sup>104</sup> See Defendants' Answer and Affirmative Defenses, 2004 WL 2817117 (N.D. Ill., Sep. 2, 2004). The Seventh Circuit's likelihood of confusion analysis involves the application of the following factors: (1) the similarity of the marks in appearance

of the plaintiff's '249 registration of the STEALTH mark.<sup>105</sup> The defendant did not mention 15 U.S.C. § 1119, which is the section of the Lanham Act that actually gives the court concurrent authority with the United States Patent and Trademark Office ("USPTO") to order the cancellation of the mark.<sup>106</sup> Instead, the defendant argued that the '249 registration should be cancelled pursuant to 15 U.S.C. § 1052(d), which merely recites the grounds for ordering the cancellation of the mark.<sup>107</sup> However, this distinction is one without much significance. The court still invoked its authority pursuant to that section. After analyzing each of the defendant's arguments in turn, on September 30, 2005, Judge Coar of the Northern District of Illinois granted the defendant's motion for summary judgment and ordered the cancellation of the plaintiff's '249 registration.<sup>108</sup>

First, the court addressed the validity of the plaintiff's trademark, setting forth the two requirements that a plaintiff must demonstrate in order to prove up a claim of trademark infringement: (1) ownership of a valid trademark and (2) the infringement of that mark.<sup>109</sup> In assessing the validity of the plaintiffs' trademark, the court held that despite the presumption of validity that a trademark registration provides, the plaintiffs failed to provide sufficient evidence of use of the mark in

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and suggestion; (2) the similarity of the products; (3) the area and manner of concurrent use; (4) the degree of care likely to be used by consumers; (5) the strength of the plaintiff's mark; (6) whether any actual confusion exists; and (7) the defendant's intent to palm off its goods as those of the plaintiffs. *See Helene Curtis Industries, Inc. v. Church & Dwight Co., Inc.*, 560 F.2d 1325, 1330 (7th Cir. 1977).

<sup>105</sup> *See Defendants' Answer and Affirmative Defenses*, 2004 WL 2817117 (N.D. Ill., Sep. 2, 2004) (The defendant's invoked 15 U.S.C. §§ 1064 and 1068, which provide that a mark may be cancelled if it would cause confusion with a previously existing mark, stating, "[b]ecause it is undisputed that Brett Bros, use of 'Stealth' for baseball bats pre-dates Stoller's alleged use and the goods contained in Stoller's '249 registration ('baseball, softball and t-ball bats,') are similar to Brett Bros' 'Stealth' mark, there is clearly a likelihood of confusion between the marks").

<sup>106</sup> *Id.*

<sup>107</sup> *Id.*

<sup>108</sup> *Id.* at \*1.

<sup>109</sup> *Id.* at \*5.

commerce.<sup>110</sup> Thus, the plaintiffs could not, and did not, own the mark “STEALTH” for baseballs or baseball bats.<sup>111</sup>

*A. The Priority Contest: Evidentiary Proof of Commercial Use*

*Central Manufacturing* was a classic priority contest. The defendants first began using the STEALTH mark on baseball bats and sold them in commerce in 1999.<sup>112</sup> The defendant’s STEALTH baseball bat has been recognized by the Little League Baseball Association and the Major League Baseball Association.<sup>113</sup> To this day, the defendant continues to sell its STEALTH bats online and at various retail outlets.<sup>114</sup>

The plaintiff, on the other hand, claimed that his first use of the STEALTH mark on baseball related products was in at least 1982.<sup>115</sup> As noted above, although the plaintiff claimed to be either the registrant or assignee of “33 federally registered STEALTH or STEALTH formative marks,” only two were conceivably relevant to this suit.<sup>116</sup> This is due to the likelihood of confusion requirement: only the use of a mark that is likely to cause consumer confusion is actionable.<sup>117</sup> Thus, the plaintiff invoked two registrations for products related to baseball rather than invoking the STEALTH registrations on wholly unrelated products. The first registration occurred on August 29, 1984 when the plaintiff registered the STEALTH mark for “sporting goods, specifically, tennis rackets, golf clubs, tennis balls, basketballs, soccer balls, golf balls, cross bows, tennis racket strings

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<sup>110</sup> *Id.*

<sup>111</sup> *Id.*

<sup>112</sup> *Id.*

<sup>113</sup> *Id.* at \*2.

<sup>114</sup> See Brett Brothers Home Page, <http://www.brettbats.com> (last visited Jan. 3, 2008).

<sup>115</sup> *Central Manufacturing, Inc. v. Brett*, 2005 WL 2445898, \*1, 3 (N.D. Ill. Sept. 30, 2005) *aff’d*, 492 F.3d 876, 880 (7th Cir. 2007).

<sup>116</sup> *Id.* at \*2.

<sup>117</sup> 15 U.S.C. § 1125(a)(1)(A).

and shuttle cocks” (the “378 Registration”).<sup>118</sup> On February 9, 2002, the plaintiff registered the STEALTH mark for “baseball, softball, T-ball bats,” (the ‘249 Registration’).<sup>119</sup> The ‘249 Registration’s first use date of the STEALTH mark for baseball bats was January 3, 2001.<sup>120</sup>

The court noted that it was undisputed that the plaintiff acquired a registration for the use of the word “STEALTH” with respect to baseballs in 1984 (the ‘378 Registration’), but equally clear was the fact that the plaintiffs did not acquire a registration for the use of the STEALTH mark in relation to baseball *bats* until 2004 (the ‘249 Registration’).<sup>121</sup> Thus, if adequate proof existed for the continuous commercial use of the STEALTH mark on baseball related products from the date of the first registration, the plaintiff would have priority over the defendant’s use of the mark.<sup>122</sup> However, the plaintiffs “failed completely to support their claim that they actually used the STEALTH mark in connection with an established, presently existing, and ongoing business prior to [defendant’s] use of the word STEALTH on baseball bats in 1999.”<sup>123</sup> The court found it incredulous that the plaintiff, who claimed to have used the mark for more than a decade, could not provide a sole invoice indicating any commercial transaction involving the sale of any baseball-related product under the STEALTH mark.<sup>124</sup> The defendant, however, easily demonstrated that they began selling baseball bats on their website in 1999 – nearly five years before

<sup>118</sup> See United States Trademark Registration No. 1,332,378 (filed August 29, 1984) (cancelled June 26, 2007).

<sup>119</sup> See United States Trademark Registration No. 2,892,249 (filed February 1, 2007) (cancelled June 26, 2007).

<sup>120</sup> *Id.*

<sup>121</sup> *Central Manufacturing Inc. v. Brett*, 2005 WL 2445898 \*1, 3 (N.D. Ill. Sept. 30, 2005) *aff’d*, 492 F.3d 876, 880 (7th Cir. 2007).

<sup>122</sup> This would only be the case if the court found that the use of the STEALTH marks on baseball bats was confusingly similar to the plaintiff’s use of the STEALTH marks on baseballs. This argument was only made in the alternative by the parties at the district court level because they simply attacked the validity of the plaintiffs claim to the trademark in the first place under grounds of priority and abandonment.

<sup>123</sup> *Central Manufacturing, Inc.*, 2005 WL 2445898 at \*5.

<sup>124</sup> *Id.*

the 249' Registration.<sup>125</sup> Accordingly, the court found that the defendant could not infringe because they were the "senior" users to the mark.<sup>126</sup> Thus, the defendants were the parties with valid ownership rights in the STEALTH mark for baseball bats by virtue of their prior use.<sup>127</sup>

*Central Manufacturing* illustrates that the type and amount of evidence of commercial use can prove problematic for some plaintiffs. Stoller's complete and utter lack of proof of commercial use represents the extreme case. But, what sort of evidence is sufficient to prove commercial use? What must a plaintiff show to demonstrate sufficient use in commerce to prove ownership of a valid and enforceable mark?

If there were a commercial use spectrum, *Central Manufacturing* would be at the bottom of the evidentiary standard of proof. In characterizing the plaintiff's proof as "unsupported assertions" and "unauthenticated evidence of small amounts of sales," the court held the plaintiff failed to prove ownership rights to the STEALTH mark.<sup>128</sup> The most obvious problem was the lack of invoices and receipts characteristic of actual business transactions between the plaintiff and consumers or businesses.<sup>129</sup> However, to support his claim of ownership the plaintiff attempted to admit the following documentary evidence: advertising material and charts of "sales" activity.<sup>130</sup> The court rejected this evidence as unsubstantiated, unbelievable or both.

First, in rejecting the plaintiff's attempt to introduce a sporting goods magazine to prove "alleged licensee was active in the baseball market," the court stated the law was clear that "mere advertising and documentary use of a notion apart from the goods do not constitute technical trademark use."<sup>131</sup> Plaintiff also attempted to introduce an advertising flyer for a STEALTH baseball.<sup>132</sup> Both were rejected

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<sup>125</sup> *Id.* at \*13-15.

<sup>126</sup> *Id.* at \*15.

<sup>127</sup> *Id.*

<sup>128</sup> *Id.* at \*5.

<sup>129</sup> *Id.*

<sup>130</sup> *Id.*

<sup>131</sup> *Id.* (quoting *Powermatics, Inc. v. Globe Roofing Prods. Co.*, 341 F.2d 127, 130 (C.C.P.A. 1965)).

<sup>132</sup> *Id.*

because mere “marketing and promotional materials” alone are insufficient to constitute trademark use, particularly in the absence of evidence that the flyer was ever sent out to a potential customer nor resulted in a single sale of the bat.<sup>133</sup>

Second, the plaintiff attempted to introduce “Sale Quote Sheets” and “Stealth Brand Baseball Sales”, but could not explain where the lump sum yearly numbers came from or to whom or where the alleged sales were made.<sup>134</sup> The court stated that there was simply nothing in record to indicate that the “sales sheet[s] bear any relation to reality and is not simply something Plaintiffs generated on a home computer for the purposes of this litigation.”<sup>135</sup> Further, there was no evidence that the “products ever existed except as lines on a piece of promotional paper or that any of these corporations ordered even one item from Plaintiffs.”<sup>136</sup> The sales sheets also failed to overcome the mere advertising hurdle.<sup>137</sup> Although the plaintiff testified at his deposition that he had sold baseball bats, the court refused to give credence to his self-serving deposition testimony.<sup>138</sup>

The court did note that “registration, coupled with slight sales, establishes an exclusive right in the mark against junior users”, but here, there was absolutely no credible evidence of baseball related product sales to establish their exclusive right in the STEALTH mark for baseballs, much less for baseball bats.<sup>139</sup>

So, what type of evidence is sufficient to establish commercial use for the purposes of ownership? The Seventh Circuit has stated that this determination is made on a case by case basis and upon consideration of the “totality of the circumstances.”<sup>140</sup> Although the Ninth Circuit

<sup>133</sup> *Id.*

<sup>134</sup> *Id.*

<sup>135</sup> *Id.*

<sup>136</sup> *Id.*

<sup>137</sup> *Id.*

<sup>138</sup> *Id.* at \*3.

<sup>139</sup> *Id.* at \*5.

<sup>140</sup> *See, e.g., Johnny Blastoff, Inc. v. L.A. Rams Football Co.*, 188 F.3d 427, 433 (7th Cir. 1999) (“The determination of whether a party has established protectable rights in a trademark is made on a case by case basis, considering the totality of the circumstances”).

has held that commercial use sufficient to establish ownership rights may be proven without evidence of a sale, the Seventh Circuit has not been so generous.<sup>141</sup>

In *Zazu Designs v. L'Oreal, S.A.*, the Seventh Circuit found evidence of a few sales of products to which the mark had been affixed insufficient to establish trademark ownership.<sup>142</sup> In that case, the plaintiff hair salon had sold a few bottles of shampoo bearing the mark over the counter and via mail.<sup>143</sup> The court found such limited sales “neither link the [mark] with [the plaintiff’s] product in the minds of consumers nor put other producers on notice.”<sup>144</sup>

Just before *Central Manufacturing* was decided in 2007, the Seventh Circuit was presented with the opportunity to pass on another trademark case relating to the commercial use requirement. In *Custom Vehicles*, the court affirmed the decision of the Northern District of Indiana, dismissing a trademark infringement complaint of the alleged owner of the mark “Work-N-Play.”<sup>145</sup> The court found that the mark was descriptive when used for a van that could be converted from an office to a camper, but more importantly, the court held that the sale of one van without using the trademark was insufficient to place the mark in use in commerce for the purposes of the Lanham Act.<sup>146</sup> The plaintiffs had filed an intent-to-use application for the mark, however, that same year a much larger company started using the same mark in similar types of vans.<sup>147</sup> The sales of the second company totaled more than \$10 million whereas the plaintiff had made only one sale of its van and not even under the Work-N-Play mark.<sup>148</sup> Judge Posner, writing for the court, first noted that even if the mark had been used in

<sup>141</sup> *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1195-1196 (existence of sales or lack thereof does not by itself determine whether a user of a mark has established ownership rights therein).

<sup>142</sup> 979 F.2d at 503-04.

<sup>143</sup> *Id.* at 503.

<sup>144</sup> *Id.*

<sup>145</sup> *Custom Vehicles, Inc. v. Forest River, Inc.*, 476 F.3d 481, 482 (7th Cir. 2007).

<sup>146</sup> *Id.* at 485.

<sup>147</sup> *Id.*

<sup>148</sup> *Id.*



the sale, it would not have been enough to place the trademark in the “ordinary course of trade.”<sup>149</sup> The court then went on to state: “[w]e suppose that one sale of a \$150 million airplane or yacht within the first six months might be sufficient use, for it would be enough to seize the attention of the relevant market.”<sup>150</sup>

The court went on to acknowledge that the Ninth Circuit has held that “where a mark has been placed on goods, a single sale or shipment may be sufficient to support an application to register the mark” so long as that use is bona fide,” but the court declined to follow its reasoning.<sup>151</sup> The court did note an exception for the “superexpensive prototype,” such as the yacht example noted above, where one sale may be sufficient to demonstrate commercial use, but “not one sale of a van.”<sup>152</sup> This singular sale would be too “obscure an event to alert any significant number of consumers” as to the marks existence.<sup>153</sup>

Thus, in assessing the commercial use requirement, the focus is on whether the mark was adopted and used in a manner sufficiently public to identify and distinguish the goods to likely consumers of those particular goods. De minimis use is not sufficient to meet this standard.<sup>154</sup> Hence, slight sales of a product affixed with the mark will likely not meet the commercial use requirement. Accordingly, in the district courts governed by the Seventh Circuit, plaintiffs must be prepared to present actual and substantiated evidence of sales of the specific goods affixed with the mark in question before even contemplating filing suit for trademark infringement.

The defendant’s alternative argument for a claim to priority was that the plaintiff abandoned the STEALTH mark.<sup>155</sup> Although the

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<sup>149</sup> *Id.* (citing *Lucent Information Management, Inc. v. Lucent Technologies, Inc.*, 186 F.3d 315-317 (3<sup>rd</sup> Cir. 1999)).

<sup>150</sup> *Id.*

<sup>151</sup> *Id.* at 485-486 (discussing *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1157 (9<sup>th</sup> Cir. 2001)).

<sup>152</sup> *Id.* at 485.

<sup>153</sup> *Id.*

<sup>154</sup> See *McCarthy*, *supra* note 44, at §16:6.

<sup>155</sup> *Central Manufacturing Inc. v. Brett*, 2005 WL 2445898 \*1, 5 (N.D. Ill. Sept. 30, 2005) *aff’d*, 492 F.3d 876, 880 (7<sup>th</sup> Cir. 2007).

district court already determined that the defendant was in fact the senior user, the court nevertheless engaged in an abandonment analysis, holding that the plaintiff's complete inability to produce evidence of commercial use supported a finding of abandonment.<sup>156</sup>

### *B. The District Court's Ruling*

Finally, despite finding that the plaintiff failed its burden of proving the first prong of the trademark analysis, ownership of a valid mark, the court continued to apply the seven-factor likelihood of confusion test.<sup>157</sup> Stoller argued that the '378 registration, although did not include baseball bats, was sufficiently strong and related to baseball bats to cause likelihood of confusion.<sup>158</sup> The district court, however, found that the application of the likelihood of confusion test weighed overwhelmingly in the defendants favor.<sup>159</sup>

After assessing the parties' respective arguments, the district court granted the defendant's motion for summary judgment.<sup>160</sup> In granting the defendant's motion, the court also took two steps seemingly outside of the norm of trademark litigation: the court ordered the plaintiff to pay the defendant's attorneys' fees and costs and ordered the cancellation of the plaintiff's 249' registration.<sup>161</sup>

First, by invoking the court's power to order the cancellation of a mark pursuant to 15 U.S.C. § 1119, the court went beyond what was absolutely required in order for justice to be served in this case. The defendant's argued that because they were the senior users of the STEALTH mark, the plaintiff's continued registration of the STEALTH mark for the same goods, baseball bats, violated 15 U.S.C. 1052(d).<sup>162</sup> This section states that a mark may be cancelled if it "[c]onsists of or comprises a mark which so resembles ... a mark or

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<sup>156</sup> *Id.* at \*6.

<sup>157</sup> *Id.* at \*9-13.

<sup>158</sup> *Id.* at \*10.

<sup>159</sup> *Id.*

<sup>160</sup> *Id.*

<sup>161</sup> *Id.*

<sup>162</sup> *Id.* at \*14.

trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive.”<sup>163</sup> Because the defendant’s were the first to use the STEALTH mark and the ‘249 Registration claimed baseball bats, the same goods the defendant’s sold using the mark, sufficiently likelihood of confusion justified cancellation of the ‘249 registration.<sup>164</sup> Accordingly, the district court ordered the cancellation of the ‘249 registration.<sup>165</sup> Second, the award of attorney’s fees under the Lanham Act is reserved only for those “exceptional” cases; thus, it is unlikely that a court will award attorneys fees in trademark litigation. A discussion of the award of attorneys’ fees and costs is discussed in Section VI *infra*.

The plaintiff appealed to the Seventh Circuit, challenging the district court’s grant of summary judgment in favor of the defendants, the cancellation of the plaintiff’s registration, and the award of attorney’s fees in costs.<sup>166</sup>

#### V. CANCELLATION AS “BEST COURSE” AND THE “STINKING DEAD FISH” STANDARD FOR REVIEWING ATTORNEYS FEES: THE SEVENTH CIRCUIT APPROACH

In affirming the district court’s decision regarding the plaintiff’s failure to prove valid commercial use of the mark, the Judge Evans, writing for the court, extensively quoted the district court’s analysis and rejection of the plaintiff’s evidence, or lack thereof, showing commercial use of the mark.<sup>167</sup> In addressing the district court’s decision to cancel the plaintiff’s ‘249 registration, the court stated that “where... a registrant’s asserted rights to a mark are shown to be

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<sup>163</sup> 15 U.S.C. § 1052(d).

<sup>164</sup> *Central Manufacturing Inc. v. Brett*, 2005 WL 2445898 \*1,14 (N.D. Ill. Sept. 30, 2005) *aff’d*, 492 F.3d 876, 880 (7th Cir. 2007).

<sup>165</sup> *Id.* at \*10.

<sup>166</sup> *Central Manufacturing, Inc. v. Brett*, 492 F.3d 876, 880 (7th Cir. 2007).

<sup>167</sup> *Id.* at 882-883.

invalid, cancellation is not merely appropriate, it is the best course.”<sup>168</sup> Finally, in upholding the district court’s award of attorney’s fees and costs the court eloquently noted that the court would “not reverse a determination [to award attorney’s fees and costs] for clear error unless it strikes us as wrong with the force of a 5-week-old, unrefrigerated, dead fish.”<sup>169</sup> In applying this “olfactory standard” the court found that the only thing that stunk was the defendant’s actions in filing suit.<sup>170</sup>

The issue of trademark cancellation arose by virtue of the defendant’s collateral attack on the validity of the STEALTH mark.<sup>171</sup> The defendants recognized the existence of two important facts in responding to the plaintiff’s complaint: they were truly the senior users of the STEALTH mark as used on baseball bats and the lack of evidence of commercial use also constituted an abandonment of the STEALTH mark.<sup>172</sup> A district court is not required to order the cancellation of a mark where, as in *Central Manufacturing*, the mark is invalid. However, a court need not even wait for a party to request cancellation: cancellation is a purely optional and discretionary affirmative step taken on behalf of the court, either prompted by the alleged infringer’s response to the complaint or on the court’s own accord. Thus, when the validity of a mark is put in issue<sup>173</sup>, a court is faced with a to-cancel or not-to-cancel dilemma. The power to order the cancellation of a mark is an option often overlooked by many district courts. But, where a registrant-plaintiff clearly lacks rights to a mark, through the failure to commercially use the mark or otherwise, courts should be much more willing to invoke the power of

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<sup>168</sup> *Id.* at 883.

<sup>169</sup> *Id.*

<sup>170</sup> See *Rodriguez v. Anderson*, 973 F.2d 550, 553 (7th Cir. 1992) (describing this standard of review as an “olfactory” one).

<sup>171</sup> *Central Manufacturing Inc. v. Brett*, 2005 WL 2445898 \*1, 14 -15 (N.D. Ill. Sept. 30, 2005) *aff’d*, 492 F.3d 876, 880 (7th Cir. 2007).

<sup>172</sup> *Id.*

<sup>173</sup> *Id.* at \*14 (“The court may cancel a trademark in an action where the mark’s validity is placed in issue”).

cancellation, as the Seventh Circuit advocated in *Central Manufacturing*.<sup>174</sup>

The Seventh Circuit not only approved of the district court's invocation of its Section 1119 powers in cancelling the plaintiffs mark but also characterized the action as "not merely appropriate" but "the best course."<sup>175</sup> Accordingly, more courts should invoke their power to cancel in trademark litigation where it is obvious that the plaintiff's trademark rights are invalid. This approach is supported not only by the statutory mandate of commercial use and Section 1119's explicit grant of the power to cancel to the court, but also many important policy considerations. In *Central Manufacturing* the court itself noted two policies justifying this approach in its opinion. First, the court characterized the invocation of Section 1119 as putting "the public on notice of its trademark-related judgments."<sup>176</sup> Second, the court stated that Section 1119 "arms the court with the power to update the federal trademark register to account for a mark's actual legal status (or lack thereof) after it has been adjudicated, thereby reducing the potential for future uncertainty over the rights in a particular mark."<sup>177</sup> Below, these policy implications are assessed. Finally, the Seventh Circuit's unique characterization of its standard of review for attorney's fees in Lanham cases warrants separate attention.<sup>178</sup>

#### *A. Certainty, Public Notice, and "Refreshing" Function*

The court first noted that a positive effect of the invocation of the power to cancel serves to "put the public on notice of its trademark-related judgments."<sup>179</sup> Once there has been a final judgment either ordering or affirming an order to cancel and the proper procedures are followed, that mark is still present on the register, but its status is "cancelled." Hence, when the court orders cancellation of a mark that

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<sup>174</sup> *Central Manufacturing, Inc. v. Brett*, 492 F.3d 876, 883 (7th Cir. 2007).

<sup>175</sup> *Id.*

<sup>176</sup> *Id.*

<sup>177</sup> *Id.*

<sup>178</sup> *Id.*

<sup>179</sup> *Id.*

has been abandoned due to non-use or has been invalidated on the basis of priority, the court fulfills the goal of “rectifying the register” as set forth in Section 1119. This rectification is similar to hitting the refresh button on an internet webpage: once pressed the old data is discarded and only new data remains. Thus, the invocation of Section 1119 cancellation serves an important gap-filling function: the USPTO has neither the resources nor the ability to police every mark on the register to assure that they are being used in commerce. The liberal use of Section 1119 serves as a judicial cleansing mechanism to produce a more updated and coherent register of marks that are actually used, thereby producing a more accurate picture for those searching for conflicts in their quest to adopt their own mark. Thus, judicial refreshment via Section 1119 puts the public on notice of trademark related judgments.

The court also posited that this refreshment mechanism also “reduces the potential for future uncertainty over the rights in a particular mark.”<sup>180</sup> Cancellation results in the release of marks back into the marketplace for others to adopt and invest in. This also encourages healthy competition. Where the public is on notice of what marks or terms are monopolized for the purposes of adoption for specific goods or services, that public is on notice of what marks it can or cannot appropriate in the course of their own trademark development and adoption. The more often the register is refreshed, the more accurate picture trademark-seekers may have to assess trademark conflicts. Thus, new producers and hopeful mark owners may adopt words with ease and with confidence.

### *B. Reduction of Trademark “Thickets”*

In addition to providing greater certainty by putting the public on notice of a marks status, ordering the cancellation of marks reduces trademark “thickets.” In *Custom Vehicles*, Judge Posner used the term “thicket” to describe a situation that would develop where, as here, trademark owners failed to use (or made commercially insignificant

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<sup>180</sup> *Id.*

use of) a registered mark.<sup>181</sup> Trademark thickets “make it difficult for new producers to find suitable names for their products that had not already been appropriated to no worthier end than providing the premise for an infringement suit.”<sup>182</sup> Further, “by insisting that firms use marks to obtain rights in them, the law prevents entrepreneurs from reserving brand names in order to make their rivals’ marketing more costly.”<sup>183</sup> Thus, proper cancellation hinders the development of trademark thickets, thereby ensuring that words or marks are not depleted from the public arena and businesses are free to use and adopt them as their own. Unless a trademark registrant actually makes use of its mark in commerce, the seller should not be allowed to appropriate the mark, “denying its use to sellers who can actually sell.”<sup>184</sup>

### *C. Deterring Trademark Troll and Long-Term Savings*

The liberal use of the power to cancel deters acts of trademark “trolls,” such as Stoller, who have failed to make legitimate use of their marks. This in turn results in long-term savings. Cancellation cuts off the presumptions associated with registration and thus may result in fewer cases filed by trademark trolls. The fewer frivolous trademark infringement suits that are filed, the fewer judicial recourses and time that are wasted. In *Central Manufacturing*, and every other case in which Leo Stoller had filed suit, the end result was the same: dismissal or a grant of summary judgment.

In addition to deterring trademark trolls from filing suit, cancellation protects producers from the threat of suit and/or licensing demands for the use of a trademark that is no longer valid. In *Central Manufacturing*, for example, the plaintiff had “repeatedly sought ways to get around the law’s prohibition of stockpiling of unused marks, and this case is no different.”<sup>185</sup> By cancelling the plaintiffs mark, the party

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<sup>181</sup> *Custom Vehicles, Inc. v. Forest River, Inc.*, 476 F.3d 481, 485 (7th Cir. 2007).

<sup>182</sup> *Id.* at 485.

<sup>183</sup> *Zazu Designs v. L’Oreal, S.A.*, 979 F.2d 499, 503 (7th Cir. 1992).

<sup>184</sup> *Custom Vehicles, Inc.*, 476 F.3d at 486.

<sup>185</sup> *Id.*

loses a valuable instrument in negotiation: the party no longer has a conceptually concrete basis for threatening to file suit. Where a registration is at issue, parties are much more likely to take the threat seriously than if only common law rights are asserted. Thus, the trademark troll loses an important bargaining chip when attempting to extort licensing fees from unsuspecting, innocent users of marks: the ability to claim ownership rights to, and presumptions associated with, registration of a trademark.

#### *D. Critiques*

The assumptions of long-term savings and deterrence as the result of cancellation is flawed for one important reason: because registration merely confers a presumption of the right to use, ownership, and validity, the loss of the registration results in only the loss of a registered right. Because trademark rights arise out of use and not registration, a party may still claim ownership of a valid mark at common law.<sup>186</sup> Thus, a party like Stoller, who despite never winning one case and being forced to pay for all the costs of litigation in some, are keen on still filing suit may simply continue to do so. Although the presumptions of validity are not present, one can still claim rights to a mark based on mere use pursuant to common law and state claims of unfair competition. The Lanham Act still provides protection for unregistered marks. As such, the cancellation of a mark does not bar an ambitious trademark troll from bringing suit or threatening to file suit if a licensing agreement is not reached between the parties. Thus, deterrence and resulting long-term savings may be positive thinking rather than a realistic result of proactive cancellation by the courts. However, as discussed below, the threat of not only paying one's own costs of litigation, but also the other party's, may provide an even greater push to stop trademark trolls from filing suit for infringement of a mark they do not have rights in.

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<sup>186</sup>See Posting of John L. Welsh to <http://www.thettablog.blogspot.com>, "TTABlog Says: It's Time to Tackle the 'Trademark Trolls,'" January 28, 2006 (urging trademark practitioners to demand that the USPTO and TTAB "crack down" on trademark trolls).



## VI. AWARD OF ATTORNEY'S FEES AND COSTS: LACK OF EVIDENCE OF COMMERCIAL USE

Where mark cancellation and an award of attorney's fees and costs to the defendant are combined, it provides powerful incentives to only bring suit where a party has confidence in the right to use that mark. The Seventh Circuit also has a highly unique way of characterizing the standard under which it reviews a district court's award of attorney fees. In reviewing the award in *Central Manufacturing*, the court stated, "[w]e will not reverse a determination for clear error unless it strikes us as wrong with the force of a 5-week-old, unrefrigerated, dead fish."<sup>187</sup> In applying this "olfactory standard" the court found that the only thing that stunk was the defendant's actions in filing suit.<sup>188</sup>

Aside from this notable characterization of the standard of review for attorney's fees, the Seventh Circuit's review of attorney's fees under the Lanham Act has had a colorful progression.<sup>189</sup> While an award of attorneys' fees to the prevailing party is the exception and not the rule, the Seventh Circuit has broadened the scope of "exceptional" cases to include not just pre-litigation, but also litigation, conduct.<sup>190</sup>

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<sup>187</sup> *Id.*

<sup>188</sup> See *Rodriguez v. Anderson*, 973 F.2d 550, 553 (7th Cir. 1992) (describing this standard of review as an olfactory one). The "dead fish" standard apparently originated with Judge Bauer in *Parts and Elec. Motors, Inc. v. Sterling Elec., Inc.*, 866 F.2d 228, 233 (7th Cir. 1988), an antitrust case and was also used by Judge Evans in an earlier trademark infringement case, *S Industries, Inc. v. Centra 2000 Inc.*, 249 F.3d 625, 627 (7th Cir. 2001), also involving the Stoller. It seems as though Judge Evans reinvented this language and applied it to the trademark contest due to the nature of the Stoller's actions.

<sup>189</sup> See generally Anne M. Mellen, *Awarding Attorneys' Fees Under The Lanham Act: Egregious Litigation Conduct In The Exceptional Case*, 74 U. CIN. L. REV. 1111, 1115 (2004).

<sup>190</sup> *Id.* at 1117 (arguing that "no court has gone as far as the Seventh Circuit, which shifted attorneys fees for egregious litigation conduct other than of the filing of vexatious or harassing lawsuits" in discussion of *TE-TA-MA Truth Foundation-Family of URI, Inc. v. World Church of the Creator*, 297 F.3d 662 (7th Cir. 2002)).

Generally, the award of attorney's fees and litigation costs is an atypical occurrence in trademark litigation.<sup>191</sup> There are five possible bases for awarding attorney fees under federal law.<sup>192</sup> First, the Lanham Act provides for the award of attorneys to the prevailing party for "exceptional cases."<sup>193</sup> Congress added this section in order to address the issue of intentional counterfeiting, which makes an award "virtually mandatory" in such cases.<sup>194</sup> Courts may also authorize attorney fees under Federal Rule of Appellate Procedure 38 where an appeal is "frivolous"<sup>195</sup> and likewise under Federal Rule of Civil Procedure 11 in the form of sanctions.<sup>196</sup> Of course, all federal courts have the power to award attorneys fees in cases of bad-faith litigation practices.<sup>197</sup> These awards are available to the prevailing party, whether that is the prevailing plaintiff or a prevailing defendant.<sup>198</sup>

<sup>191</sup> See *id.* at 1115.

<sup>192</sup> Theodore H. Davis, Jr. & Jordan S. Weinstein, *The Fifty-Eighth Year of Administration of the Lanham Trademark Act of 1946*, 96 TRADEMARK REP. 6, 191 - 192 (2006) ("It is possible in some jurisdictions for prevailing parties to secure awards of attorneys' fees under state law. Nevertheless, most cases to have addressed the subject have done so under federal law, which generally recognizes five bases for fee awards.").

<sup>193</sup> 15 U.S.C. § 1117(a) (2000). This 1967 Amendment to the Lanham Act has been commonly regarded as a response to the Supreme Court's decision in *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714 (1967) which held that federal courts did not possess the power to grant attorney fee awards under the Lanham Act. See also Davis & Weinstein, *supra* note 192, at 191 - 192 (2006)

<sup>194</sup> See *Rolex Watch U.S.A., Inc. v. Michel Co.*, 179 F.3d 704, 50 U.S.P.Q.2d 1939 (9th Cir. 1999) (distinguishing between awards under Section 35(a) and Section 25(b) of the Lanham Act; see also Davis & Weinstein, *supra* note 192, at 191-192 (noting that award of attorney's fees is required by court in cases of intentional counterfeiting "unless the court finds extenuating circumstances").

<sup>195</sup> Fed. R. App. P. 38 ("If a court of appeals determines that an appeal is frivolous, it may, after a separately filed motion or notice from the court and reasonable opportunity to respond, award just damages and single or double costs to the appellee."); see also Davis & Weinstein, *supra* note 192, at 191-192 (2006).

<sup>196</sup> Fed. R. Civ. P. 11; see also Davis & Weinstein, *supra* note 192, at 191 -192 (2006).

<sup>197</sup> *Chambers v. NASCO, Inc.*, 501 U.S. 32, 45 (1991).

<sup>198</sup> *Central Manufacturing, Inc. v. Brett*, 2005 WL 2445898 \*1, 13 (N.D. Ill. Sept. 30, 2005) *aff'd*, 492 F.3d 876, 880 (7th Cir. 2007); see also 15 U.S.C. § 1117(a).

As the district court in *Central Manufacturing* also explained, there exists a sixth basis to award attorney's fees and costs in trademark litigation where the Illinois Consumer Fraud and Deceptive Business Practice Act ("ICA") is invoked.<sup>199</sup> Stoller alleged a violation of the ICA in addition to his Lanham Act claims.<sup>200</sup> This is the Illinois state equivalent to a trademark statute and essentially traces Section 1114 of the Lanham Act. A person is engaged in a deceptive trade practice if "during the course of his or her business: ... (2) causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval or certification of goods or services ... [or] (3) causes likelihood of confusion or of misunderstanding as to affiliation, connection, or association with or certification by another."<sup>201</sup>

These claims were resolved against him for the same reasons his Lanham Act claims were rejected: he failed to prove that he had a protectable mark and the defendant's use was not likely to cause confusion.<sup>202</sup> The district court only identified two sources of law authorizing the award of attorneys' fees: the Lanham Act and the ICA.

Under both, the court has discretion to award attorneys' fees to the prevailing parties.<sup>203</sup> As noted above, to qualify under the Lanham Act, the case must be "exceptional."<sup>204</sup> Under the ICA standard, a prevailing defendant must show that the plaintiff's suit was "oppressive."<sup>205</sup> The Seventh Circuit has held that, "a suit can be oppressive because of a lack of merit and cost of defending though the plaintiff honestly though mistakenly believes that he has a good case and is not trying merely to extract a settlement based on the suit's nuisance value."<sup>206</sup> This standard is "malicious, fraudulent, deliberate or willful

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<sup>199</sup> *Central Manufacturing, Inc.*, 2005 WL 2445898 at \*13, citing Illinois Uniform Deceptive Trade Practices Act, 815 ILCS 510/1 (West 2007).

<sup>200</sup> *Central Manufacturing Inc.*, 2005 WL 2445898 at \*13.

<sup>201</sup> 815 ILCS 510/2.

<sup>202</sup> *Id.*

<sup>203</sup> *Id.*; see also 15 U.S.C. § 1117(a); see also 815 ILCS 510/10a(c).

<sup>204</sup> 15 U.S.C. § 1117(a).

<sup>205</sup> *Central Manufacturing Inc v. Brett*, 2005 WL 2445898, \*1, 13 (N.D. Ill. Sept. 30, 2005) *aff'd*, 492 F.3d 876, 880 (7th Cir. 2007).

<sup>206</sup> *Id.*

conduct.”<sup>207</sup> The district court found this standard unquestionably met in this case: not only did Stoller offer useless, contradictory, and “seemingly fantastical” documents and uncorroborated “arguably false” testimony, but brought suit before he had even obtained the ‘249 registration.<sup>208</sup> Having found that Stoller’s actions met the “oppressive” standard under the ICA, the court also held that this case was an “exceptional” one, finding a second basis to award attorney’s fees and costs.<sup>209</sup> The court reasoned that the plaintiffs exemplified “paradigmatic examples of litigants in the business of bringing oppressive litigation designed to extract settlement.”<sup>210</sup>

Although the district court *Central Manufacturing* seemed to suggest that the standard for awarding attorneys’ fees and costs were different under the Lanham Act and under the ICA (“exceptional” versus “oppressive”), two trademark decisions by the Seventh Circuit clarify that the court considers this standard to be the same. First, in *Door Systems v. Pro-Line Door Systems, Inc.*,<sup>211</sup> the Seventh Circuit held that the “canonical formula” for determining whether to award attorney’s fees to the defendant in a Lanham Act case in the Seventh Circuit is “malicious, fraudulent, deliberate, or willful.”<sup>212</sup> In *Te-Ta-Ma Truth Foundation-Family of URI, Inc. v. World Church of the Creator*, the Seventh Circuit confirmed its holding in *Door Systems*, stating “we concluded that [in a Lanham Act case] the appropriate inquiry when the defendant is the prevailing party is whether the plaintiff’s suit is oppressive....[w]e have clarified that a suit may be oppressive “if it lacked merit, had elements of an abuse of process claim, and [the] plaintiff’s conduct unreasonably increased the cost of defending against the suit.”<sup>213</sup>

In this case, however, this was a distinction without a difference. It was obvious that the plaintiff’s actions constituted vexatious and

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<sup>207</sup> *Id.*

<sup>208</sup> *Id.* at \*13-14.

<sup>209</sup> *Id.* at \*14.

<sup>210</sup> *Id.*

<sup>211</sup> 126 F.3d 1028, 1031 (7th Cir. 1997).

<sup>212</sup> *Id.*

<sup>213</sup> 392 F.3d 248 257-58 (7th Cir. 2004).

wasteful litigation warranting reprisal and the award of attorneys' fees and costs. The question of whether the failure to provide evidence of commercial use after bringing a trademark infringement suit will always rise to the level of egregiousness in order to qualify for an award of attorney's fees and costs is a fact intensive question assessed on a case-by-case basis.<sup>214</sup>

However, the statutory mandate is explicitly apparent: if one does not use a mark in commerce one does not have ownership rights to that mark. Accordingly, where it is clear at the outset of filing suit that the plaintiff's theory of ownership is meritless or lacking in evidentiary support, the plaintiff's conduct should be considered sufficiently culpable to meet the Seventh Circuit's "oppressive" standard and the award of attorneys' fees and costs should be awarded.

#### CONCLUSION

It is axiomatic that the commercial use of a trademark and not its registration confers enforceable rights in that mark. As basic as it may seem to those well-versed in the field of trademark law, it is apparent that some still misunderstand the U.S.'s use-based system of registration. In *Central Manufacturing*, the plaintiff was certainly confused. Fortunately, the Seventh Circuit got it right.

The district courts should not wait for a defendant to plead cancellation as an affirmative defense to trademark infringement where it is clear that the plaintiff's registration is invalid. Rather, district courts should adopt the "cancellation-as-best-course" approach enunciated by the Seventh Circuit in *Central Manufacturing*, and invoke the power to cancel *sua sponte* when given the opportunity by a plaintiff filing suit without valid rights to the registered mark in question. A more liberal invocation of the courts' power to cancel promotes each of the three policy components that form the very foundation of trademark law: protecting producers, protecting consumers from confusion, and fostering fair competition. In addition,

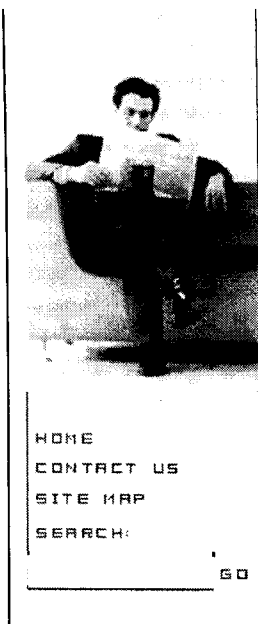
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<sup>214</sup> *Id.* at 258 ("No one factor is determinative . . . we have concluded that a case may be exceptional if a losing plaintiff's litigation conduct is particularly egregious").

the cancellation-as-best-course route provides greater certainty regarding the status of trademark rights by putting the public on notice of the district court's trademark related judgments and refreshing the federal register. It will also reduce the production of trademark thickets thereby releasing marks into the public domain for other producers to make meaningful use.

Further, a combination of the threat of cancellation and the award of attorney's fees creates a powerful situation which may deter trademark trolls from either filing, or threatening to file, meritless trademark infringement suits. Although Stoller was the extreme case due to the nature of his extensive litigation history, *Central Manufacturing* stands for the proposition that if a party chooses to bring a trademark infringement suit, they better be sure to have credible evidence establishing commercial use. Otherwise, they may not only risk losing their registration, but may be forced to pay the costs of litigation.





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### Knew or Should Have Known, Reckless Disregard for the Truth, and Fraud Before the Trademark Office

Linda K. McLeod

Originally published in *AIPLA Quarterly Journal*, Summer 2006

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#### I. Introduction

In a series of recent decisions, the Trademark Trial and Appeal board ("the Board") has imposed a heightened duty of candor and strict rule of fraud on practice before the U.S. Patent and Trademark Office ("Trademark Office"). The Board has held that an applicant or registrant commits fraud in procuring or maintaining a registration when it makes material misrepresentations of fact concerning use of the mark, which it knew or should have known to be false or misleading, and acts in a "reckless disregard for the truth."<sup>1</sup> A finding of fraud, even as to one of the items listed in an application or registration, will render an entire application void and registration invalid.<sup>2</sup>

Most of these cases involve false statements that a mark is in use for *all* of the identified goods, when in fact the mark is used only on some of them. In each case, the Board has rejected a long line of cases, which hold that an honest misunderstanding, inadvertence, or negligent omission does not rise to the level of fraud.<sup>3</sup> According to the Board, "[t]he appropriate inquiry is . . . not into the registrant's subjective intent, but rather into the objective manifestations of that intent."<sup>4</sup> Intent to deceive will "be inferred from the circumstances and related statement[s] made by" an applicant or registrant.<sup>5</sup> Thus, where the identification of goods or declaration signed are not "lengthy, highly technical, or otherwise confusing," and the declarant is presumed to be "in a position to know (or to inquire) as to the truth of the statements" made, a "reckless disregard for the truth is all that is required to establish intent to commit fraud."<sup>6</sup> The Board also holds that statements concerning use of the mark in connection with the claimed goods and services should be "investigated thoroughly prior to signature and submission to the USPTO," and that a party will not be heard to deny that it did not thoroughly read what it had signed.<sup>7</sup> Moreover, the Board has determined that an amendment to delete the goods or services on which the mark has not been in use will not remedy or cure fraud on the Trademark Office, even if the amendment is filed before a fraud claim is brought.<sup>8</sup>

This article will examine cases involving fraud in statements in which the applicant claimed use of a mark in connection with *all* or most of the identified goods or services in a trademark application or registration, when in fact the mark was used only on some of them.<sup>9</sup> In addition, this article will compare the Patent Office's stringent duty of candor and disclosure to the Trademark Office's historically lower standard, outline the elements of fraud before the Trademark Office, and survey recent Board decisions that impose a heightened duty of candor and strict fraud rule.



## II. Inequitable Conduct Versus Fraud

### A. Inequitable Conduct Before the Patent Office Under 37 C.F.R. § 1.56

The law of inequitable conduct in the Patent Office is broader than the concept of fraud in the Trademark Office. The duty of candor and good faith in patent prosecution proceedings is explicitly stated in 37 C.F.R. § 1.56.<sup>10</sup> There is no parallel rule in trademark prosecution. The patent rule provides, among other things, that

[e]ach individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section.<sup>11</sup>

This duty of candor has been described as a “very high level” and “fiduciary-like duty of full disclosure” that “encompasses affirmative acts of commission, e.g. submission of false information, as well as omission, e.g. failure to disclose material information.”<sup>12</sup> The rationale for the high level of candor and disclosure in patent cases is that every right granted to a patentee is conferred by the Patent Office, which must protect the public from fraudulently obtained patent monopolies.<sup>13</sup>

Under this high level of candor and disclosure, an inventor and attorney (or agent) who prepares or prosecutes an application is required to fully and voluntarily disclose all material information known that relates to the invention, including information on prior use or sales known to the inventor, questions of inventorship, or prior publication of patents.<sup>14</sup> Failure to comply with 37 C.F.R. § 1.56 constitutes “inequitable conduct,” and is often raised as a defense to a charge of patent infringement.<sup>15</sup> A finding of “inequitable conduct” in a patent infringement action can render the entire patent unenforceable.<sup>16</sup>

In general, the elements of inequitable conduct are: (1) prior art or information that is material; (2) knowledge chargeable to the applicant or its attorney of that prior art or information and of its materiality; and (3) failure to disclose the art or information resulting from an intent to mislead or deceive the PTO.<sup>17</sup> In patent cases, the Federal Circuit has held that proof of specific intent is not required and intent to deceive may be inferred from the circumstances.<sup>18</sup>

In the leading decision *Kingsdown Medical Consultants, Ltd. v. Hollister, Inc.*, however, the Federal Circuit established limits on inferences of intent and imposed an objective standard for determining materiality and intent to deceive before the Patent Office.<sup>19</sup> In that case, the district court invalidated Kingsdown’s patent on the ground of inequitable conduct based on a finding of “gross negligence.”<sup>20</sup> During prosecution, the Patent Office initially rejected “claim 50” for indefiniteness, and Kingsdown amended the application to overcome the rejection.<sup>21</sup> In later preparing and filing a continuation patent application, new counsel for Kingsdown had “two versions of ‘claim 50’ in the parent application, an unamended rejected version and an amended allowed version.”<sup>22</sup> In the continuation application, “counsel renumbered and transferred into the continuation all . . . claims ‘previously allowed,’” and in doing so inadvertently included the rejected version of “claim 50.”<sup>23</sup> In reviewing the continuation application before filing, and on other occasions, Kingsdown’s counsel did not notice the mistakes.<sup>24</sup>

The district court determined that Kingsdown’s patent attorney was grossly negligent in not catching the misrepresentations in the claims “because a mere ministerial review of the language of amended claim 50 in the parent application and of claim 43 in the continuing

application would have uncovered the error, and because Kingsdown's patent attorney had several opportunities to make that review."<sup>25</sup> The district court also inferred an intent to deceive the Patent Office because Kingsdown's patent attorney viewed defendant Hollister's prior device "after he had amended claim 50 and before the continuation application was filed."<sup>26</sup> Thus, the district court concluded that counsel "must have perceived that Hollister would have a defense against infringement of the amended version of claim 50 that it would not have against the unamended version."<sup>27</sup>

The Federal Circuit reversed the district court's finding of deceitful intent as clearly erroneous.<sup>28</sup> In the *en banc* decision, the court held that in order to invalidate a patent for inequitable conduct, there must be clear and convincing evidence of both a material misrepresentation and intent to deceive.<sup>29</sup> The decision resolved a long history of conflicting precedent and firmly established that negligence, or even gross negligence alone would not support a finding of inequitable conduct.<sup>30</sup> The court found that intent to deceive must be proven by objective standards:

"Gross negligence" has been used as a label for various patterns of conduct. It is definable, however, only in terms of a particular act or acts viewed in light of all the circumstances. We adopt the view that a finding that particular conduct amounts to "gross negligence" does not of itself justify an inference of intent to deceive; the involved conduct, viewed in light of all the evidence, including evidence indicative of good faith, must indicate sufficient culpability to require a finding of intent to deceive.<sup>31</sup>

Further, the court found that Kingsdown's failure to notice its mistake on more than one occasion did not establish intent to deceive the Patent Office.<sup>32</sup> Although the court did not condone Kingsdown's counsel's inattention to the duty of care owed by one preparing and filing a continuation application," the court held that "it was clearly erroneous to base a finding of intent to deceive on that fact alone."<sup>33</sup> Moreover, the court recognized that routine ministerial acts in patent prosecution are "more vulnerable to errors which by definition result from inattention, and [are] less likely to result from the scienter involved in the more egregious acts of omission and commission that have been seen as reflecting the deceitful intent element of inequitable conduct in our cases."<sup>34</sup> On this point, the court determined that "[i]t is not possible to counter the 'I didn't know' excuse with a 'should have known' accountability approach when faced with a pure error, which by definition is done unintentionally."<sup>35</sup>

Following *Kingsdown*, the Federal Circuit has reaffirmed on several occasions that "[g]ross negligence cannot elevate itself by its figurative bootstraps to an intent to mislead based on the identical factors used to establish gross negligence in the first instance unless all the facts and circumstances indicate sufficient culpability."<sup>36</sup> The court has held that an intent to deceive cannot be drawn from an inference on an inference.<sup>37</sup> Nor can a finding of intent to deceive be based solely on conjecture<sup>38</sup> or inferred solely from the fact that information was not disclosed.<sup>39</sup> According to the Federal Circuit, whether an inference of intent can be supported by evidence of gross negligence<sup>40</sup> and other evidence should be determined after a "hearing at which the credibility of the witnesses is assessed."<sup>41</sup>

The Federal Circuit also has repeatedly cautioned against inferring intent too easily because a patentee's or its attorney's oversights and mistakes during routine prosecution are "easily magnified out of proportion" by one charging infringement.<sup>42</sup> In *Northern Telecom, Inc. v.*

*Datapoint Corp.*, for example, the Federal Circuit found that:

Intent to deceive should be determined in light of the realities of patent practice, and not as a matter of strict liability whatever the nature of the action before the PTO. "A patentee's oversights are easily magnified out of proportion . . . ." Given the ease with which a relatively routine act of patent prosecution can be portrayed as intended to mislead or deceive, clear and convincing evidence of conduct sufficient to support an inference of culpable intent is required.<sup>43</sup>

#### **B. Duty of Disclosure and Candor Before the Trademark Office**

Although the higher duty of candor and disclosure under 37 C.F.R. § 1.56 does not apply to practice before the Trademark Office, there is a duty of candor and disclosure in trademark proceedings.<sup>44</sup> In *Bart Schwartz International Textiles, Ltd. v. FTC*, the Court of Customs and Patent Appeals held that "[a]ny 'duty' owed by an applicant for trademark registration must arise out of the statutory requirements of the Lanham Act."<sup>45</sup> In that case, the Federal Trade Commission filed a petition to cancel Bart Schwartz International, Inc.'s ("Bart Schwartz") mark FIOCCO for "textile fabrics in the piece of cotton, rayon, synthetic fibers, and mixtures thereof" on the ground of fraud.<sup>46</sup> The Board found that Bart Schwartz "withheld from the Patent Office a material fact, i.e., that Bart Schwartz at the time of signing the sworn [application] statement on behalf of the applicant knew that the word 'fiocco' was an Italian word used to mean staple rayon and . . . [therefore] the registration 'was obtained fraudulently.'"<sup>47</sup>

On appeal, Bart Schwartz argued that the Lanham Act does not require an applicant to disclose information concerning foreign meanings of a mark.<sup>48</sup> The court agreed and held that the Lanham Act only imposes a duty that an applicant "will not make *knowingly* inaccurate or *knowingly* misleading statements," and that withholding the meaning of a foreign word is not fraudulent.<sup>49</sup>

In *Morehouse Manufacturing Corp. v. J. Strickland & Co.*, the U.S. Court of Customs and Patent Appeals explained the different standards of inequitable conduct in the Patent Office and fraud in the Trademark Office.<sup>50</sup> Morehouse Manufacturing Corp. claimed that J. Strickland & Co. ("Strickland") committed fraud in, among other things, filing its Section 8 affidavit with discontinued labels for the BLUE MAGIC mark for "hair dressing."<sup>51</sup> Although the affidavit and labels were described as "slipshod or somewhat devious," the court held that such statements do not amount to fraud under the statute.<sup>52</sup> The BLUE MAGIC mark was still in use in commerce, albeit on different labels, and the court accepted Strickland's justification that the inclusion of the discontinued label was "inadvertent or a mistake."<sup>53</sup> In rejecting the fraud claim, the court observed:

There does not exist in trademark cases the fundamental reason for being on the alert to find fraud on the Patent Office which exists in patent cases. Every right a patentee has is given to him by the Patent Office. On the other hand, the acquisition of the right to exclude others from the use of a trademark results from the fact of use and the common law, independently of registration in the Patent Office. . . . It is in the public interest to *maintain* registrations of technically good trademarks on the register so long as they are still in use. The register then reflects commercial reality. Assertions of "fraud" should be dealt with realistically, comprehending . . . that trademark rights, unlike patent rights continue notwithstanding cancellation of those additional rights which the Patent Office is empowered by statute to grant.<sup>54</sup>

### III. Elements of Fraud Before the Trademark Office

The Trademark Office does not question statements made in an application or post-registration filing to determine fraud.<sup>55</sup> If the Examining Attorney or Trademark Office official becomes aware of the possibility of fraud, the issue is referred to the Administrator for Trademark Policy and Procedure, who will make an appropriate recommendation to the Director for Trademarks.<sup>56</sup> In most cases, however, the issue of fraud in the procurement or maintenance of a trademark registration arises in an opposition or cancellation proceeding before the Board or in the context of a trademark infringement action.<sup>57</sup>

The Federal Circuit has found fraud in the procurement or maintenance of a trademark registration when there is clear and convincing evidence of: (1) a false representation or withholding of information; (2) regarding a material fact; (3) where the person making the representation or withholding the information knew that it was false or misleading; and (4) the person intended to procure or maintain a registration to which he or she was not entitled.<sup>58</sup>

In the recent decisions detailed below, however, the Board has collapsed the elements of knowledge and intent to deceive into the single factor that the person “knew or should have known” that the statement was false. This, in addition to a “reckless disregard for the truth,” is all that is required to establish intent to deceive and fraud. Thus, the Board’s recent decisions identify the elements of fraud as: (1) a false representation or withholding of information; (2) regarding a material fact; and (3) the person making the representation or withholding the information knew or should have known that it was false or misleading.<sup>59</sup>

#### A. Burden of Proof

A party asserting fraud in the procurement or maintenance of a registration carries a heavy burden of proving the alleged fraud by clear and convincing evidence.<sup>60</sup> For many years, the Board held that fraud must be proven “to the hilt,” leaving nothing to speculation, conjecture, or surmise.<sup>61</sup> Other courts have also observed that “given that fraud involves an allegation of . . . an intent to deceive, courts require a heightened standard of proof.”<sup>62</sup> Further, it has been held that cases involving questions of fraudulent intent are unsuited to resolution by summary judgment,<sup>63</sup> and that any doubt on a fraud claim must be resolved against the party making the claim.<sup>64</sup>

#### B. Materiality

An essential element of fraud is that the false statement or withholding of information must concern a fact material to the Trademark Office’s determination to grant or maintain a registration.<sup>65</sup> A “material fact” before the Trademark Office means that “but for the misrepresentation [or omission], the federal registration either would not or should not have issued” or been maintained.<sup>66</sup> The U.S. Court of Customs and Patent Appeals has held that a material misrepresentation is “vital to overcoming the ground of rejection.”<sup>67</sup> Thus, for example, a misstatement of the date of first use of a mark in commerce has been found immaterial, so long as the applicant had valid use of the mark before the application filing date as required under Section 1(a), 15 U.S.C. § 1051(a).<sup>68</sup> Similarly, a misrepresentation concerning the descriptiveness of a mark typically is not considered a “material” misrepresentation.<sup>69</sup> In contrast, misstatements regarding use of the mark on the identified goods or services<sup>70</sup> or misstatements concerning the continuous use of a mark are material facts.<sup>71</sup>

#### C. State of Mind and Intent to Deceive

##### 1. Willful and Knowingly False Statements

In most cases, the determination of fraud before the Trademark Office turns on the

issues of state of mind and intent to deceive. Both the courts and the Board have consistently acknowledged a distinction between a false statement and a fraudulent statement.<sup>72</sup> In the past, a finding of fraud has required proof of a “willful” and “knowingly” false statement made with an intent to deceive the Trademark Office.<sup>73</sup> Merely making a false statement alone is not sufficient to sustain fraud.<sup>74</sup> If the statement was a “false misrepresentation” occasioned by an “honest” misunderstanding, inadvertence, negligent omission or the like, rather than one made with a willful intent to deceive, [the Board has held that] fraud will not be found.<sup>75</sup> Moreover, fraud will not arise “if it can be proven that the statement, though false, was made with a reasonable and honest belief that it was true or that the false statement is not material to the issuance or maintenance of the registration.”<sup>76</sup> As a result, the Board for many years rarely sustained an opposition or cancellation, or granted summary judgment on the ground of fraud.

## 2. Knew or Should Have Known

In *Torres v. Cantine Torresella S.r.l.*, the Federal Circuit expanded the scope of knowledge and belief required to establish fraud.<sup>77</sup> In that case, Torres obtained a registration for the trademark LAS TORRES & Design for wine, vermouth, and champagne.<sup>78</sup>

Torres filed an application for renewal of the registration under Section 9, 15 U.S.C. § 1059.<sup>79</sup> In the renewal application, Torres stated that the mark as registered above was “still in use in interstate commerce for each of the goods specified in the registration: wine, vermouth, and champagne.”<sup>80</sup> Additionally, the mark was attached to the application on a specimen label.<sup>81</sup> However, Torres was, in fact, not then using the mark in the form shown on the label, “but was using the name ‘Torres’ in conjunction with an altered design of three towers.”<sup>82</sup> Torres has used the altered mark for several years, but at the time he filed for renewal the altered mark was in use only for wine.<sup>83</sup>

On summary judgment, the evidentiary record included interrogatory answers, admissions, responses, and affidavit statements.<sup>84</sup> Torres admitted in an unsworn statement that he “dropped the use of the term LAS . . . and adopted the principal term TORRES over three towers design.”<sup>85</sup> He explained that “he did not consider the change material and did not believe that the filing of the renewal application represented any fraud on the [Trademark Office].”<sup>86</sup> The Board disagreed and entered summary judgment against Torres on the ground of fraud and cancelled the entire registration.<sup>87</sup> In affirming the Board’s summary judgment decision, the Federal Circuit held that “Torres knew or should have known that the mark as registered and the specimen submitted were not currently in use when he filed his renewal application.”<sup>88</sup>

Following *Torres*, the Board in *First International Services Corp. v. Chuckles, Inc.*, sustained an opposition on the ground of fraud.<sup>89</sup> Chuckles, Inc. (“Applicant”) filed an application under Section 1(a) claiming use of the mark SUKESHA (shown below) for “shampoo, hair conditioner, hair setting lotion, hair spray, permanent waves, hair colors, skin and body lotions, skin moisturizers, skin cleansing cream, skin toners and body shampoo.”<sup>90</sup>

During discovery, Applicant’s president “admitted that at the time he signed the application the mark had not been used on most of the goods identified in the application[.]”<sup>91</sup> He also testified that he misunderstood the language in the application “has adopted and is using” to mean a list of all products on which the mark would be used in the future.<sup>92</sup> “[G]iven the inconsistencies and general lack of credibility” of the president’s testimony, however, the

Board found that Applicant committed fraud because the president “*knew or should have known*” of the falsity in listing goods on which the mark had not been used.<sup>93</sup> As to whether the plaintiff has proven intent to deceive or knowing falsity, the Board stated:

[W]e recognize that it is difficult, if not impossible, to prove what occurs in a person’s mind, and that intent must often be inferred from the circumstances and related statement made by that person. Otherwise, all claims of fraud could easily be defeated by the simple statement, “I had no intent to do so.” The analysis must be whether the person knew or should have known of the falsity of the statement. . . . The language in the application that the “applicant had adopted and is using the mark shown” is clear and unambiguous and was central to the application. The errors in this statement cannot be characterized as mere carelessness or misunderstanding to be winked at as of no importance.<sup>94</sup>

In *General Car & Truck Leasing Systems, Inc. v. General Rent-A-Car, Inc.*, the District Court for the Southern District of Florida also relied on *Torres* in affirming the Board’s summary judgment decision to cancel General Car and Truck Leasing Systems Inc.’s (“GC”) entire registration for the GENERAL mark on the ground of fraud.<sup>95</sup> In that case, GC filed an application and Sections 8 and 15 affidavits claiming use of the GENERAL mark for “leasing of automobiles, trucks, tractors, trailers, aircraft, and boats and agricultural, industrial, and commercial equipment and machinery[.]” when in fact it had never been involved in the leasing of aircraft and boats.<sup>96</sup> During the cancellation proceeding, GC’s officers admitted that they knew the company had never been involved in aircraft and boat leasing.<sup>97</sup> Thus, the Board found GC’s continuing misrepresentations of use of the mark GENERAL in connection with aircraft and boat leasing, and the signing of false affidavits, to be “willful” and fraudulent.<sup>98</sup>

On appeal, the district court sustained the Board’s ruling.<sup>99</sup> Citing *Torres*, the court held “as a matter of law . . . in the context of cancellation proceedings proof of specific intent to commit fraud is not required, rather, fraud occurs when an applicant or registrant makes a false material representation that the applicant or registrant knew or should have known was false.”<sup>100</sup>

Several years later, in *Metro Traffic Control, Inc. v. Shadow Network, Inc.* the Federal Circuit appeared to narrow *Torres* and the “knew or should have known” standard.<sup>101</sup> In that case, Metro Traffic Control (“Metro”) filed a petition to cancel Shadow Network, Inc.’s (“Shadow”) SHADOW TRAFFIC mark on, among other grounds, fraud in the procurement of the registration.<sup>102</sup> Metro asserted that at the time of signing the application declaration, Shadow knew that its statements concerning ownership, substantially exclusive use, and the rights of others to use the mark contained in the declaration were false.<sup>103</sup>

The Board determined that Shadow’s “statements, though false, were not uttered with the intent to mislead the [Trademark Office].”<sup>104</sup> Based on a review of the record, the Board found that the complex corporate relationships between Metro, Shadow, and various predecessors-in-interest “left [Shadow] with an unclear understanding of the legal implications of [its] statement. The Board accepted [Shadow’s] testimony that, although [it] knew the history of use of the mark” among these various companies, it intended to secure registration rights for all SHADOW TRAFFIC operations.<sup>105</sup> Thus, the Board found that Shadow’s misstatements did not amount to a “conscious effort to obtain for [its] business a registration to which [it] knew it was not entitled.”<sup>106</sup>

The Federal Circuit affirmed the Board and held that fraud in procuring a trademark registration occurs when an applicant *knowingly* makes false, inaccurate, or misleading statements of material fact in connection with an application.<sup>107</sup> The court again cited with approval the long line of cases holding that a 'false misrepresentation' occasioned by an 'honest' misunderstanding, inadvertence, [or] negligent omission . . . rather than one made with a willful intent to deceive," does not constitute fraud.<sup>108</sup> Thus, the court found no clear error in the Board's finding that Shadow's statements, though false, were not fraudulent.<sup>109</sup> This case suggests that *Torres*, *General Car*, and the "knew or should have known" standard of fraud should be accorded a narrow interpretation that is limited to those cases. It also suggests that intent to deceive is a separate and critical factor in a fraud determination, and that mistake or mere negligence do not equate to fraud.

#### IV. Duty to Investigate, Reckless Disregard for the Truth, and Strict Rule of Fraud

In a series of recent decisions, the Board has imposed a heightened duty of candor and a strict rule of fraud before the Trademark Office. Most of these cases involve claims of fraud arising from false statements that a mark is in use in connection with all of the identified goods or services, when in fact the mark was used only on some. These decisions rely on *Torres and General Car*<sup>110</sup> to support a finding that if the false statement relates to a matter about which the declarant almost certainly had subjective knowledge, i.e. whether its own company was using the mark in commerce on certain goods, proof that they "knew or should have known" is sufficient to infer an intent to deceive and fraud.<sup>111</sup>

Many of these decisions reject a long line of court and Board decisions holding that honest mistake, oversight, misunderstanding, or negligent omission do not rise to the level of intent to deceive and fraud. According to these recent Board decisions, "[t]he appropriate inquiry is . . . not into the registrant's subjective intent, but rather into the objective manifestations of that intent."<sup>112</sup> Intent will be inferred from the circumstances and related statements made by an applicant or registrant. Thus, where the identification of goods or declaration signed are not "lengthy, highly technical, or otherwise confusing," and the declarant is "in a position to know (or to inquire) as to the truth of the statements" made, a "reckless disregard for the truth is all that is required to establish intent to commit fraud."<sup>113</sup> Further, the Board now holds that any statements concerning use of the mark in connection with the claimed goods and services should be "investigated thoroughly prior to signature and submission to the USPTO[.]" and a party will not be heard to deny that it did not thoroughly read what it had signed.<sup>114</sup>

#### A. Pro Se Applicant Test Marketing Goods

In *Sara Lee Corp. v. Dawn Marie Chaikin*, the Board granted Sara Lee Corporation's ("Sara Lee") cross-motion for summary judgment on the ground of fraud.<sup>115</sup> Dawn Marie Chaikin ("Chaikin") filed an application to register the mark COOL-FIT for clothing and sportswear, namely "sweatshirts, pants, shorts, t-shirts, skirts, underliners, caps, socks, exercise tights, hats, warm-ups, shoes, sports bras, for adults and children."<sup>116</sup> Chaikin testified in a deposition that she "applied for her mark as an individual, and signed the declaration accompanying her application for registration."<sup>117</sup> She testified that she never used the mark on pants and that sales had been limited to shorts and t-shirts.<sup>118</sup> Chaikin also acknowledged that she "never sold caps, exercise tights, hats, warm-ups, skirts, shoes, underwear, sports bras, socks, or sweatshirts, . . . although some of those items were 'test marketed' by friends."<sup>119</sup>

The Board granted summary judgment in favor of Sara Lee on the fraud claim and found that there was no genuine issue of material fact that Chaikin was in a position to know whether she (individually, or doing business as Cool-Fit, Inc.) used the trademark COOL-FIT on *all* of

the identified clothing items.<sup>120</sup> Citing *First International*, the Board determined that “[t]he language in the application that the ‘applicant had adopted and is using the mark shown’ is clear and unambiguous and was central to the application. The errors in this statement cannot be characterized as mere carelessness or misunderstanding to be winked at as of no importance.”<sup>121</sup> Accordingly, the Board concluded that Chaikin’s false representation concerning use of the mark was “willful and involved a fraud upon the Office.”<sup>122</sup>

#### **B. Apparently Overlooking Inclusion of Goods**

In a published decision on fraud, the Board in *Medinol Ltd. v. Neuro Vasx, Inc.* granted summary judgment against registrant Neuro Vasx, Inc. (“NV”) on the ground of fraud in signing a Statement of Use for *all* of the goods in the Notice of Allowance, when it knew or should have known it did not have such use.<sup>123</sup> NV filed an application for the mark NEUROVASX for “medical devices, namely, neurological stents and catheters[.]” based on an intent to use under Section 1(b), 15 U.S.C. § 105(b).<sup>124</sup> After the Notice of Allowance issued, NV filed its Statement of Use with the Trademark Office, claiming use of the mark on all of the goods identified in the Notice of Allowance.<sup>125</sup>

After NV’s application issued into a registration, Medinol Ltd. (“Medinol”) filed a Petition to Cancel NV’s registration on the ground that it committed fraud because, at the time it submitted its Statement of Use, NV knew that it had not used the NEUROVASX mark in connection with “stents.”<sup>126</sup> In its answer, NV admitted that it had not used the mark for “stents,” and asserted that the inclusion of “stents” in the Notice of Allowance was “apparently overlooked.”<sup>127</sup> NV then filed a motion to amend the registration to delete “stents” and a motion for summary judgment.<sup>128</sup>

The Board denied NV’s motion to amend, holding that “deletion of the goods upon which the mark has not yet been used does not remedy an alleged fraud upon the [Trademark] Office.”<sup>129</sup> In particular, the Board held that “[a]llowing respondent’s amendment would be beside the point; even if ‘stents’ were deleted from the registration, the question remains whether or not respondent committed fraud upon the Office in the procurement of its registration.”<sup>130</sup>

According to the Board, “[i]f fraud can be shown in the procurement of a registration, the entire resulting registration is void.”<sup>131</sup> Following *Torres* and *First International*, the Board granted summary judgment on the issue of fraud in favor of Medinol as non-movant.<sup>132</sup> Although NV denied fraudulent intent in submitting its Statement of Use and sought to amend the registration to delete the offending goods, the Board held that “[t]he appropriate inquiry is . . . not into the registrant’s subjective intent, but rather into the objective manifestations of that intent.”<sup>133</sup> The Board stated that it is “difficult, if not impossible, to prove what occurs in a person’s mind, and that intent must often be inferred from the circumstances and related statement made by that person.”<sup>134</sup>

In this case, the identification of goods in the application included only two items: stents and catheters.<sup>135</sup> Further, the declaration signed by the president of NV was not “lengthy, highly technical, or otherwise confusing[.]”<sup>136</sup> Thus, the Board concluded that NV “*knew or should have known* at the time it submitted its statement of use that the mark was not in use on all of the goods.”<sup>137</sup> The Board also determined that NV’s explanation that the inclusion of “stents” in the Notice of Allowance was “‘apparently overlooked’ . . . does nothing to undercut the conclusion that [it] knew or should have known that its statement of use was materially incorrect.”<sup>138</sup> In short, the Board held that NV’s “knowledge that its mark was not in use on



'stents' – or its reckless disregard for the truth – is all that [was] required to establish intent to commit fraud in the procurement of a registration."<sup>139</sup> The Board also held that statements concerning use of the mark in connection with the claimed goods should be "investigated thoroughly prior to signature and submission to the USPTO[.]" and a party will not be heard to deny that it did not thoroughly read what it had signed.<sup>140</sup>

### C. Playing Semantic Games and Mistake

In *Nougat London Ltd. v. Carole Garber*, the Board granted summary judgment against registrant Carole Garber on the ground of fraud.<sup>141</sup> Garber, an individual, filed an intent-to-use application for the mark NOUGAT for "men's clothing, namely, suits, sweaters, ties, underwear, jackets, coats and belts; women's clothing, namely, dresses, skirts, jackets, pants, t-shirts, sweaters; children's clothing, namely, dresses, sweaters, coats, jackets and pajamas."<sup>142</sup> After the Notice of Allowance issued, Garber filed a Statement of Use, claiming use of the NOUGAT mark in commerce for the goods listed in the Notice of Allowance.<sup>143</sup>

Petitioner Nougat London Ltd. ("Petitioner") moved for summary judgment on the ground of fraud.<sup>144</sup> According to Petitioner, Garber admitted in discovery responses that at the time she filed the Statement of Use, the NOUGAT mark was in use in commerce only in connection with women's skirts.<sup>145</sup> Garber argued, however, that her Statement of Use was not false because the specific wording in the statement did not claim use of the mark on *all* the goods identified in the Notice of Allowance.<sup>146</sup> Instead, the Statement of Use was altered to read: "Applicant is using the mark in commerce between the United States and Canada in connection with *goods* identified in the Notice of Allowance."<sup>147</sup>

The Board found that Garber had "deliberately omitted the word 'the' in order to mislead the Office into believing that she had used her mark in commerce on all of the goods listed on the Notice of Allowance when in fact she had not."<sup>148</sup> Recognizing that fraud is extremely difficult to establish, and rare on summary judgment, the Board nonetheless concluded that it was "hard to imagine more clear and convincing evidence of fraud[.]"<sup>149</sup>

In a request for reconsideration, Garber submitted the declaration of her counsel attesting that he was responsible for the mistakes in the Statement of Use: "[c]ounsel mistakenly believed that it was proper to submit a Statement of Use even though all of the goods listed in the Notice of Allowance were not sold in commerce under the mark."<sup>150</sup> He stated, among other things, that he did not intend to deceive the Trademark Office.<sup>151</sup> Rather, the Statement of Use containing the assertion that "Applicant is using the mark in commerce . . . in connection with *goods* identified in the Notice of Allowance" was intended to ensure that it conformed to the facts.<sup>152</sup> Counsel stated that he later recognized that he should have filed a request to divide the application to delete certain goods along with the Statement of Use.<sup>153</sup> He also believed that if the "altered" Statement of Use was incorrect, it would have been rejected by the Trademark Office, but it was not.<sup>154</sup> Because her counsel believed that the Statement of Use was factually true and acceptable, Garber argued that she had no knowledge or belief that the representations were false.<sup>155</sup> Petitioner, on the other hand, maintained that the Board's original holding of fraud was correct.<sup>156</sup> In addition, Petitioner asserted that Garber was "bound by the 'gross negligence' of her attorney in filing the Statement of use."<sup>157</sup>

In denying Garber's request for reconsideration, the Board incorporated much of its original decision and reiterated that a party commits fraud in procuring a registration when it makes a material representation of fact that it *knew or should have known* to be false or misleading.<sup>158</sup> Moreover, the Board made clear that a party is bound by the actions of

counsel and that the subjective intent of counsel in filing the Statement of Use on behalf of a client does not avoid fraud.<sup>159</sup>

#### **D. Foreign Applicant, Advice From Non-Attorney, Misunderstanding the Law, and Evidence of Good Faith**

In *Tequila Cazadores, S.A. de C.V. v. Tequila Centinela, S.A. de C.V.*, the Board strictly adhered to the *Medinol* rule, and granted summary judgment in favor of Opposer Bacardi & Co. Ltd. ("Bacardi") on the ground of fraud.<sup>160</sup> In that case, Applicant Tequila Centinela S.A. de C.V. ("Centinela") filed an application under Section 1(a) to register the mark CABRITO & Design (shown below) for "alcoholic beverages (excluding beer) namely distilled liquor, wine, wine coolers, prepared alcoholic cocktails and aperitifs, alcoholic drinks, namely, liqueurs, hard cider, brandy spirits, distilled liquors, distilled spirits, *gin, wine, whiskey, vodka, rum, tequila, anisette aguamiel, aguardiente.*"<sup>161</sup>

Tequila Cazadores, S.A. de C.V. ("Cazadores") filed a Notice of Opposition against the registration of Centinela's CABRITO & Design mark on the ground of likelihood of confusion and dilution based on its CAZADORES and CAZADORES & Design marks.<sup>162</sup> After the institution of the opposition, Centinela filed a motion to amend the identification of goods in its CABRITO application so that it would read: "alcoholic beverages, excluding beer, namely distilled liquor, wine, wine coolers, prepared alcoholic cocktails, and aperitifs and alcoholic drinks, namely liqueurs, hard cider, brandy spirits, distilled liquors, distilled spirits, *gin, wine, whiskey, vodka, rum, tequila, anisette aguamiel, aguardiente.*"<sup>163</sup>

Thereafter, Bacardi filed a motion to be substituted for Cazadores as party-Opposer and a motion to amend the Notice of Opposition to assert, among other things, a new ground of opposition based on fraud with respect to the scope of the goods recited in Centinela's application.<sup>164</sup> Bacardi then filed a motion for summary judgment on the newly added fraud claim.<sup>165</sup> Bacardi alleged that at the time it filed the application, Centinela had not "made any use of the mark on any of the goods recited in its application, with the exception of tequila."<sup>166</sup> Bacardi claimed that Centinela "intentionally, willfully and fraudulently misstated the scope of its use" of the CABRITO mark to secure a broader registration.<sup>167</sup>

In response, Centinela argued that its motion to amend the application to delete certain goods rendered the fraud claim moot.<sup>168</sup> Unlike *Medinol*, Centinela's motion to amend the application was filed *before* Bacardi joined the proceeding, *before* the fraud claim was added, and *before* Bacardi moved for summary judgment on the newly added fraud claim.<sup>169</sup> In addition, Centinela argued that the mistakes contained in its application, as originally filed, were made because it did not receive proper legal advice when it was prepared.<sup>170</sup> The CABRITO application was prepared on behalf of Centinela by "Mr. Trademark," who was not an attorney and was not licensed to provide legal advice regarding trademark filings in the United States.<sup>171</sup> Moreover, through an apparent misunderstanding of the law, the original application recited those goods in which Centinela intended to use the mark in commerce in the United States.<sup>172</sup> At the time of filing, Centinela did not understand that the application could state only those goods on which the CABRITO & Design mark was already being used.<sup>173</sup>

The Board rejected all of Centinela's explanations for its mistake in the identification of goods.<sup>174</sup> The fact that Centinela did not have proper legal representation and its misunderstanding of the "clear and unambiguous requirement" for a use-based application did "not negate the intent element of fraud."<sup>175</sup> Citing *Medinol*, the Board held that an "[a]pplicant is charged with knowing what it is signing and by signing with a 'reckless disregard for the truth' applicant commits fraud."<sup>176</sup> The Board also rejected any notion that

specific proof of intent, rather than a finding that an applicant knew or should have known of a false statement, is required to establish fraud.<sup>177</sup> In this regard, the Board observed:

[T]he Trademark office relies upon thoroughness, accuracy and honesty of each applicant. In general the Office does not inquire as to the use of the mark on each good listed in a single class and only requires specimens of use as to one of the listed goods, relying on applicant's declaration with regard to use on other listed goods. . . . Allowing applicants to be careless in their statements of use on an application would result in a registration improperly accorded legal presumptions in connection with goods on which the mark is not used.<sup>178</sup>

The Board also denied Centinela's motion to amend the identification of goods<sup>179</sup> and summarily rejected Centinela's argument that it rendered the fraud claim moot.<sup>180</sup> Centinela sought to distinguish *Medinol* on the ground that it moved to amend the application *before* the claim of fraud was brought, but the Board found "the distinction to be immaterial."<sup>181</sup> The Board held that "[a]t the time applicant files an application under Section 1(a), the applicant must know if it is using the mark on the goods."<sup>182</sup> Although the Board recognized that there may be circumstances where a mistake concerning use of the mark does not constitute fraud, "for example, an applicant believes its use is sufficient to support a use-based application when it is not," such circumstances did not exist in this case.<sup>183</sup>

Centinela has filed an appeal to the U.S. District Court for the District of Columbia.<sup>184</sup> On appeal, Centinela asserts, among other things, that the Board erred by granting summary judgment based on unresolved issues of fact concerning scienter and intent to deceive.<sup>185</sup> In addition, Centinela claims that the Board's decision was based on a misapplication of the law of fraud.<sup>186</sup> All of these claims go to the heart of the strict rule of fraud under *Medinol* and the "knew or should have known" standard.

This appeal may also address the issue of whether the Board erred in its application of the summary judgment standards under Federal Rule of Civil Procedure 56.<sup>187</sup> That is, did the Board fail to view all of the evidence, including Centinela's good faith amendment to the application before the fraud claim was even brought, in the light most favorable to the non-movant as required under Rule 56? Is it proper to draw inferences of intent to deceive, which concern state of mind, on summary judgment?<sup>188</sup> Can fraud before the Trademark Office be based on an inference of an intent to deceive drawn from an inference that Centinela "should have known" it was not using the mark on all of these goods, and "should have known" of the materiality of such statements?<sup>189</sup> Does the subjective "should have known" standard, from which an intent to deceive is inferred, impose a positive inference of wrongdoing, even in the absence of clear and convincing evidence? What is the definition of a "reckless disregard for the truth" in a trademark proceeding before the Board, and how does this standard differ from "gross negligence," which is insufficient to infer an intent to deceive under the higher duty of candor and disclosure before the Patent Office?<sup>190</sup> Did Centinela's conduct amount to a "reckless disregard for the truth" and justify an inference of intent to deceive on summary judgment? Is a party "careless in [its] statements of use on an application"<sup>191</sup> per se acting in "reckless disregard for the truth," and thus guilty of fraud before the Trademark Office?

#### **E. Foreign Applicant, Language Difficulties, Inadvertence, and Miscommunication**

In *Orion Electric Co. v. Orion Electric Co.*, the Board sustained an opposition against registration of the mark ORION for "display monitors, moniputers, and related accessories" on the grounds of likelihood of confusion and fraud.<sup>192</sup> Opposer alleged, among other

things, that at the time of filing on February 18, 1999, Applicant was not using its mark on all of the identified goods, and thus the application was void.<sup>193</sup> According to Opposer, Applicant was using the mark only on computer monitors.<sup>194</sup> Applicant, on the other hand, maintained that the misstatement of goods in the original application “was an inadvertent, unintentional error as to timing,” and the moniputers were first introduced in the United States in 2000.<sup>195</sup> Applicant also explained that it is a Korean company, and its employees do not speak English as a first language.<sup>196</sup> Thus, Applicant argued that the inclusion of moniputers was the result of a misunderstanding in communications, not intentional fraud.<sup>197</sup>

Once again, the Board relied on *Medinol* as “analogous to this case.”<sup>198</sup> The Board found that Applicant “knew or should have known at the time it submitted its application, and later when it amended the identification of goods by deleting numerous items, that the mark was not in use on all of the goods.”<sup>199</sup> It was also troubling to the Board that Applicant filed an amendment to delete certain goods from the application during prosecution but nonetheless retained moniputers in the amended description.<sup>200</sup> Following *Medinol*, the Board held that Applicant’s misrepresentations of the goods covered by the application were material and fraudulent, and thus the entire application was void ab initio.<sup>201</sup>

#### F. Assuming the Statement of Use Was Accurate

In *Hawaiian Moon, Inc. v. Rodney Doo*, the Board granted Petitioner Hawaiian Moon, Inc.’s (“HM”) motion for summary judgment on the ground of fraud.<sup>202</sup> HM alleged that Respondent Rodney Doo (“Doo”) filed a fraudulent Statement of Use for the HAWAIIAN MOON mark for “clothing and sportswear, namely, shirts, shorts, skirts, dresses, caps, swimwear and sweatshirts[.]” when he had not used the mark on six of seven items.<sup>203</sup> In an effort to avoid the fraud claim, Doo filed a motion to amend his registration early in the proceeding to delete certain goods, which was deferred by the Board.<sup>204</sup>

Relying on the *Medinol* decision, HM moved for summary judgment and argued that “Doo acted with reckless disregard for the truth when he signed the Statement of Use that mis-identified the goods in commerce[.]”<sup>205</sup> Doo admitted in his answers to Requests for Admissions that he had not sold six of the seven clothing items in commerce under the HAWAIIAN MOON mark at the time he filed his Statement of Use.<sup>206</sup> In response, counsel for Doo explained that the underlying application listed all of the goods made and sold by his client under various trademarks.<sup>207</sup> When Doo sent the label specimens to counsel, it was “understood that the labels were attached to all of the goods that Rodney Doo makes and sells.”<sup>208</sup> In addition, counsel explained that Doo did not have a copy of the original application before him when he signed the Amendment to Allege Use, and thus assumed it was in order.<sup>209</sup>

The Board found that there was no genuine issue of material fact and granted HM’s motion for summary judgment on fraud.<sup>210</sup> Citing *Torres* and *Medinol*, the Board held that fraud on the Trademark Office occurs when (1) there is evidence of a false statement; (2) the party making the statement knew or should have known that the statement was false; and (3) the statement is a material misrepresentation.<sup>211</sup> Guided by *Medinol*, the Board determined that Doo’s “knowledge that its mark was not used on certain goods, or its reckless disregard for the truth, is all that is required to establish an intent to commit fraud in the procurement of a registration.”<sup>212</sup> The Board stated again that it “need not inquire about . . . subjective intent, . . . [but] need only inquire into the objective manifestations of that intent.”<sup>213</sup>

As in *Medinol*, the Board also found that “[n]either the identification of goods nor the

statement of use itself were lengthy, highly technical, or otherwise confusing[.]”<sup>214</sup> The Board was troubled by the fact that, despite declaration warnings of fines or imprisonment, Doo “was not prodded into making an inquiry to see if the statement of use was accurate.”<sup>215</sup> Moreover, even if counsel’s arguments were taken as evidence in the case, the Board concluded that Doo was the owner of the mark, and he should have known how his mark was used in commerce.<sup>216</sup> At a minimum, the Board concluded that Doo should have consulted the application or Notice of Allowance to determine the accuracy of the goods listed.<sup>217</sup> The Board also rejected Doo’s amendment to delete certain goods from the registration because it was filed well after the Petition to Cancel.<sup>218</sup>

#### **G. Foreign Registrant, Misunderstanding Declaration Language, and No Actual Knowledge of Non-Use**

In *Jimlar Corp. v. Montrexpport S.P.A.*, the Board granted Petitioner Jimlar Corp.’s (“Jimlar”) motion for summary judgment, and canceled Montrexpport S.P.A.’s (“Montrexpport”) Section 44(e) registration for the mark MONTREX & Design (shown below) for “shoes, athletic footwear, sandals, boots, and slippers” on the ground of fraud.<sup>219</sup>

#### **Figure 4. Montrex Registered Trademark**

On summary judgment, Jimlar argued that Montrexpport, an Italian company, committed fraud by filing a false combined Sections 8 and 15 declaration attesting to continuous use of the mark in commerce on “athletic footwear” and “slippers.”<sup>220</sup> In support of its motion, Jimlar submitted a copy of Montrexpport’s interrogatory responses that admitted non-use of the mark for athletic footwear and slippers.<sup>221</sup> Citing *General Car*, Jimlar maintained that proof of specific intent to commit fraud is not required and that it need only show that “registrant [made] a false material representation that [it] knew or should have known was false.”<sup>222</sup> According to Jimlar, the declaration was signed by an officer of Montrexpport, who was in a position to know of “the facts concerning the use of his company’s mark[.]”<sup>223</sup> Jimlar argued that Montrexpport was “under an obligation to ascertain whether the mark was used on athletic shoes and slippers before signing the declaration[.]” but that it failed to do so.<sup>224</sup>

In response, Montrexpport submitted the declaration of Giuseppe Loris Montresor, an officer of the company, who maintained that he did not knowingly make false, material representations of fact in the declaration and did not intend to deceive the Trademark Office.<sup>225</sup> Montresor explained that he did not manage company operations for the sale of goods in the United States at the time he signed the declaration, and thus did not have any reason to believe or know that the MONTREX & Design mark had not been in use in commerce for all of the goods.<sup>226</sup> On this point, Montrexpport sought to distinguish *Torres*, *General Car*, and *Medinol* on the ground that it acted “in good faith and without *actual* knowledge that the statements were untrue.”<sup>227</sup> In addition, at the time he signed the declaration, Montresor claimed that he did not have a clear understanding of the legal effects of the declaration because it provides that “statements made on information and belief are believed to be true.”<sup>228</sup> Montresor stated that the MONTREX & Design mark was and still is in use in commerce on certain goods, and thus he believed the reference to “athletic shoes” and “slippers” was accurate when he signed the declaration.<sup>229</sup> To the extent that the declaration statements were inaccurate, Montrexpport argued that they were made through inadvertence and negligent omission, and not fraud.<sup>230</sup> Montrexpport also filed a motion to amend the application to delete the “athletic footwear” and “slippers.”<sup>231</sup>

The Board rejected the arguments that Montrexpport acted in good faith and that it did not have *actual* knowledge of the false statements as “immaterial.”<sup>232</sup> Under *Medinol*, the Board

held that it need not consider a party's subjective intent, and proof of specific intent is not required for fraud.<sup>233</sup> Moreover, the Board found that a registrant is "charged with knowing what it is signing and by signing with a 'reckless disregard for the truth' [it] commits fraud."<sup>234</sup> Like *Tequila Cazadores*, the Board stated that "[a]llowing registrants to be careless in their statements of continued use would result in registrations improperly accorded legal presumptions in connection with goods on which the mark is not used."<sup>235</sup> The Board also denied Montrexpert's proposed amendment to delete goods from the registration because it could not cure an act of fraud.<sup>236</sup>

#### **H. Carelessness, Administrative Errors, and Unfamiliarity with Trademark Office Procedures**

In *J.E.M. International, Inc. v. Happy Rompers Creations Corp.*, J.E.M. International, Inc. ("JEM") filed a Petition to Cancel the mark IT'S A GIRL THING on the ground of likelihood of confusion and fraud.<sup>237</sup> Happy Rompers Creations Corp. ("Happy Rompers") previously had filed an intent-to-use application for the mark IT'S A GIRL THING for over 150 items of clothing.<sup>238</sup> A Notice of Allowance was eventually issued for all of the listed goods.<sup>239</sup> Thereafter, Happy Rompers filed a Statement of Use using the standard electronic form and indicated "Yes" for use of the mark in commerce on "all goods and/or services in the Notice of Allowance."<sup>240</sup> The subject Registration No. 2751107 then was issued for all of the goods identified in the application and in the Notice of Allowance.<sup>241</sup>

In support of its motion for summary judgment, JEM argued that Happy Rompers fraudulently procured its registration by a false Statement of Use of the mark on all of the clothing items identified in the Notice of Allowance, when it in fact had never used the mark on over 100 of the 150 clothing items listed.<sup>242</sup> JEM also maintained that Happy Rompers knew at the time it filed its Statement of Use that it was not using the mark on such goods, yet it failed to take any steps to correct the false statement.<sup>243</sup>

Happy Rompers, on the other hand, argued that "it never intended to make misrepresentations to the [Trademark Office], [and] that its failure to amend its application to divide or separate the goods upon which it is actually using its mark from those which it never offered was the result of carelessness."<sup>244</sup> Upon realizing the mistake, Happy Rompers submitted that it took "corrective steps" to amend the application to delete those goods it was not offering under the mark.<sup>245</sup> In addition, Happy Rompers explained that its submission of the Statement of Use without a request to divide was an "administrative error and oversight resulting from a lack of knowledge as to Trademark Office procedures[.]"<sup>246</sup> In reply, JEM maintained that special knowledge of the Trademark Rules was not required to understand the plain meaning of the term "all" in the Statement of Use form.<sup>247</sup> Relying on *Medinol*, JEM also argued that Happy Rompers' implied knowledge or disregard for the truth that "it was not using the mark on the identified goods, [was] sufficient to establish intent to commit fraud."<sup>248</sup>

In granting summary judgment on fraud, the Board held that Happy Rompers "knew or should have known at the time it submitted its statement of use that the mark was not in use on all of the goods."<sup>249</sup> Applying *Medinol*, the Board concluded that Happy Rompers' "knowledge that its mark was not in use on about 100 of the approximately 150 identified items—or 'its reckless disregard for the truth—is all that is required to establish intent to commit fraud in the procurement of a registration."<sup>250</sup> Significantly, the Board found that although the listing of goods was "lengthy (over 150 items), it was not complicated" because "these were all simply items of clothing."<sup>251</sup> Thus, the Board found that Happy Rompers' material misrepresentations made in connection with its Statement of Use were fraudulent.<sup>252</sup>

### **I. Intent to Use the Mark on Goods**

In *Physicians Formula Cosmetics, Inc. v. Cosmed, Inc.*, Petitioner Physicians Formula Cosmetics, Inc. ("PFC") filed a motion for partial summary judgment on the ground of fraud against Cosmed, Inc.'s ("Cosmed") registration of the mark PHYSICIAN'S COMPLEX for cosmetics.<sup>253</sup>

In support of its motion, PFC submitted the discovery deposition of Cosmed's president, who admitted that the company had never used the mark in connection with several of the goods identified in the registration.<sup>254</sup> He also testified that the company intended to use the mark on all of the goods listed in the Statement of Use and the registration.<sup>255</sup> PFC contended, however, that an intent to use does not justify the false Statement of Use or avoid fraud.<sup>256</sup> In response to the motion for summary judgment, Cosmed simply relied on the testimony of its president regarding an intent to use the mark on all of the goods.<sup>257</sup> Although the Board acknowledged that not all false statements rise to the level of fraud, it found that an intent to use the mark on all of the goods was "legally insufficient" to avoid fraud under the *Medinol* standard.<sup>258</sup>

### **J. Misunderstanding "Use in Commerce," Made or Sold Goods, Relying on Company Officials, and Assuming Declaration Accurate**

In *Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha*, the Board issued its first citable final decision on the merits following *Medinol* and sustained a counterclaim to cancel three registrations on the ground of fraud.<sup>259</sup> Standard Knitting, Ltd. ("Standard") filed a notice of opposition against Toyota Jidosha Kabushiki Kaisha's ("Toyota") application to register the mark TUNDRA for "automobiles and structural parts thereof" on the ground of likelihood of confusion.<sup>260</sup> In its opposition, Standard relied on three registrations for the marks TUNDRA (Registration No. 2268109) for "men's, ladies' and children's clothing, namely, sweaters, hats, jackets, coats, t-shirts, vests, and shirts"; TUNDRA SPORT (Registration No. 2268110) for the same; and TUNDRA (Registration No. 2408997) for the same and also "men's and ladies' mitts, skirts, pants, dresses and scarves."<sup>261</sup> Standard alleged that Toyota's TUNDRA mark so resembled its own previously registered TUNDRA marks as to be likely to cause confusion.<sup>262</sup>

Toyota, in its answer, denied the allegations in the opposition, and asserted counterclaims to cancel Standard's three pleaded registrations on the ground of fraud.<sup>263</sup> In particular, Toyota alleged that the TUNDRA and TUNDRA SPORT marks were "not used in commerce in connection with any of the identified goods, other than possibly men's sweaters and shirts," when the applications and Statement of Use were filed.<sup>264</sup> According to Toyota, the officers of Standard signed the declarations reciting an identification of goods that included articles of clothing on which the marks had not been, and were not being, used "with knowledge of the falsity of the material representation that the mark[s] [were] being used on all of the goods identified in the application[s]."<sup>265</sup>

After the institution of the opposition and counterclaims, Standard filed an amendment to all three registrations, not with the Board, but with the Post Registration division of the Trademark Office.<sup>266</sup> The amendments sought to delete several clothing items from each of the registrations subject to the counterclaims.<sup>267</sup> In support of the amendment, Standard stated that it

"believes certain items . . . should either not have been listed, and/or should no longer be listed"; that registrant "had proceeded with information and belief when executing the [original application/statement of use]"; and that registrant "has since

learned that it may have been mistaken about certain information which caused it to list certain items of goods which Registrant now believes should be changed.<sup>268</sup>

At trial, Standard maintained the false statements were “the result of an honest mistake, and not due to any fraudulent intent[.]”<sup>269</sup> Citing the Federal Circuit’s decision in *Kingsdown*, Standard argued that negligence, or even gross negligence, does not give rise to an intent to deceive.<sup>270</sup> In this case, Standard submitted that the officers signing the declarations of use did not understand the legal meaning of “use in commerce” and thought it meant the item was either made or sold.<sup>271</sup> Standard claimed that it had “a reasonable belief, after making inquiries, that the marks were being used with the listed goods.”<sup>272</sup> Apparently, Standard had been making and selling a variety of clothing items at some point in time, but admitted during discovery depositions that it had never sold certain children’s clothing, undergarments, or other goods listed in the TUNDRA and TUNDRA SPORT registrations during the critical time periods.<sup>273</sup> It also argued that the officers signing the declarations relied on the assurances of other company officials, and thus had a mistaken belief that the declarations were accurate and use was being made.<sup>274</sup>

Citing *Medinol*, the Board sustained Toyota’s fraud claim and cancelled all three of Standard’s pleaded registrations.<sup>275</sup> The Board found the mistakes asserted by Standard unreasonable because

[t]he language in the application that the mark “is now in use in commerce” is clear, and its meaning is unambiguous. It was not reasonable for [Standard] to believe that if the items of clothing were ever made or sold, even if the last sale took place 20 years ago, it would support a claim that the mark “is” in use on the goods.<sup>276</sup>

To the extent that Standard’s officers did not personally know whether the marks were in use in the United States on certain clothing items, the Board held that they were obligated to investigate thoroughly before signing and filing the declarations.<sup>277</sup>

Moreover, the Board determined that much of Standard’s testimony of mistaken belief that declarations were accurate and misunderstanding of the phrase “use in commerce” were not credible.<sup>278</sup> Given that none of Standard’s clothing was made in the United States, Standard’s testimony that it honestly believed that “use” simply meant that the goods were “made” was not credible.<sup>279</sup> Rather, the Board determined that Standard disregarded the significance of “use in commerce.”<sup>280</sup> The Board also held that Standard’s officers signed the declarations claiming use of the marks TUNDRA and TUNDRA SPORT on, among other items, children’s clothing, when they knew or should have known that the marks were not being used on those goods.<sup>281</sup> Again, the Board held that a registrant is “charged with knowing what it is signing and by failing to make any appropriate inquiry, [Standard] signed the statement of use with a ‘reckless disregard for the truth[.]’” and fraud cannot be cured by the deletion of goods from the registrations.<sup>282</sup>

The Board also summarily rejected Standard’s argument that negligence, or even gross negligence, does not rise to the level of fraud before the Trademark Office.<sup>283</sup> The Board determined that the Federal Circuit’s decision in *Kingsdown* was not applicable to trademark cases.<sup>284</sup> In support of its position, the Board relied on a decision of the District Court for the District of Minnesota in *Minnesota Mining & Manufacturing Co. v. Shurtape Technologies*,



which held that “reliance on patent cases to resolve issues of trademark fraud is misplaced.”<sup>285</sup>

The *Minnesota Mining* case, however, concerned the issue of whether a defense or claim of fraud on the Patent Office is equitable in nature to give rise to a right to a jury trial.<sup>286</sup> In that case, Plaintiff 3M relied on a number of patent cases to support its position that fraud on the Patent Office is inequitable in nature and thus does not require a jury.<sup>287</sup> In that context, the district court found that reliance on patent cases was inappropriate.<sup>288</sup> The *Minnesota Mining* case, however, did not involve the question of whether “gross negligence” is sufficient to give rise to an inference of an intent to deceive and fraud before the Patent and Trademark Office. Thus, the Board did not distinguish the critical holding in *Kingsdown* that imposed objective standards for determining deceptive intent and held “gross negligence” alone does not give rise to inference of intent to deceive, even under the higher duty of candor and disclosure before the Patent Office.

#### V. Conclusion

Under the *Medinol* line of cases, the Board has imposed a heightened duty of candor and disclosure before the Trademark Office, a duty to investigate thoroughly the accuracy of statements made, and strict liability for fraud in cases involving false statements concerning use of a mark for *all* of the identified goods or services, when in fact the mark was used only on some of them. In such cases, the Board has limited its fraud analysis to the factors of (1) a false representation to or withholding of information; (2) regarding a material fact; and (3) the person making the representation or withholding the information knew or should have known that it was false or misleading. Under this analysis, the Board has elevated careless misstatements in the identification of goods and services to a “reckless disregard for the truth,” which is all that it requires to find an intent to deceive and fraud. Thus, the Board has established deceptive intent as a matter of law based on inferences as to what an applicant or registrant “should have known.”

Moreover, if fraud is found, even as to one of the goods or services listed, the Board will hold the entire application void or registration invalid. Any explanations of miscommunication, misunderstanding of the law, an intent to use, foreign language difficulties, inadvertence, oversight, mistake, reliance on counsel, improper advice from non-attorneys, and administrative errors will not alone avoid a finding of fraud under the *Medinol* standard. A good faith effort to amend the application or registration to correct the misstated identification of goods or services, filed after the commencement of an inter partes proceeding, will not cure a misstatement or avoid fraud. This is so even if the amendment is filed *before* a fraud claim is brought in an ongoing inter partes proceeding before the Board. Moreover, although the issue has not been decided by the Board, the *Medinol* line of cases suggest that an amendment to correct a misstatement in the identification of goods or services filed *before* the commencement of an inter partes proceedings may not avoid a finding of fraud.

#### Endotes

<sup>1</sup> *Medinol Ltd. v. Neuro Vasx, Inc.*, 67 U.S.P.Q.2d (BNA) 1205, 1209-10 (T.T.A.B. 2003).

<sup>2</sup> *Id.* at 1208.

<sup>3</sup> See, e.g., *Woodstock's Enters., Inc. (Cal.) v. Woodstock's Enters., Inc. (Ore.)*, 43 U.S.P.Q.2d (BNA) 1440, 1443 (T.T.A.B. 1997) (stating that fraud will not be found where there is an inadvertent or negligent omission); *Cerveceria India Inc. v. Cerveceria Centroamericana, S.A.*, 10 U.S.P.Q.2d (BNA) 1064, 1066 (T.T.A.B. 1989) (same); *First Int'l Servs. Corp. v. Chuckles, Inc.*, 5 U.S.P.Q.2d (BNA) 1628, 1634 (T.T.A.B. 1988) (same); *Giant Food, Inc. v. Standard Terry Mills, Inc.*, 231 U.S.P.Q. (BNA) 626, 630 (T.T.A.B. 1986) (same).

<sup>4</sup> *Medinol*, 67 U.S.P.Q.2d (BNA) at 1209.

<sup>5</sup>*Id.* (quoting *First Int'l*, 5 U.S.P.Q.2d (BNA) at 1636).

<sup>6</sup>*Id.* at 1210.

<sup>7</sup>*Id.* at 1209.

<sup>8</sup>*Id.* at 1208; see also *Grand Canyon W. Ranch, LLC v. Hualapai Tribe*, Opposition No. 91162008, slip op. at 3 (T.T.A.B. Mar. 17, 2006) (suggesting that amending an application from a use-based application under Section 1(a) to an intent-to-use application under Section 1(b) during an opposition will not avoid fraud).

<sup>9</sup>There are other false statements or omissions of material facts that may rise to the level of fraud before the Trademark Office that are beyond the scope of this article. See e.g., *Global Maschinen GmbH v. Global Banking Sys., Inc.*, 227 U.S.P.Q. (BNA) 862, 867-68 (T.T.A.B. 1985) (false statements to or withholding of material facts in response to an Examining Attorney's request for information under 37 CFR § 2.61(b) constitutes fraud); *Mister Leonard, Inc. v. Jacques Leonard Couture, Inc.*, 23 U.S.P.Q.2d (BNA) 1064, 1066 (T.T.A.B. 1992) (failure to correct a misrepresentation once known, even if originally innocent, constitutes fraud); *G. Levor & Co. v. Nash, Inc.* 123 U.S.P.Q. (BNA) 234, 234-35 (T.T.A.B. 1959) (failure to disclose that a term is generic found fraudulent).

<sup>10</sup>37 C.F.R. § 1.56 (2005).

<sup>11</sup>*Id.*

<sup>12</sup>J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION, §§ 31:63, :64.

<sup>13</sup>*Id.* § 31:64.

<sup>14</sup>See U.S. DEP'T. OF COMMERCE, MANUAL OF PATENT EXAMINING PROCEDURE §§ 2000-2004 (8th ed. 2001) (Rev. 4, Oct. 2005).

<sup>15</sup>The Federal Circuit has stated that inequitable conduct claims have been "overplayed,. . . appearing in nearly every patent suit, and . . . cluttering up the patent system." *E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1439, 7 U.S.P.Q.2d (BNA) 1129, 1137 (Fed. Cir. 1988) (citing *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1454, 223 U.S.P.Q. (BNA) 603, 614 (Fed. Cir. 1984)).

<sup>16</sup>See *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1182, 33 U.S.P.Q.2d (BNA) 1823, 1830 (Fed. Cir. 1995).

<sup>17</sup>*Id.* at 1178, 33 U.S.P.Q.2d (BNA) at 1826; see also *Micro Chem., Inc. v. Great Plains Chem. Co.*, 103 F.3d 1538, 1549, 41 U.S.P.Q.2d (BNA) 1238, 1247 (Fed. Cir. 1997); *FMC Corp. v. Manitowoc Co., Inc.*, 835 F.2d 1411, 1415, 5 U.S.P.Q.2d (BNA) 1112, 1115 (Fed. Cir. 1987).

<sup>18</sup>See *Ferring B.V. v. Barr Labs., Inc.*, 437 F.3d 1181, 1190-91, 78 U.S.P.Q.2d (BNA) 1161 (Fed. Cir. 2006).

<sup>19</sup>863 F.2d 867, 9 U.S.P.Q.2d (BNA) 1384 (Fed. Cir. 1988).

<sup>20</sup>*Id.* at 871, 9 U.S.P.Q.2d (BNA) at 1388.

<sup>21</sup>*Id.* at 870, 9 U.S.P.Q.2d (BNA) at 1386-87.

<sup>22</sup>*Id.* at 873, 9 U.S.P.Q.2d (BNA) at 1389.

<sup>23</sup>*Id.* at 873, 9 U.S.P.Q.2d (BNA) at 1389.

<sup>24</sup>*Id.*

<sup>25</sup>*Id.* at 871-72, 9 U.S.P.Q.2d (BNA) at 1388.

<sup>26</sup>*Id.* at 872, 9 U.S.P.Q.2d (BNA) at 1388.

<sup>27</sup>*Id.*

<sup>28</sup>*Id.* at 876, 9 U.S.P.Q.2d (BNA) at 1392.

<sup>29</sup>*Id.* at 872, 9 U.S.P.Q.2d (BNA) at 1389.

<sup>30</sup>*Id.* at 876, 9 U.S.P.Q.2d (BNA) at 1392.

<sup>31</sup>*Id.*

<sup>32</sup>*Id.* at 873, 9 U.S.P.Q.2d (BNA) at 1389-90.

<sup>33</sup>*Id.* at 873, 9 U.S.P.Q.2d (BNA) at 1390.

<sup>34</sup>*Id.* at 875, 9 U.S.P.Q.2d (BNA) at 1391.

<sup>35</sup>*Id.* at 875 n.11, 9 U.S.P.Q.2d (BNA) at 1391 n.11.

<sup>36</sup>*Halliburton Co. v. Schlumberger Tech. Corp.*, 925 F.2d 1435, 1443, 17 U.S.P.Q.2d (BNA) 1834, 1841-42 (Fed. Cir. 1991) (explaining holding in *Kingsdown*); *see also* *B.F. Goodrich Co. v. Aircraft Braking Sys. Corp.*, 72 F.3d 1577, 1585, 37 U.S.P.Q.2d (BNA) 1314, 1320 (Fed. Cir. 1996) ("It is not surprising that those who are careless exhibit those qualities more than once. It still does not demonstrate, without more, an intent to deceive").

<sup>37</sup>*See, e.g., FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1417, 5 U.S.P.Q.2d (BNA) 1112, 1117 (Fed. Cir. 1987) ("An inference can and often must be drawn from established facts and direct proof of wrongful intent is not required, but drawing an inference on an inference on an inference is not the role of the fact finder.").

<sup>38</sup>*See In re Hayes Microcomputer Prods., Inc.*, 982 F.2d 1527, 1546, 25 U.S.P.Q.2d (BNA) 1241, 1255 (Fed. Cir. 1992) ("Conjecture alone is not sufficient to show an intent to deceive to support the defense of inequitable conduct.")

<sup>39</sup>*See Catalina Lighting, Inc. v. Lamps Plus, Inc.* 295 F.3d 1277, 1289, 63 U.S.P.Q.2d (BNA) 1545, 1552 (Fed. Cir. 2002) ("[I]ntent to deceive can not be inferred solely from the fact that information was not disclosed; there must be a factual basis for finding deceptive intent.") (internal citation omitted).

<sup>40</sup>"Gross Negligence" is defined as "1. A lack of slight diligence or care. 2. A conscious, voluntary act or omission in reckless disregard of a legal duty and of consequences to another party." BLACK'S LAW DICTIONARY 1062 (8th ed. 2004) (internal cross-references omitted). It has been described as a "failure to exercise even that care which a careless person would use." *Id.* "Several courts . . . have construed 'gross negligence' as requiring willful, wanton, or reckless misconduct." *Id.* Most courts, however, "consider that 'gross negligence' falls short of reckless disregard of the consequences." *Id.* "Reckless disregard" is defined as

1. Conscious indifference to the consequences of an act. 2. Defamation. Serious indifference to truth or accuracy of a publication. "Reckless disregard for the truth" is the standard in proving the defendant's actual malice toward the plaintiff in a libel action. 3. The intentional commission of a harmful act or failure to do a required act when the actor knows or has reason to know of facts that would lead a reasonable person to realize that the actor's conduct both creates an unreasonable risk of harm to someone and involves a high degree of probability that substantial harm will result.

*Id.* at 506 (internal citations omitted).

<sup>41</sup>*Ulead Sys., Inc. v. Lex Computer & Mgmt. Corp.*, 351 F.3d 1139, 1148, 69 U.S.P.Q.2d (BNA) 1097, 1104 (Fed. Cir.

2003).

<sup>42</sup>N. Telecom, Inc. v. Datapoint Corp., 908 F.2d 931, 939, 15 U.S.P.Q.2d (BNA) 1321, 1327 (Fed. Cir. 1990) (quoting Pfizer, Inc. v. Int'l Rectifier Corp., 538 F.2d 180, 196, 190 U.S.P.Q. (BNA) 273, 286 (8th Cir. 1976)).

<sup>43</sup>*Id.* at 939, 15 U.S.P.Q.2d (BNA) at 1327 (internal citations omitted).

<sup>44</sup>See *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 877, 31 U.S.P.Q.2d (BNA) 1481, 1491 (8th Cir. 1994) (a trademark applicant owes a duty of candor to the PTO); *Yocum v. Covington*, 216 U.S.P.Q. (BNA) 210, 216 (T.T.A.B. 1982) (recognizing a lower duty of disclosure in a trademark proceeding).

<sup>45</sup>289 F.2d 665, 669, 129 U.S.P.Q. (BNA) 258, 260 (C.C.P.A. 1961).

<sup>46</sup>*Id.* at 667, 129 U.S.P.Q. (BNA) at 259.

<sup>47</sup>*Id.* at 669, 129 U.S.P.Q. (BNA) at 260.

<sup>48</sup>*Id.*

<sup>49</sup>*Id.*

<sup>50</sup>407 F.2d 881, 888, 160 U.S.P.Q. (BNA) 715, 720 (C.C.P.A. 1969).

<sup>51</sup>*Id.* at 886-87, 160 U.S.P.Q. (BNA) at 719.

<sup>52</sup>*Id.* at 887, 160 U.S.P.Q. (BNA) at 719.

<sup>53</sup>*Id.* at 887, 160 U.S.P.Q. (BNA) at 719-20.

<sup>54</sup>*Id.* at 888, 160 U.S.P.Q. (BNA) at 720.

<sup>55</sup>See generally U.S. DEPT OF COMMERCE, TRADEMARK MANUAL OF EXAMINATION PROCEDURE § 720 (4th ed. 2005).

<sup>56</sup>*Id.* Although there are no published cases on this point, it is possible that fraud before the Trademark Office may be referred to the Office of Enrollment and Discipline as grounds for attorney disciplinary action in certain cases. 37 C.F.R. §§ 10.23(b)(4), (c)(2)(ii), (c)(15), 10.85(b)(1) (2004).

<sup>57</sup>Lanham Act § 14(3), 15 U.S.C. § 1064(3) (2000), provides that a trademark registration may be cancelled at any time if the registered mark was "obtained fraudulently."

<sup>58</sup>*L.D. Kichler Co. v. Davoil, Inc.*, 192 F.3d 1349, 1351-52, 52 U.S.P.Q.2d (BNA) 1307, 1309 (Fed. Cir. 1999); *Metro Traffic Control, Inc. v. Shadow Network, Inc.* 104 F.3d 336, 340, 41 U.S.P.Q.2d (BNA) 1369, 1373 (Fed. Cir. 1997).

<sup>59</sup>See, e.g., *J.E.M. Int'l, Inc. v. Happy Rompers Creations Corp.*, 74 U.S.P.Q.2d (BNA) 1526, 1529 (T.T.A.B. 2005); *Jimlar Corp. v. Montrexpert S.P.A.*, Cancellation No. 92032471, slip op. at 14 (T.T.A.B. June 4, 2004); *Hawaiian Moon, Inc. v. Rodney Doo*, Cancellation No. 92042101, slip op. at 6-7 (T.T.A.B. Apr. 29, 2004).

<sup>60</sup>See *Resorts of Pinehurst, Inc. v. Pinehurst Nat'l Corp.*, 148 F.3d 417, 420, 47 U.S.P.Q.2d (BNA) 1465, 1466-67 (4th Cir. 1998) (clear and convincing evidence); *Metro Traffic Control*, 104 F.3d at 340, 41 U.S.P.Q.2d (BNA) at 1373; *Marshall Field & Co. v. Mrs. Fields Cookies*, 25 U.S.P.Q.2d (BNA) 1321, 1328 (T.T.A.B. 1992) ("fraud must be proved by clear and convincing evidence").

<sup>61</sup>*Woodstock's Enters, Inc. (Cal.) v. Woodstock's Enters, Inc. (Or.)*, 43 U.S.P.Q.2d (BNA) 1440, 1443-44 (T.T.A.B. 1997); see also *First Int'l Servs. Corp. v. Chuckles, Inc.* 5 U.S.P.Q.2d (BNA) 1628, 1634 (T.T.A.B. 1988); *Smith Int'l, Inc. v.*

Olin Corp., 209 U.S.P.Q. (BNA) 1033, 1044 (T.T.A.B. 1981).

<sup>62</sup>Pro-Football, Inc. v. Harjo, 284 F. Supp. 2d 96, 122 n.23, 68 U.S.P.Q.2d (BNA) 1225, 1245-46 n.23 (D.C. Cir. 2003) (comparing the heightened burden of clear and convincing proof to establish fraud to the lesser burden of preponderance of the evidence to establish trademark disparagement).

<sup>63</sup>See Monsanto Co. v. Bayer Bioscience N.V., 363 F.3d 1235, 1241, 70 U.S.P.Q.2d (BNA) 1257, 1262 (Fed. Cir. 2004) ("It was therefore improper for the district court on summary judgment to infer an intent to deceive based on the court's conclusion that the declaration was false and that the explanation for the falsity was unpersuasive."); Copelands' Enters., Inc. v. CNV, Inc., 945 F.2d 1563, 1567, 20 U.S.P.Q.2d (BNA) 1295, 1299 (Fed. Cir. 1991) ("As a general rule, the factual question of intent is particularly unsuited for disposition on summary judgment."); Kangaroos U.S.A., Inc., v. Caldor, Inc., 778 F.2d 1571, 1576, 228 U.S.P.Q. (BNA) 32, 35 (Fed. Cir. 1985) ("Intent to mislead or deceive is a factual issue that, if contested, is not readily determined within the confines of Fed. R. Civ. Proc. 56.").

<sup>64</sup>See *Marshall Field*, 25 U.S.P.Q.2d (BNA) at 1328; Yocum v. Covington, 216 U.S.P.Q. (BNA) 210, 216 (T.T.A.B. 1982).

<sup>65</sup>See 5 MCCARTHY, *supra* note 12, § 31:67.

<sup>66</sup>*Id.*

<sup>67</sup>Morehouse Mfg. Corp. v. J. Strickland & Co., 407 F.2d 881, 886, 160 U.S.P.Q. (BNA) 715, 719 (C.C.P.A. 1969).

<sup>68</sup>See W. Worldwide Entm't Group, Inc. v. Qinqdao Brewery, 17 U.S.P.Q.2d (BNA) 1137, 1141 (T.T.A.B. 1990) (erroneous date of first use does not constitute fraud so long as there was some valid use of the mark prior to the filing).

<sup>69</sup>See Kelly Servs., Inc. v. Green's Temps., Inc., 25 U.S.P.Q.2d (BNA) 1460, 1463 (T.T.A.B. 1992) (no duty to disclose descriptive, non-trademark use by third parties); Societe Civile Des Domaines Dourthe Freres v. S.A. Consortium Vinicole De Bordeaux Et De La Gironde, 6 U.S.P.Q.2d (BNA) 1205, 1209 (T.T.A.B. 1988) (no duty to disclose surname use by others).

<sup>70</sup>See Medinol Ltd. v. Neuro Vasx, Inc., 67 U.S.P.Q.2d (BNA) 1205, 1208 (T.T.A.B. 2003) (stating that the misstatements made in connection with the statement of use were "material"); First Int'l Servs. Corp. v. Chuckles, Inc., 5 U.S.P.Q.2d (BNA) 1628, 1635-36 (T.T.A.B. 1988).

<sup>71</sup>See Pilates, Inc. v. Current Concepts, Inc., 120 F. Supp. 2d 286, 312-13, 57 U.S.P.Q.2d (BNA) 1174, 1196-97 (S.D.N.Y. 2000) (statements regarding continuous use in interstate commerce in Section 8 declaration are material to maintaining registration); W. Farmers Ass'n v. Loblaw, Inc., 180 U.S.P.Q. (BNA) 345, 347 (T.T.A.B. 1973) (statement that mark had been used on specific goods, where, in fact, mark had never been used on such goods, held fraudulent).

<sup>72</sup>See Metro Traffic Control, Inc. v. Shadow Network, Inc., 104 F.3d 336, 340, 41 U.S.P.Q.2d (BNA) 1369, 1373 (Fed. Cir. 1997) (citing Smith Int'l, Inc. v. Olin Corp., 209 U.S.P.Q. (BNA) 1033, 1043 (T.T.A.B. 1981)) ("If it can be shown that the statement was a 'false misrepresentation' occasioned by an 'honest' misunderstanding, inadvertence, negligent omission or the like rather than one made with a willful intent to deceive, fraud will not be found.").

<sup>73</sup>See Woodstock's Enters., Inc. (Cal.) v. Woodstock's Enters., Inc. (Or.), 43 U.S.P.Q.2d (BNA) 1440, 1443 (T.T.A.B. 1997).

<sup>74</sup>See L.D. Kichler Co. v. Davoil, Inc. 192 F.3d 1349, 1351, 52 U.S.P.Q.2d (BNA) 1307, 1309 (Fed. Cir. 1999).

<sup>75</sup>See *Woodstock's Enters.*, 43 U.S.P.Q.2d (BNA) at 1443.

<sup>76</sup>*Id.*; see also Knorr-Nahrmital Aktiengesellschaft v. Havland Int'l, Inc., 206 U.S.P.Q. (BNA) 827, 834 (T.T.A.B. 1980) ("The claim of fraud will not be sustained if it can be proven that the statement, though false, was made with a

reasonable and honest belief that it was true.”).

<sup>77</sup>808 F.2d 46, 1 U.S.P.Q.2d (BNA) 1483 (Fed. Cir. 1986).

<sup>78</sup>*Id.* at 47, 1 U.S.P.Q.2d (BNA) at 1483.

<sup>79</sup>*Id.*

<sup>80</sup>*Id.*

<sup>81</sup>*Id.*

<sup>82</sup>*Id.*

<sup>83</sup>*Id.*

<sup>84</sup>*Id.*

<sup>85</sup>*Id.*

<sup>86</sup>*Id.*

<sup>87</sup>*Id.*

<sup>88</sup>*Id.* at 48, 1 U.S.P.Q.2d (BNA) at 1484.

<sup>89</sup>5 U.S.P.Q.2d (BNA) 1628, 1636 (T.T.A.B. 1988).

<sup>90</sup>*Id.* at 1629.

<sup>91</sup>*Id.* at 1630.

<sup>92</sup>*Id.* at 1636.

<sup>93</sup>*Id.* (emphasis added).

<sup>94</sup>*Id.* (citations omitted).

<sup>95</sup>17 U.S.P.Q.2d (BNA) 1398, 1400-01 (S.D. Fla. 1990).

<sup>96</sup>*Id.* at 1399-1400.

<sup>97</sup>*Id.* at 1401.

<sup>98</sup>*Id.* at 1400.

<sup>99</sup>*Id.*

<sup>100</sup>*Id.* (citing *Torres v. Cantine Torresella S.r.l.*, 808 F.2d at 46, 48, 1 U.S.P.Q.2d (BNA) 1483, 1484 (Fed. Cir. 1986)).

<sup>101</sup>104 F.3d 336, 340-41, 41 U.S.P.Q.2d (BNA) 1369, 1373 (Fed. Cir. 1997).

<sup>102</sup>*Id.* at 337-38, 41 U.S.P.Q.2d (BNA) at 1370-71.

<sup>103</sup>*Id.* at 340, 41 U.S.P.Q.2d (BNA) at 1373.

<sup>104</sup>*Id.* at 340-41, 41 U.S.P.Q.2d (BNA) at 1373.

<sup>105</sup>*Id.* at 341, 41 U.S.P.Q.2d (BNA) at 1373.

<sup>106</sup>*Id.*

<sup>107</sup>*Id.* at 340-42, 41 U.S.P.Q.2d (BNA) at 1373 (emphasis added).

<sup>108</sup>*Id.* at 340, 41 U.S.P.Q.2d (BNA) at 1373 (citing *Smith Int'l, Inc. v. Olin Corp.*, 209 U.S.P.Q. 1033, 1044 (T.T.A.B. 1981)); see also *Marshak v. Treadwell*, 240 F.3d 184, 196, 57 U.S.P.Q.2d (BNA) 1764, 1773 (3rd Cir. 2001) ("To demonstrate that a federal registration was fraudulently procured . . . a challenging party must adduce evidence that the registrant actually knew or believed that someone else had a right to the mark."); *Stanfield v. Osborne Indus., Inc.*, 52 F.3d 867, 874, 34 U.S.P.Q.2d (BNA) 1456, 1462 (10th Cir. 1995) (fraud requires a knowingly false statement).

<sup>109</sup>*Metro Traffic Control*, 104 F.3d at 340-41, 41 U.S.P.Q.2d (BNA) at 1373.

<sup>110</sup>The Board's recent fraud decisions also cite *Duffy-Mott Co. v. Cumberland Packing Co.*, 424 F.2d 1095, 165 U.S.P.Q. (BNA) 422 (C.C.P.A. 1970), for the position that the intent element of fraud may be found when an applicant or registrant makes a false, material representation that it knew or should have known was false. See, e.g., *Jimlar Corp. v. Montrexpert S.P.A.*, Cancellation No. 92032471, slip op. at 6 (T.T.A.B. June 4, 2004) (citing *Duffy-Mott*). However, the *Duffy-Mott* case did not invoke the "knew or should have known" standard. The court did, however, sustain the Board's finding that the Opposer was precluded from relying upon its trademark registration in an opposition because of false statements made in its Sections 8 and 15 filings. *Duffy-Mott*, 424 F.2d at 1099, 165 U.S.P.Q. (BNA) at 425. Based upon a full evidentiary record, the court observed that if

goods are named on which the mark has not been used continuously for 5 consecutive years, or is not currently in use, it amounts to an attempt to acquire a right as a result of a false statement. This can scarcely be characterized as mere carelessness or misunderstanding to be winked at as of no importance.

*Id.* at 1100, 165 U.S.P.Q. (BNA) at 425.

In addition, the Board has relied upon *Western Farmers Ass'n v. Loblaw, Inc.*, 180 U.S.P.Q. (BNA) 345 (T.T.A.B. 1973). There, the Board sustained a Petition to Cancel against the mark LINDEN FARMS for "fresh, frozen and smoked meats and fresh dressed and frozen poultry" on the ground of fraud. *Id.* at 346-47. After a full trial on the merits, the Board found that the registrant's inclusion of "fresh, frozen and smoked meats" in its application for registration was fraudulent. *Id.* at 347. The Board also rejected registrant's argument that the inclusion of such goods was inadvertent because they were also included in the Section 8 affidavit filed five years later. *Id.*

<sup>111</sup>See *Medinol Ltd. v. Neuro Vasx, Inc.* 67 U.S.P.Q.2d (BNA) 1205, 1210 (T.T.A.B. 2003); *First Int'l Servs. Corp. v. Chuckles, Inc.*, 5 U.S.P.Q.2d (BNA) 1628, 1636 (T.T.A.B. 1988).

<sup>112</sup>*Medinol*, 67 U.S.P.Q.2d (BNA) AT 1209.

<sup>113</sup>*Id.* at 1210.

<sup>114</sup>*Id.* at 1209.

<sup>115</sup>Opposition No. 98910, slip op. at 9, 10 (T.T.A.B. Feb. 28, 2000).

<sup>116</sup>*Id.* at 8 n.3. The term "underliners" was subsequently changed to "underwear." *Id.*

<sup>117</sup>*Id.* at 7.

<sup>118</sup>*Id.* at 7-8.

<sup>119</sup>*Id.* at 8.

<sup>120</sup>*Id.* at 8-9.

<sup>121</sup>*Id.* at 8 (quoting First Int'l Servs. Corp. v. Chuckles, Inc., 5 U.S.P.Q.2d (BNA) 1628, 1636 (T.T.A.B. 1988)).

<sup>122</sup>*Id.* at 9.

<sup>123</sup>67 U.S.P.Q.2d (BNA) 1205, 1210 (T.T.A.B. 2003).

<sup>124</sup>*Id.* at 1205.

<sup>125</sup>*Id.* at 1205-06.

<sup>126</sup>*Id.* at 1206.

<sup>127</sup>*Id.* at 1206-07.

<sup>128</sup>*Id.* at 1207.

<sup>129</sup>*Id.* at 1208.

<sup>130</sup>*Id.*

<sup>131</sup>*Id.*

<sup>132</sup>*Id.* at 1210.

<sup>133</sup>*Id.* at 1209.

<sup>134</sup>*Id.* (quoting First Int'l Servs. Corp. v. Chuckles, Inc., 5 U.S.P.Q.2d (BNA) 1628, 1636 (T.T.A.B. 1988)).

<sup>135</sup>*Id.* at 1205.

<sup>136</sup>*Id.* at 1210.

<sup>137</sup>*Id.* at 1209-10 (emphasis added).

<sup>138</sup>*Id.* at 1210.

<sup>139</sup>*Id.*

<sup>140</sup>*Id.* at 1209.

<sup>141</sup>Cancellation No. 92040460, slip op. at 15 (T.T.A.B. May 14, 2003).

<sup>142</sup>*Id.* at 1.

<sup>143</sup>*Id.* at 1-2.



<sup>144</sup>*Id.* at 2-4.

<sup>145</sup>*Id.* at 7.

<sup>146</sup>*Id.* at 7-8.

<sup>147</sup>*Id.* at 8 (emphasis added).

<sup>148</sup>*Id.* at 8, 12.

<sup>149</sup>*Id.* at 13.

<sup>150</sup>Request for Reconsideration, *Nougat London Ltd. v. Garber*, Cancellation No. 92040460, slip op. at 2 (T.T.A.B. July 30, 2003).

<sup>151</sup>*Id.*

<sup>152</sup>*Id.* (emphasis added).

<sup>153</sup>*Id.* at 3.

<sup>154</sup>*Id.*

<sup>155</sup>*Id.*

<sup>156</sup>*Id.* at 4.

<sup>157</sup>*Id.*

<sup>158</sup>*Id.* at 6-7.

<sup>159</sup>*Id.*

<sup>160</sup>Opposition No. 91125436, slip op. at 12-13 (T.T.A.B. Feb. 24, 2004).

<sup>161</sup>*Id.* at 8.

<sup>162</sup>*Id.* at 1-2.

<sup>163</sup>*Id.* at 9.

<sup>164</sup>*Id.* at 1-2, 2 n.1.

<sup>165</sup>*Id.* at 2.

<sup>166</sup>*Id.* at 2 n.1.

<sup>167</sup>*Id.*

<sup>168</sup>*Id.* at 3-4.

<sup>169</sup>*Id.*

<sup>170</sup>*Id.* at 9.

<sup>171</sup>Applicant's Opposition to Renewed Motion by Bacardi & Co. for Summary Judgment at 3, *Tequila Cazadores, S.A. de C.V. v. Tequila Centinela, S.A. de C.V.*, Opposition No. 91125436 (T.T.A.B. May 20, 2003).

<sup>172</sup>*Tequila Cazadores*, Opposition No. 91125436, slip op. at 9-10.

<sup>173</sup>*Id.* at 10.

<sup>174</sup>*Id.* at 11-13.

<sup>175</sup>*Id.* at 11.

<sup>176</sup>*Id.*

<sup>177</sup>*Id.* at 11 n.3.

<sup>178</sup>*Id.*

<sup>179</sup>See Complaint at ¶ 6, *Tequila Centinela, S.A. de C.V. v. Bacardi Co. Ltd. No.*, 1:04-cv-02201-RCL (D.D.C. filed Dec. 20, 2004).

<sup>180</sup>*Tequila Cazadores*, Opposition No. 91125436, slip op. at 12-13.

<sup>181</sup>*Id.* at 12.

<sup>182</sup>*Id.*

<sup>183</sup>*Id.*

<sup>184</sup>Complaint, *Tequila Centinela*, No. 1:04-cv-02201-RCL.

<sup>185</sup>*Id.* ¶ 21.

<sup>186</sup>*Id.* ¶¶ 29-30.

<sup>187</sup>FED. R. CIV. P. 56 requires that the evidence must be viewed in a light favorable to the non-movant and all justifiable inferences are to be drawn in its favor. See, e.g., *Lloyd's Food Prods., Inc. v. Eli's, Inc.*, 987 F.2d 766, 767, 25 U.S.P.Q.2d (BNA) 2027, 2029 (Fed. Cir. 1993); *Opryland USA Inc. v. Great Am. Music Show, Inc.*, 970 F.2d 847, 850, 23 U.S.P.Q.2d (BNA) 1471, 1472-73 (Fed. cir. 1992).

<sup>188</sup>See *Monsanto Co. v. Bayer Bioscience N.V.*, 363 F.3d 1235, 1241, 70 U.S.P.Q.2d (BNA) 1257, 1262 (Fed. Cir. 2004).

<sup>189</sup>See *Tequila Cazadores, S.A. de C.V. v. Tequila Centinela, S.A. de C.V.*, Opposition No. 91125436, slip op. at 11 (T.T.A.B. Feb. 24, 2004).

<sup>190</sup>Early decisions on "inequitable conduct" that were issued prior to the Federal Circuit's leading *Kingsdown* decision identified the elements of "common law fraud" as:

(1) misrepresentation of a material fact, (2) intent to deceive or a state of mind so reckless respecting consequences as to be the equivalent of intent (scienter), (3) justifiable reliance on the misrepresentation by the party deceived, . . . and (4) injury to the party deceived, resulting from reliance on the misrepresentation.

*J.P. Stevens & Co. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553, 1559, 223 U.S.P.Q. (BNA) 1089, 1092 (Fed Cir. 1984) (citing *Norton v. Curtiss*, 433 F.2d 779, 793, 167 U.S.P.Q. (BNA) 532, 543 (C.C.P.A. 1970)).

<sup>191</sup> See *Tequila Cazadores*, Opposition No. 91125436, slip op. at 11 n.3 (emphasis added).

<sup>192</sup> Opposition No. 91121807, slip op. at 2 (T.T.A.B. Mar. 19, 2004).

<sup>193</sup> *Id.*

<sup>194</sup> *Id.* at 13.

<sup>195</sup> *Id.*

<sup>196</sup> *Id.*

<sup>197</sup> *Id.* at 13-14.

<sup>198</sup> *Id.* at 15.

<sup>199</sup> *Id.* at 17.

<sup>200</sup> *Id.*

<sup>201</sup> *Id.*

<sup>202</sup> Cancellation No. 92042101, slip op. at 11 (T.T.A.B. Apr. 29, 2004).

<sup>203</sup> *Id.* at 2, 7.

<sup>204</sup> *Id.* at 2 n.4.

<sup>205</sup> *Id.* at 3.

<sup>206</sup> *Id.* at 2.

<sup>207</sup> *Id.* at 4.

<sup>208</sup> *Id.*

<sup>209</sup> *Id.* at 4-5.

<sup>210</sup> *Id.* at 6.

<sup>211</sup> *Id.* at 6-7.

<sup>212</sup> *Id.* at 8.

<sup>213</sup> *Id.*

<sup>214</sup> *Id.*

<sup>215</sup> *Id.*

<sup>216</sup> *Id.* at 9.

<sup>217</sup> *Id.*

<sup>218</sup>*Id.* at 10.

<sup>219</sup>Cancellation No. 92032471, slip op. at 1, 19 (T.T.A.B. June 4, 2004).

<sup>220</sup>*Id.* at 7.

<sup>221</sup>*Id.* at 3, 4.

<sup>222</sup>*Id.* at 8.

<sup>223</sup>*Id.* at 7.

<sup>224</sup>*Id.* at 8.

<sup>225</sup>*Id.* at 10.

<sup>226</sup>*Id.* at 11.

<sup>227</sup>*Id.* at 19. (emphasis added).

<sup>228</sup>*Id.* at 12; see also *Kemin Indus., Inc. v. Watkins Prods., Inc.*, 192 U.S.P.Q. (BNA) 327, 329 (T.T.A.B. 1976) (“[A]llegations of ownership and exclusive use contained in . . . an application are made upon ‘belief’ and/or ‘information and belief’ and, as such, are couched in such a manner as to preclude a definitive statement by the affiant that could be ordinarily used to support a charge of fraud.”).

<sup>229</sup>*Jimlar*, Cancellation No. 92032471, slip op. at 12.

<sup>230</sup>*Id.*

<sup>231</sup>*Id.*

<sup>232</sup>*Id.* at 19.

<sup>233</sup>*Id.* at 18 n.9.

<sup>234</sup>*Id.* at 18.

<sup>235</sup>*Id.* at 18 n.9.

<sup>236</sup>*Id.* at 18.

<sup>237</sup>74 U.S.P.Q.2d (BNA) 1526, 1527 (T.T.A.B. 2005).

<sup>238</sup>*Id.*

<sup>239</sup>*Id.* at 1528.

<sup>240</sup>*Id.*

<sup>241</sup>*Id.*

<sup>242</sup>*Id.*

<sup>243</sup>*Id.*

<sup>244</sup>*Id.* at 1529.

<sup>245</sup>*Id.*

<sup>246</sup>*Id.*

<sup>247</sup>*Id.*

<sup>248</sup>*Id.*

<sup>249</sup>*Id.* at 1530.

<sup>250</sup>*Id.* (quoting *Medinol Ltd. v. Neuro Vasx, Inc.*, 67 U.S.P.Q.2d (BNA) 1205, 1210 (T.T.A.B. 2003)).

<sup>251</sup>*Id.*

<sup>252</sup>*Id.*

<sup>253</sup>Cancellation No. 92040782, slip op. at 1-2 (T.T.A.B. Mar. 11, 2005).

<sup>254</sup>*Id.* at 3-4.

<sup>255</sup>*Id.* at 4.

<sup>256</sup>*Id.*

<sup>257</sup>*Id.*

<sup>258</sup>*Id.* at 6.

<sup>259</sup><sup>77</sup> U.S.P.Q.2d (BNA) 1917, 1932 (T.T.A.B. 2006).

<sup>260</sup>*Id.* at 1918-19.

<sup>261</sup>*Id.*

<sup>262</sup>*Id.* at 1919.

<sup>263</sup>*Id.*

<sup>264</sup>*Id.*

<sup>265</sup>*Id.*

<sup>266</sup>*Id.* at 1925.

<sup>267</sup>*Id.*

<sup>268</sup>*Id.*

<sup>269</sup>*Id.* at 1927.

<sup>270</sup>*See id.* at 1927-28.

<sup>271</sup>*Id.* at 1927.

<sup>272</sup>*Id.*

<sup>273</sup>*Id.* at 1924.

<sup>274</sup>*Id.* at 1924-25.

<sup>275</sup>*Id.* at 1928. In the alternative, Toyota alleged that Standard's registrations should be restricted under Section 18, 15 U.S.C. § 1068, because the marks had not been in use in commerce in connection with any of the goods listed in the three registrations, with the exception of certain men's and women's clothing items. *Id.* at 1919. The Board agreed, and held that if Standard prevailed on appeal, Toyota's request for restriction under Section 18, 15 U.S.C. § 1068, was granted. *Id.* at 1928.

<sup>276</sup>*Id.* at 1927.

<sup>277</sup>*Id.* at 1927-28.

<sup>278</sup>*Id.* at 1927.

<sup>279</sup>*Id.*

<sup>280</sup>*Id.*

<sup>281</sup>*Id.* at 1928.

<sup>282</sup>*Id.*

<sup>283</sup>*Id.* at 1927-28.

<sup>284</sup>*Id.* at 1927 n.13.

<sup>285</sup>*Id.* (citing *Minn. Mining & Mfg. Co. v. Shurtape Techs., Inc.*, 62 U.S.P.Q.2d (BNA) 1606, 1607 (D. Minn. 2002)).

<sup>286</sup>*Minn. Mining*, 62 U.S.P.Q.2d (BNA) at 1607.

<sup>287</sup>*Id.*

<sup>288</sup>*Id.*

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**This Order is Citable as  
Precedent of the TTAB**

UNITED STATES PATENT AND TRADEMARK OFFICE  
Trademark Trial and Appeal Board  
2900 Crystal Drive  
Arlington, Virginia 22202-3513

Mailed: May 13, 2003

Cancellation No. 92040535

MEDINOL LTD.

v.

NEURO VASX, INC.

Before Simms, Walters, and Rogers, Administrative Trademark  
Judges.

By the Board:

Now ready for decision is respondent's motion to amend  
its registration and for summary judgment, filed on January  
9, 2003. The motion has been fully briefed.<sup>1</sup>

**Registration No. 2,377,883**

On August 15, 2000, Registration No. 2,377,883 ("883  
Registration") was granted to the respondent herein for the  
mark NEUROVASX for "medical devices, namely, neurological  
stents and catheters." Application 75/326,112, which  
matured into the involved registration, was filed based on  
respondent's stated intent to use the mark on the above-  
noted goods.

---

<sup>1</sup> Applicant filed a reply brief, which we have considered because  
it clarifies the issues. See Trademark Rule  
2.127(a)(consideration of a reply brief discretionary).



Following publication for opposition, a notice of allowance was issued on July 28, 1998, in which applicant's goods were identified as originally set forth in the application. Subsequently, respondent filed two requests for an extension of time in which to file a statement of use. The second extension, filed on July 18, 1999, contained the following statement:

X Applicant has not used the mark in commerce yet on all goods/services specified in the Notice of Allowance; however, applicant has made the following ongoing efforts to use the mark in commerce on or in connection with each of the goods/services specified above:

Applicants [sic] continue their efforts to promote and publicize the recited goods.

Finally, on January 7, 2000, respondent filed a statement of use, which stated in relevant part as follows:

Applicant is using the mark in commerce on or in connection with the following goods/services:

X Those goods/services identified in the Notice of Allowance in this Application.

       Those goods/services identified in the Notice of Allowance in this application except (identify those goods/services to be deleted from this application):

Date of first use of mark anywhere: at least as early as November 15, 1999.<sup>[2]</sup>

The statement of use concluded with the required declaration:

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<sup>2</sup> Respondent did not allege a date of first use in commerce as required by Trademark Rule 2.88(b)(1)(ii). Simultaneous with the statement of use, respondent filed a final request for an extension of time including the following statement:

Applicant believes that it has made valid use of the mark in commerce, as evidenced by the Statement of Use submitted with request; however, if the Statement of Use is found by the Patent and Trademark Office to be fatally defective, applicant will need additional time in which to file a new Statement.

The undersigned being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, ... and that such willful false statements may jeopardize the validity of the application or any resulting registration, declares that ... the mark is now in use in commerce; and all statements made of his own knowledge are true and all statements made on information and belief are believed to be true.

The statement of use was signed by Jeffrey A. Lee, identified as respondent's President/CEO. The statement of use was accepted by the trademark examining attorney and on August 15, 2000, the '883 Registration issued.

### **The Pleadings**

On May 1, 2002, petitioner filed a petition for cancellation of the '883 Registration, alleging that at the time respondent submitted its statement of use to the United States Patent and Trademark Office ("USPTO" or "office"), it had not used the mark on or in connection with stents, and indeed has not done so since. Petitioner alleged that the '883 Registration was procured by respondent's knowingly false or fraudulent statements, and that "said false statements were made with the intent to induce authorized agents of the PTO to grant said registration, and reasonably relying upon the truth of said false statements, the PTO did, in fact, grant said registration to Registrant."<sup>3</sup> Petition ¶ 8. According to Petitioner, "[i]n view of [these] allegations, Registrant is not entitled to continue

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<sup>3</sup> Petitioner further alleged that it is damaged by respondent's registration in that its application for the mark NIROVASCULAR was refused registration in light of the '883 Registration.

registration ... since Registrant ... committed fraud in the procurement of the subject registration." Petition ¶ 11.

Respondent's answer, filed September 26, 2002, states, *inter alia*, that it

has no further interest in continuing registration of the NEUROVASX registration for "stents" and respectfully requests, pursuant to 15 U.S.C. § 1068, partial cancellation of Registrant's U.S. Trademark Registration 2,377,883 by deleting the word "stents" from the list of goods upon which the mark is used.

Answer ¶ 2. Further, "[i]n response to paragraph 7 of the Petition, Registrant admits that it has not used the mark NEUROVASX in connection with "stents...." Answer ¶ 3.

The answer continues:

In response to paragraphs 8 and 9 of the Petition, Registrant denies the allegations and affirmatively states that in the Statement of Use submitted prior to the registration of NEUROVASX it was stated that Registrant was using the mark for goods/services. In the Statement of Use a box was checked to incorporate a text passage stating that the goods/services were "Those goods/services identified in the Notice of Allowance in this application." At the time the Statement of Use was prepared, the fact that the goods identified in the Notice of Allowance also included "stents," in addition to catheters, was apparently overlooked. Registrant denies each and every other allegation of paragraphs 8 and 9.

Answer ¶ 5.

Finally, after agreeing that it is not entitled to continued registration for "stents," Answer ¶¶ 6-7, the answer concludes with respondent's "petition for

cancellation in part" of its own '883 Registration, by deleting "stents" from the identification of goods.<sup>4</sup>

**Respondent's Pending Motion**

On January 9, 2003, respondent filed a combined motion to amend its registration to delete "stents,"<sup>5</sup> and for summary judgment:

Registrant, in order to dispose of all issues in the cancellation proceeding, has also moved for an order under Trademark Rule 2.127(a) and Rule 56 of the Federal Rules of Civil Procedure dismissing the above Cancellation with prejudice upon entry of the above discussed amendment to Registration 2,337,883. The grounds for granting the summary judgment are as set forth in "Registrant's Answer and Petition for Cancellation in Part", filed September 26, 2002 and are incorporated herein by reference. Amending the Registration to delete the reference to a product upon which the mark was not used prior to registration responds fully to the contentions made by Petitioner as a basis for the Cancellation Petition. The filing of the present motion is timely under Trademark Rule 2.127(e)(1) since it is being filed prior to the commencement of the first 30-day testimony period, which is now scheduled to close April 30, 2003.

Motion at 2-3.

Respondent's motion to amend was not submitted with the consent of petitioner, and the motion for summary judgment was not supported by any affidavits or other evidence. Respondent's motion was unverified and was signed by

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<sup>4</sup> By order dated October 31, 2002, the Board indicated that respondent's "petition for cancellation in part" was in the nature of an affirmative defense (namely, that respondent is entitled to maintain its registration, if it is allowed to delete "stents"), and was reserved for trial.

<sup>5</sup> Respondent's proposed identification of goods would read in its entirety, "medical devices, namely, neurological catheters."

counsel, as was its answer which is incorporated by reference into the motion.

By its response, petitioner objected to respondent's proposed amendment, and argued that — even if allowed — the amendment would not cure the fraud alleged in the petition for cancellation. Petitioner's position is that fraud in procuring a registration taints the entire registration. If it were otherwise, applicants would have little incentive to tell the truth; if caught in their misstatements, they could merely delete any unused goods, but would end up with no less than what they were entitled to claim in the first place, with no adverse consequences.

Respondent's reply brief directly addresses the fraud issue for the first time. In relevant part, respondent argues that

[w]hile Registrant freely admits that an error was made, there is simply no basis for alleging that the error constituted fraud. Petitioner has cited no pertinent case law supporting their contention that a full trial is needed solely to consider that issue. To the contrary, even if fraud were hypothetically found here, it has been purged by Registrant's two affirmative attempts made to delete stents from the goods description.<sup>6</sup>

Similarly, Registrant's admission that the description of goods was in error and the filing of

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<sup>6</sup> Respondent's "two affirmative attempts" appear to be (1) respondent's "petition" for cancellation in part of its own registration, see *supra* note 4, and (2) respondent's current motion to amend. Respondent does not contend that it sought to correct its identification of goods prior to registration or at any time prior to the filing of the petition for cancellation.

Registrant's timely motion seeking to correct the registration, demonstrate that "no genuine issue as to any material fact" remains. Petitioner has failed to cite any evidence that there was any intent to commit fraud at the time the error was made. Neither evidence nor law suggests that Registrant ought not be entitled to amend the Registration to correctly refer to only those goods with which the mark has been used.

**Applicable Law**

A registration involved in a Board *inter partes* proceeding may be amended pursuant to Trademark Act § 7(e) and Trademark Rules 2.133 and 2.173. While Trademark Rule 2.133(a) provides that a motion to amend may be granted by the Board, it has been longstanding Board practice to reserve decision on unconsented amendments until trial or until the case is decided upon summary judgment. See generally TBMP § 514.03. If a registrant contends that it is entitled to registration with some restriction to the identified goods or services, such a matter must be raised either as an affirmative defense in its answer or by way of a motion to amend its registration to include the restriction. See *e.g., Personnel Data Systems Inc. v. Parameter Driven Software Inc.*, 20 USPQ2d 1863 (TTAB 1991); TBMP § 514.03.

A party is entitled to summary judgment when it has demonstrated that there are no genuine issues as to any material fact, and that it is entitled to judgment as a

matter of law. Fed. R. Civ. P. 56(c); see *Celotex Corp. v. Catrett*, 477 U.S. 317 (1987). The evidence must be viewed in a light favorable to the nonmoving party, and all justifiable inferences are to be drawn in the nonmovant's favor. *Opryland USA Inc. v. The Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

### Discussion

There is no genuine issue of material fact at hand. It is undisputed that respondent filed an intent-to-use based application reciting its intended goods as "medical devices, namely, neurological stents and catheters." It is also undisputed that at the time registrant filed its statement of use (and at all times since), it has used the mark on catheters but not on stents.

Moreover, there is no question that respondent's proposed amendment is generally appropriate both legally and factually, being limiting in nature. Trademark Rule 2.173(b). Finally, respondent has proffered the payment for the proposed amendment to its registration. Trademark Act § 7(e).<sup>7</sup>

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<sup>7</sup> Trademark Rule 2.173 requires that a registrant seeking amendment of its registration submit a (1) written and signed request for amendment; (2) supported by a verification or declaration under Trademark Rule 2.20; (3) the required fee (currently \$100); and (4) the original certificate of registration or a certified copy thereof (if the original has been lost or destroyed). While respondent has complied with the first and third requirements, it has not filed a declaration or

We agree with petitioner, however, that respondent is not entitled to judgment as a matter of law. The fraud alleged by petitioner is that respondent knowingly made a material representation to the USPTO in order to obtain registration of its trademark for the identified goods. There is no question that the statement of use would not have been accepted nor would registration have issued but for respondent's misrepresentation, since the USPTO will not issue a registration covering goods upon which the mark has not been used. See Trademark Rule 2.88(c);<sup>8</sup> TMEP § 1109.03 ("The applicant may not file a statement of use until the applicant has made use of the mark in commerce on or in connection with all goods/services specified in the notice of allowance, unless the applicant files a request to divide.")

Most importantly, however, deletion of the goods upon which the mark has not yet been used does not remedy an alleged fraud upon the Office. If fraud can be shown in the

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verification, nor has it submitted its registration certificate. Nonetheless, if respondent's motion for summary judgment was meritorious, we would likely allow respondent time to cure these defects in its motion to amend.

<sup>8</sup> Trademark Rule 2.88(c) provides, in relevant part, that [t]he statement of use may be filed only when the applicant has made use of the mark in commerce on or in connection with all of the goods or services, as specified in the notice of allowance, for which applicant will seek registration in that application, unless the statement of use is accompanied by a request in accordance with § 2.87 to divide out from the application the goods or services to which the statement of use pertains.



procurement of a registration, the entire resulting registration is void. *General Car and Truck Leasing Systems, Inc. v. General Rent-A-Car Inc.*, 17 USPQ2d 1398, 1401 (S.D. Fla. 1990), *aff'g General Rent-A-Car Inc. v. General Leaseways, Inc.*, Canc. No. 14,870 (TTAB May 2, 1998). Allowing respondent's amendment would be beside the point; even if "stents" were deleted from the registration, the question remains whether or not respondent committed fraud upon the Office in the procurement of its registration.<sup>9</sup>

Accordingly, because it has not demonstrated that it is entitled to judgment as a matter of law, respondent's motion to amend and for summary judgment is DENIED.

As noted above, there are no genuine issues of material fact on this record, and it does not appear that further discovery and trial will reveal any such facts. Under such circumstances, the Board may *sua sponte* enter summary judgment, if appropriate, for the non-moving party. *The Clorox Co. v. Chemical Bank*, 40 USPQ2d 1098, 1106 (TTAB 1996). See also TBMP § 528.08, and cases cited therein.

Petitioner alleges that respondent's submission of its admittedly erroneous statement of use constituted fraud in

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<sup>9</sup> Needless to say, if respondent ultimately prevails on the issue of fraud, "stents" must be deleted from the registration; applicant may not maintain a registration under Trademark Act § 1 for goods upon which it has never used the mark.

the procurement of the subject registration. A trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it knows or should know to be false or misleading.

*Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484-85 (Fed. Cir. 1986).

We are aware that respondent denies that its intent in submitting its statement of use was fraudulent. Reply Br. at 1-2. Moreover, cases involving questions of intent are often said to be unsuited to resolution by summary judgment. See, e.g., *Copelands' Enterprises Inc. v. CNV Inc.*, 945 F.2d 1563, 20 USPQ2d 1295, 1299 (Fed. Cir. 1991).

Nonetheless, as Judge Nies aptly pointed out in *Imperial Tobacco*:

In every contested abandonment case, the respondent denies an intention to abandon its mark; otherwise there would be no contest. Under Fed. R. Civ. P. 56, ... one must, however, proffer more than conclusory testimony or affidavits. An averment of no intent to abandon is little more than a denial in a pleading.

*Imperial Tobacco Ltd. v. Philip Morris Inc.*, 14 USPQ2d 1390, 1394 (TTAB 1990).<sup>10</sup> While *Imperial Tobacco* was an

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<sup>10</sup> Unlike the case in *Imperial Tobacco*, respondent here has not submitted an affidavit or any other evidence supporting its version of the facts surrounding its signing of the statement of use or its denial of the intent to commit fraud. However, because we are considering the question of whether to enter summary judgment in favor of petitioner, even though it has not so moved, we consider respondent's statements as we would those of a non-movant, and accept the statements as true. Cf. TBMP § 528.01, and cases cited therein ("The nonmoving party must be

abandonment case, we find its discussion of the element of intent relevant to the case at bar.

The appropriate inquiry is therefore not into the registrant's subjective intent, but rather into the objective manifestations of that intent. "We recognize that it is difficult, if not impossible, to prove what occurs in a person's mind, and that intent must often be inferred from the circumstances and related statement made by that person." *First Int'l Serv. Corp. v. Chuckles Inc.*, 5 USPQ2d 1628, 1636 (TTAB 1988). See, *Torres*, 1 USPQ2d at 1484-85;<sup>11</sup> *General Car and Truck*, 17 USPQ2d at 1400 ("proof of specific intent to commit fraud is not required, rather, fraud occurs when an applicant or registrant makes a false material representation that the applicant or registrant knew or should have known was false"); *Western Farmers Ass'n v. Loblaw Inc.*, 180 USPQ 345, 347 (TTAB 1973).

Here, the identification of goods in the application as filed and published included two items: stents and catheters. Notwithstanding that the mark was not in use on

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given the benefit of all reasonable doubt as to whether genuine issues of material fact exist; and the evidentiary record on summary judgment, and all inferences to be drawn from the undisputed facts, must be viewed in the light most favorable to the nonmoving party.").

one of the two (stents), respondent indicated when it filed its statement of use that the mark was in use on "those goods identified in the Notice of Allowance in this Application."

There were only two goods identified in the notice of allowance; the mark was either in use on both, or it was not. Respondent signed its statement of use under penalty of "fine or imprisonment, or both, ... and [knowing] that such willful false statements may jeopardize the validity of the application or any resulting registration...." Statements made with such degree of solemnity clearly are – or should be – investigated thoroughly prior to signature and submission to the USPTO. Respondent will not now be heard to deny that it did not read what it had signed.

The undisputed facts in this case clearly establish that respondent knew or should have known at the time it submitted its statement of use that the mark was not in use on all of the goods. Neither the identification of goods nor the statement of use itself were lengthy, highly technical, or otherwise confusing, and the President/CEO who

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<sup>11</sup> The problem of fraud arises because Torres submitted a label that he knew or *should have known* was not in use that contained a mark clearly different from the one in use. In addition, he submitted an affidavit stating the mark was in use on wine, vermouth, and champagne when he knew it was in use only on wine.

Torres, 1 USPQ2d at 1485 (emphasis added).

signed the document was clearly in a position to know (or to inquire) as to the truth of the statements therein.<sup>12</sup>

Respondent's explanation for the misstatement (which we accept as true) - that the inclusion of stents in the notice of allowance was "apparently overlooked" - does nothing to undercut the conclusion that respondent knew or should have known that its statement of use was materially incorrect. Respondent's knowledge that its mark was not in use on stents - or its reckless disregard for the truth - is all that is required to establish intent to commit fraud in the procurement of a registration. While it is clear that not all incorrect statements constitute fraud, the relevant facts in this record allow no other conclusion. We find that respondent's material misrepresentations made in connection with its statement of use were fraudulent.

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<sup>12</sup> We further note that the identification of goods - including "stents" - was printed on the registration certificate mailed to respondent on or about August 15, 2000. Although the certificate provided further notice that the registration covered stents, respondent did not seek to amend the identification to delete stents until after this proceeding was filed nearly two years later. See *Space Base Inc. v. Stadis Corp.*, 17 USPQ2d 1216, 1219 (TTAB 1990) ("a person can commit fraud upon the Office by willfully failing to correct his or her own misrepresentation, even if originally innocent, as long as that person subsequently learns of the misrepresentation, and knows that the Office has relied upon that misrepresentation in conferring a substantive benefit upon that person to which the person knows it is not entitled." (interpreting *Smith v. Olin*, 209 USPQ 1033 (TTAB 1981))). Respondent's failure to point out its misstatement and seek correction thereof prior to the filing of the petition for cancellation clearly supports our finding that the misstatement was intentional.

Accordingly, summary judgment is entered in petitioner's favor on the issue of fraud.

One further matter remains: in order to prevail, petitioner must establish not only a valid ground for cancellation, but must prove its standing, as well. While petitioner's allegation that its pending trademark application has been refused in view of the '883 Registration would, if proven, suffice to establish standing, petitioner has not yet submitted any evidence on this point.

Petitioner is therefore allowed until THIRTY DAYS from the mailing date of this order in which to submit a showing that there is no genuine issue of fact as to standing, and that it is entitled to judgment on the issue of standing as a matter of law. *Paramount Pictures Corp. v. White*, 31 USPQ2d 1768, 1775-76 (TTAB 1994). Respondent is allowed until FIFTY DAYS from the mailing date of this order to file a response thereto, if desired. If petitioner's showing is sufficient to establish petitioner's entitlement to summary judgment on the issue of standing, summary judgment on standing will be entered in favor of petitioner and the petition for cancellation will be granted. If petitioner's showing is not sufficient on the issue of standing, proceedings will resume on that issue alone.

**Cancellation No. 92040535**

This proceeding remains otherwise SUSPENDED pending  
petitioner's response.

.oOo.









\*\*Please place on Upper Right Corner\*\*  
\*\*of Response to Office Action JULY.\*\*

Examining Attorney: RUBIN, LINDSEY

Serial Number: 76/664695



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

TM

Applicant : Entrepreneur Media, Inc.

Serial No.: 76/664,695 Law Office: 105

TM Attorney: Lindsey Rubin

Filed : August 17, 2006

For : Trademark: ENTREPRENEUR EXPO

AMENDMENT

Los Angeles, CA 90045

July 16, 2007

Box RESPONSES  
NO FEE  
Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, Virginia 22202-3513

Sir:

In response to the Office Action of January 17, 2007,  
please amend the above-identified application as follows:

On page 1, delete lines 15 - 21 (list of services) and  
substitute the following therefor:

**International Class 35: Providing business  
marketing information, namely, providing  
information and advice about sales and  
marketing concerning starting, operating,  
and growing small- and mid-sized businesses;**



07-16-2007

U.S. Patent & TMO/TM Mail Rpt DL #34

Petitioner Exhibit #5

1 providing information and advice on human  
2 resources issues concerning starting,  
3 operating, and growing small- and mid-sized  
4 businesses; providing information and advice  
5 in the field of accounting concerning  
6 starting, operating, and growing small- and  
7 mid- sized businesses; providing information  
8 and advice in the field of tax planning  
9 concerning starting, operating, and growing  
10 small- and mid-sized businesses;

11  
12 International Class 36: Providing information  
13 and advice in the field of finance concerning  
14 starting, operating, and growing small- and  
15 mid-sized businesses;

16  
17 International Class 41: Educational services,  
18 namely, conducting seminars and workshops on  
19 topics concerning starting, operating, and  
20 growing small-and mid-sized business;

21 and

22 International Class 42: Providing information  
23 and advice in the field of selection,  
24 implementation, and use of computer hardware  
25 and software applications concerning starting,  
26 operating, and growing small- and mid-sized  
27 businesses.  
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2  
3 Insert the following claim of acquired  
4 distinctiveness:

5 The mark has become distinctive of the  
6 services as evidenced by ownership of U.S.  
7 Registration 2391145 on the Principal Register  
8 for the same mark for related services.

9 Insert the following disclaimer:

10 No claim is made to the exclusive right to use  
11 "EXPO" apart from the mark as shown.

12 Insert the following sentence:

13 Applicant is the owner of U.S.  
14 Registration No. 2391145.  
15

16 **REMARKS**

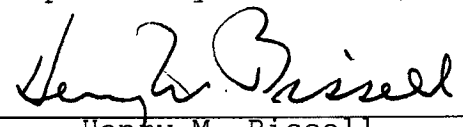
17 The application has been modified along lines suggested  
18 by the Examining Attorney. Applicant is gratified to note that a  
19 search of The Office records has failed to find any mark which  
20 would bar registration under Section 2(d) of the Trademark Act.

21 The other objections in the Office Action are believed to  
22 have been obviated by these amendments. Our check No. 11005 in the  
23 amount of \$1,125.00 is enclosed to pay for the additional classes  
24 of services. The assistance of the Attorney in suggesting  
25 appropriate responses is acknowledged with appreciation.  
26  
27  
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1 In view of the above amendment and these remarks, this  
2 application is now submitted to be in condition for acceptance.  
3 Favorable action is solicited.

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Respectfully submitted,



Henry M. Bissell  
Attorney for Applicant

Dated: July 16, 2007

HMB/edw

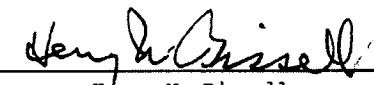
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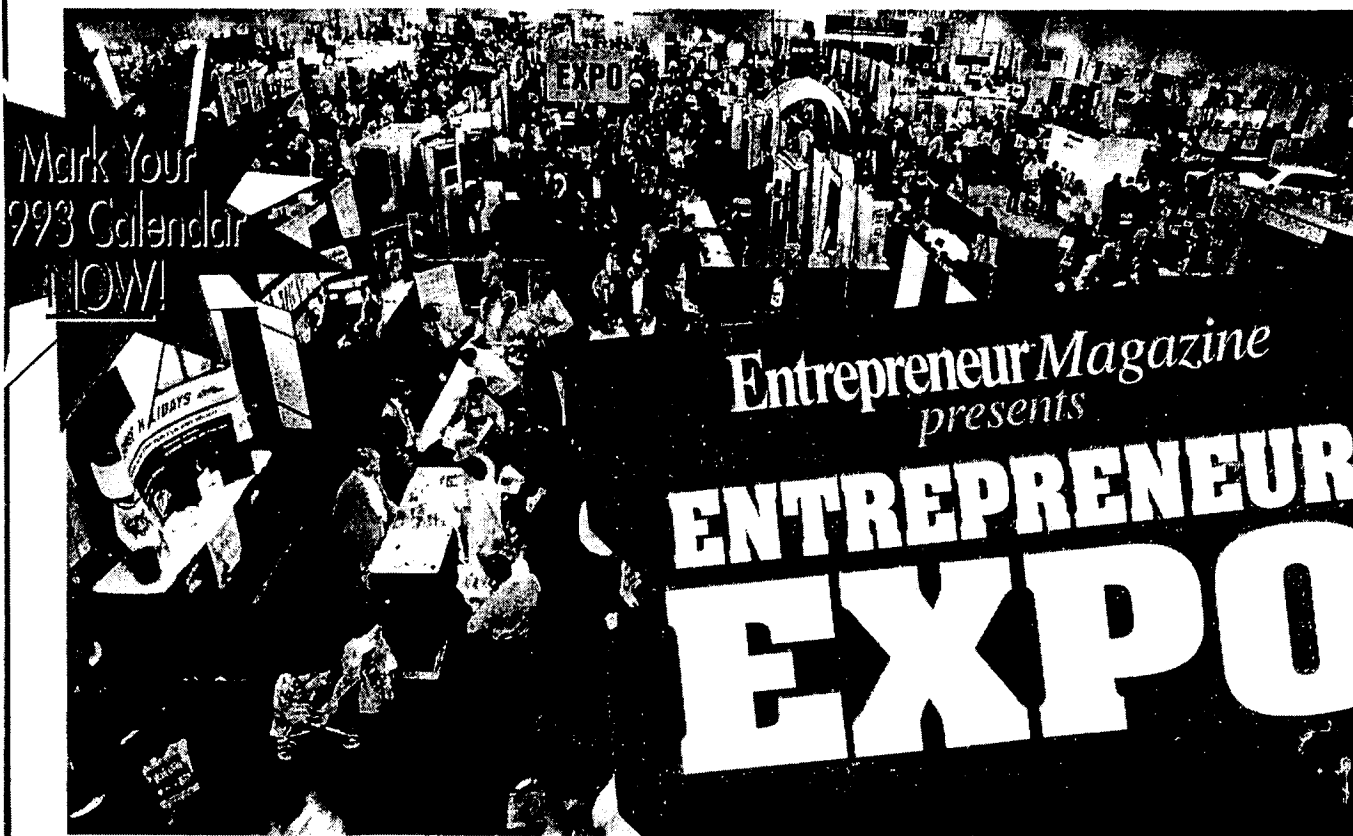
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Henry M. Bissell



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BNIT.com[FindArticles](#) > [Folio: The Magazine for Magazine Management](#) > [Feb 1, 1995](#) > [Article](#) > [Print friendly](#)**Entrepreneur's entrepreneurial attitude: in a competitive market, a small-business magazine stands out for its willingness to take risks - Company Profile**

Tony Silber

Karen O'Neill, promotion manager at Entrepreneur, was explaining why the American Entrepreneurs Association, a trade group for small businesses started by her company early last year, is a great opportunity both for her magazine and for entrepreneurs: "It's a natural because everyone calls us for information anyway," she says. "We're instant-access information, and I think that's an advantage we have over any other institution."

True, launching a trade association for small businesses is risky. Small-business people might well opt for the larger, better established Washington, D.C.-based National Association for the Self Employed. But if anyone can make it work, it's probably Entrepreneur.

The association is just one of a raft of recent spin-offs from the Irvine, California-based Entrepreneur Magazine Group, which for the last year or more has been extraordinarily aggressive in expanding its franchise--whose core mission is to provide information to owners of businesses with fewer than 20 people. The 19-year-old, 385,000-circulation flagship title has itself become a player in a field that includes competitors like Inc., Success and the major business magazines on one flank, and magazines such as Independent Business and Income Opportunities on the other.

Entrepreneur wants to be a one-stop source of information, and it is practicing what it preaches--it's as entrepreneurially inclined as its readers. "We're doing what other people are talking about doing," says Neil Perlman, vice president and general manager of Entrepreneur Magazine Group. "We finally realized what we have."

And that's paying off. The company's revenues were projected to be about \$35 million for 1994, up from about \$28 million for 1992. Of the total, 22 percent came from sources other than the magazine, compared to 15 percent from ancillary sources in 1992.

Ad pages have hovered around the 2,000 mark for four years running, peaking at 2,018 in 1992. Through November 1994, the magazine ran 1,769 pages, up 1 percent from the same period in 1993. Pages may have hit a plateau, but that's not necessarily bad: In 1993, according to Publishers Information Bureau, Entrepreneur sold more ad pages than any monthly in the country except Vogue.

Ad revenue has increased more dramatically. PIB reports that advertising income has grown from \$14 million in 1989 to \$27 million in 1993. Circulation has gone from 340,000 at the end of 1991 to a ratebase guarantee of 385,000 today.

Given the interdependence of publishing, it's not surprising that the relaunched association (it first appeared in the late seventies, but fell dormant in 1989) is showing strong vital signs. It has about 25,000 members now, with growth projected at a rate of 2,000 to 3,000 per month through 1995.

In addition to the association, in the last year and a half, EMG has created the following products:

- \* Two new lines of books. One is a small-business-adviser series and the other is a business opportunity series. Both are due this spring.

- \* International editions. In 1993, the company launched a Spanish-language version of Entrepreneur in Mexico, with a monthly circulation of 21,000. That magazine is now profitable, company executives say. In April 1994, a South African magazine, Finansies En Tegniek, began running stories from Entrepreneur. Its parent and Entrepreneur are close to a deal to publish an English-language version of Entrepreneur in South Africa.

- \* A series of regional trade shows called the Entrepreneur Small Business Expos. There were five in 1994, and plans call for nine expos in 1995.

- \* An online presence on CompuServe, featuring an interactive forum, a database of business opportunities and a section selling Entrepreneur products.

These all come in addition to various themed special issues of the magazine; a four-year-old companion magazine called Business Start-Ups that has just brought in a new editor and gone monthly; longstanding ancillary products like the roughly 200 business start-up manuals and a small-business encyclopedia; CD-ROM versions of the manuals and the encyclopedia; and the launch last month of a syndicated television show called "Getting down to business with Entrepreneur magazine." There's even a sponsored racing-car team whose driver is Entrepreneur's owner, Peter Shea.

Says Shea, who has owned the company since 1987: "Using Entrepreneur as the engine, the base, we're going to see just how far we can grow it." And for editor in chief Rieva Lesonsky, whatever growth occurs will be due in part to management's support for the editorial product. "Everything we do revolves around our name--everything we grow comes from the editorial of the magazine."

#### Tough times

Entrepreneur launched as a newsletter for aspiring small-business owners in 1973. It became a magazine within a few years, and in 1987 was acquired by Shea and two partners, whom he subsequently bought out. The magazine struggled through a serious cashflow problem around 1990, with debt exceeding \$15 million. In 1992, Shea was forced to shut down a four-year-old spin-off, Entrepreneurial Woman.

But more recently, Entrepreneur and other magazines directed at small businesses have picked up momentum. It's not hard to understand why, given the shift in the economy toward smaller businesses. Inc. publisher James Spanfeller cites a Yankelovich Partners study from 1991 detailing the shift. Right after World War II, 80 percent of the GDP was generated by the small fraction of companies with sales over \$100 million. Today, those roughly 14,000 companies generate only 48 percent of the GDP, and the 1.5 million companies with sales from \$500,000 to \$100 million generate another 46 percent of GDP. There are 5.3 million companies with sales of less than \$500,000, and they account for the remaining 6 percent of GDP.

Entrepreneur is positioned well to take advantage of this trend. "[Our] magazines have not fully realized their potential," says Shea. "Entrepreneur is only 40 or 50 percent of what it can be."

But Entrepreneur's competition is well aware of the market's promise. "We're also doing a lot of the entrepreneurial-type stuff," says Stephen Wagner, editor of New York City-based Income Opportunities, a 40-year-old, 375,000-circulation monthly whose main audience is home-based-business owners. "It's not unusual; a lot of magazines offer [these services]."

Scott DeGarmo, editor and publisher of Lang Communications' Success, is blunt. "[Entrepreneur] addresses a lower end of the market, and they write for individuals who are basically seeking self employment--as opposed to entrepreneurs who are building businesses." DeGarmo also points to two recent items in "Capell's Circulation Report," one stating that Entrepreneur had missed ratebase for three consecutive years, and the other needling the magazine for delaying the release of its 1990 audit until 1993. "In general, those kinds of circulation difficulties can cover up a veritable cesspool of problems," DeGarmo declares.

Success, formerly with Audit Bureau of Circulations, is now audited by BPA International, while Entrepreneur and Income Opportunities are ABC clients.

Perlman responds to DeGarmo's comment thus: "Hogwash. We've had very aggressive growth. We're in a position now where we're offering a bonus to advertisers." And E. Daniel Capell, the newsletter's editor, says, "Maybe they've been setting ratebase too aggressively--they seem to have turned it around."

One new competitor for Entrepreneur is Franchise Buyer, a bimonthly being launched in March by Chicago-based Crain Communications. Publisher J. Clifford Mulcahy says his magazine is geared mainly to people interested in buying franchises--not those who already own them. But he says Entrepreneur's business start-up manuals appear to compete with the franchise advertisers on whom Entrepreneur relies for about 60 percent of its business--chains like McDonald's and Taco Bell. "It puts them in a difficult position," Mulcahy says. "Their products are putting them at odds with the needs of their advertisers."

But if that's true, it doesn't bother at least one ad agency media chief. "They've done a very, very good editorial job reaching readers," says Steven Greenberger, senior vice president and director of print media for New York City-based Grey Advertising. "We've never heard any complaints--we've only seen growth."

Still, Shea says he wants to increase the amount of national advertising, and the appointment last year of a New York City-based publisher, Lee Jones, has helped the magazine raise its profile in the ad industry's capital. "I think it's paying off--I think the proof will be next year," Shea says. "We're putting a lot of effort and financial resources into it."

Major growth ahead?

Building a base of national advertising is required if Entrepreneur is to double in size as Shea envisions. It's also going to need a great editorial product, strong circulation and, perhaps, a sustained willingness to experiment.

As Karen O'Neill puts it, "This is an entrepreneurial environment, and all the employees have to think that way, too. We're not sure what the outcome may be, but we're willing to take risks."

The Bottom Line

Company: Entrepreneur Magazine Group, Irvine, California.

Magazines: Entrepreneur, Business Start-Ups.

Personnel: CEO, Peter J. Shea; Vice president/General manager, Neil Perlman; Publisher, Lee Jones; Editor, Rieva Lesonsky.

Key Strategy: Aggressively developing an array of products and services for small-business operators using Entrepreneur as the core of the franchise.

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant : Entrepreneur Media, Inc. Law Office : 15  
Serial No. : 74/371,737 TM Attorney : A. Lawrence  
Filed : March 25, 1993  
For : Service Mark: ENTREPRENEUR

DECLARATION OF PETER J. SHEA

I, PETER J. SHEA, do hereby declare:

1. I am the President of Entrepreneur Media, Inc., the applicant in application Serial No. 74/371,737, further identified above.


2. Attached to this Declaration are six tear sheets from ENTREPRENEURIAL WOMAN magazine for April, 1992. ENTREPRENEURIAL WOMAN is one of the magazines published by Entrepreneur Media, Inc. The attached tear sheets bear an advertisement of Entrepreneur Media, Inc. for the Entrepreneur expo that was held May 16 & 17, 1992 at the Meadowlands Convention Center in Secaucus, New Jersey. Entrepreneur Media, Inc. is listed in the advertisement under its alternative business name, "Entrepreneur Group".

3. These tear sheets are submitted to meet the requirement of the Examining Attorney for substitute specimens in this case. These specimens were distributed as advertising of the services associated with the mark ENTREPRENEUR prior to March 25, 1993, the filing date of the subject application.

4. I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or

imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or document or any registration resulting therefrom.

Dated: January 6, 1994



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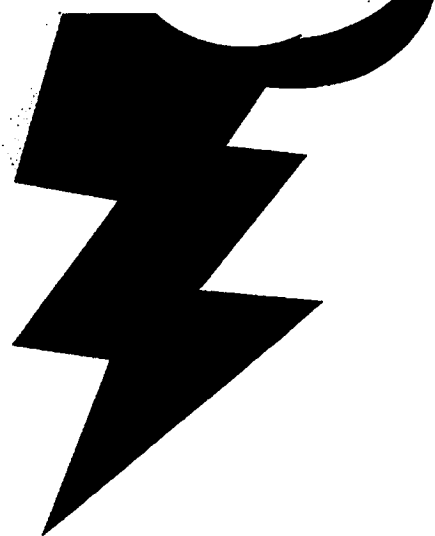
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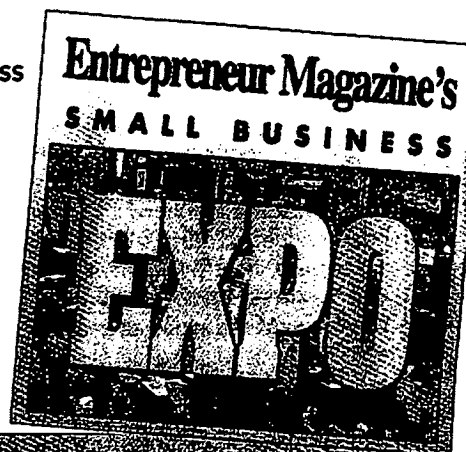
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## EDITOR'S NOTE



## Breaking Out

A FEW MONTHS AGO, UPS went on strike—and much of America came to a standstill. Media attention turned to small-business owners, who were so affected by the strike, they drew headlines in *The New York Times* and on the “Today” show, places where entrepreneurial concerns are not generally highlighted.

Some stories were inspiring, showcasing entrepreneurs who employed desperate (but clever) measures to get their packages delivered. Others were discouraging, featuring business owners who were simply desperate. One story particularly saddened me. The owner of a packaging store said she was close to shutting her doors forever because the strike had so devastated her business.

As grievous as this situation was for many companies, there is a valuable lesson for all small-business owners here: Diversify. Or more simply, don't put all your eggs in one basket. Sure, you've heard this business cliché before, but as the above entrepreneur discovered, you'd better start practicing it before it's too late. Big businesses do, and that's why they were less severely affected by the UPS action. Of course, this doesn't apply just to shipping companies but to all your service providers, suppliers, vendors and, yes, even customers.

A successful homebased entrepreneur recently wrote me for advice. She was concerned that one of her clients, who had frequently voiced disdain for homebased business owners, might discover she worked at home. The problem? The ignorant client accounted for more than 70 percent of her business's billings. My advice? Find more clients—fast! If you're in a similar situation, dependent on any one source for a large part of your business, it's time to act. You cannot afford to wait until a crisis erupts before you seek alternatives.

On a happier note, I'm excited to tell you about our new partnership with American Express Small Business Services. Last month, we launched *Entrepreneur* magazine's Smart Tip of The Day, sponsored by American Express, on about 1,000 radio stations nationwide. Tune in to the 90-second spots in your area (to find the station in your market, see our Web site at [www.entrepreneurmag.com](http://www.entrepreneurmag.com)), and you'll hear my best advice, tips and solutions to help you grow your small business.

*Rieva Lesonsky*

EDITORIAL DIRECTOR

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speaking out

## Our Eye On X

A generation so entrepreneurial it needs its own magazine

"THE TIMES, they are a-changing." Though Bob Dylan penned these words more than 30 years ago, they still ring true, particularly in the entrepreneurial realm. And because I think entrepreneurship, like time, is constantly in motion, those changes are just going to keep on coming.

I like to measure the entrepreneurial surge in waves. And with apologies to *The Third Wave* authors, futurists Heidi and Alvin Toffler (whom we interview next issue), I believe we're in the third wave of entrepreneurship.

cast off by their zillion-dollar employers who wielded the ax in search of more profits. These second wave folks probably didn't consider themselves entrepreneurs. Indeed, many were reluctant to enter our world. But entrepreneurs you turned out to be. You helped rescue our nation from the economic doldrums of the early '90s. You created millions of new jobs, leaving us with historically low unemployment rates. And you became the role models for the third wave of entrepreneurs.

These third wavers, the entrepreneurs of Generation X, are turning our world around. The numbers speak for themselves: More than one-third of all new businesses today are started by those under 35, and one-third of all high-tech enterprises are launched by those yet to hit the big 3-0. Many say, and I concur, that Generation X is the most entrepreneurial generation ever.

We're not promoting generational warfare, here. At *Entrepreneur*, we'll continue to help all entrepreneurs grow your businesses the smart way. But we've reincarnated *Business Start-Ups* magazine to help Generation Entrepreneur get their businesses off to a smarter start. *Business Start-Ups* is available on newsstands and in bookstores across the country. If you can't find it, fax me at (714) 755-4211 or e-mail me

at [entmag@entrepreneurmag.com](mailto:entmag@entrepreneurmag.com), and I'll send you one. Or you can subscribe by calling (800) 274-8333.

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Let me explain. Wave one consisted of a few instantly recognizable names from the 19th and early 20th centuries and millions of smaller merchants who hardly would have considered themselves entrepreneurs.

Entrepreneurship took off in the late 1980s and early '90s, fueled by thousands of "corporate refugees"

Rieva Lesonsky  
EDITORIAL DIRECTOR

COVER DESIGN: MARK A. KOZAK  
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# EDITOR'S NOTE

## Shake It Up

Even if "it ain't broke," it still may be time to change.

**A**RE YOU schizophrenic? "No," you say? If you're like most of your fellow Americans, it's likely you are. I'm not speaking clinically, of course, but rather of the dual mind-set most of us have. Let me illustrate. Almost everyone I know drinks Diet Coke—whether they're eating a petite salad or a greasy bacon cheeseburger. Many vegetarians wear leather shoes. And we all know people who eagerly sign up for an annual gym membership in January and never make it back after Groundhog Day.

Sound like a trivial matter? Well, it's not—not if you're a business owner. After all, one of the commandments of smart marketing is "Know thy audience." But how can you be expected to know your audience if your market doesn't even know itself? That's one of the mysteries we asked longtime *Entrepreneur* contributor Gayle Sato Stodder to explore in "Schizophrenic Nation," starting on page 114. With Gayle's help, you may be able to better understand how your customers' minds work.

Now I want to talk about something seemingly less consequential (but in the entrepreneurial realm, remember, things are not always as they seem): the iMac from Apple. I've never used one, so I'm not going to discuss what a great computer it is or isn't. In fact, the iMac is not revolutionary in what it does (according to

the Mac devotees in *Entrepreneur's* art department) but rather in how it looks. For years, desktop computers were boxes of beige or gray. Then came the sleek one-piece (no components to plug in) iMac with bright teal accents (now available in a variety of colors). At first you might think "Who cares about the color of a computer?" Well, the booming sales of the machine indicate a lot of people do.

Unlike many people, entrepreneurs embrace change. But still, even you can get stuck in the old "If it ain't broke..." syndrome. Sometime this year, you'll find yourself in a rut. Whether you're thinking about a product you make or the way you market your business, at some point you'll wonder "Should I still do it this way?" Sure,

the answer could be yes, but maybe you need to shake things up, merely for the sake of, well, shaking things up. Remember, just because "It's always been done that way" doesn't mean it's the best way to do it now.

And don't forget those schizophrenic consumers. What they want is not necessarily what they need. Nobody really needs a teal blue computer... but millions of folks apparently want one.

*Rieva Lesonsky*  
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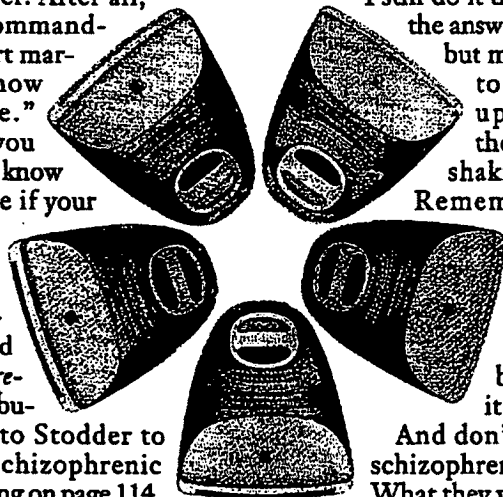
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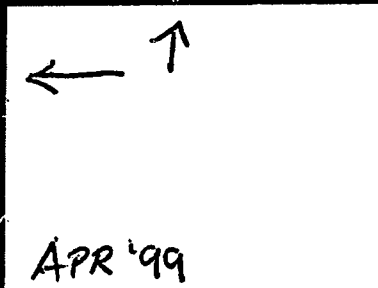
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## Generation Next

Century's end marks a new beginning for entrepreneurs.

IN AMERICA, we are label happy. We dub generations and decades with catchy monikers. So with the 21st century mere months away (and please no more letters about how the true millennium date is 1/1/2001; we know it, everyone knows it and nobody cares), I thought I'd toss in my two cents. We at *Entrepreneur* are declaring the 21st century the Century of the Entrepreneur. A bit self-serving. True. But this isn't a hyperbole; it's the real thing.

Since you read *Entrepreneur* and we produce it, obviously we're all well aware of the inroads the nation's entrepreneurs have made in the past decade. But while the impact entrepreneurs have had on our (and the world's) economy is enormously positive, I believe the best is yet to come.

Everyone talks about job creation. By this time, most of us know entrepreneurs created most of the nation's net new jobs this decade. But how about industry creation? The Internet began as a path to information but became a road to success. Netscape, Yahoo!, Amazon.com, eBay, AOL—these are big businesses, yet only a few years ago, they were but a flicker of a dream in the entrepreneurs' minds that spawned them.

A decade ago, entrepreneurs were often compared to juvenile delinquents. Today, you are heroes. A decade ago, if you proclaimed your entrepreneurial intentions, it's likely many tried to talk you out of this "foolish pursuit." Today if you make an entrepreneurial declaration, many are likely to clamor to buy stock in your still nascent enterprise. A decade ago, many became entrepreneurs by accident, having nowhere

else to turn after losing their corporate jobs. Today, you are deliberate entrepreneurs, fueled by possibilities, not a lack of them.

Generation X, the group that entered the decade as supposed slackers, has evolved into Generation Entrepreneur (or Gen E, as we like to call it), the most entrepreneurial generation in our history. While baby boomer entrepreneurs came later in life to the notion that everything is possible, Gen E was born knowing it. So many things seem possible now—because so many things are possible.

Many factors feed this entrepreneurial fire. Businesses are easier to start these days, and technology makes them easier to grow. Tomorrow's giant corporations are being born right now. Entrepreneurial management will become a hallmark not just of small business but of corporate giants as well. Entrepreneurs think fast. And then they act. All businesses will need to do so in order to keep up.

When I told Heather Dorf at CNN's "For Entrepreneurs Only" that I believed we were about to enter the Century of the Entrepreneur, she immediately dubbed it the E-Century. Call it what you like, but know that the glory days for entrepreneurs lie ahead. And watch out world, 'cause you ain't seen nothin' yet!

Rieva Lesonsky  
EDITORIAL DIRECTOR

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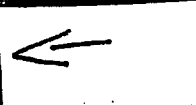


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speaking out

## Fruitful Endeavors

To stimulate new growth, you have to cut the deadwood.

I HAVE AN apricot tree on the side of my house. The only reason I know it's an apricot tree is that the summer after I moved in 10 years ago, it bore fruit. And then it never did again. Didn't even flower. Just stood there.

So last summer, I innocently mentioned to my boyfriend that the tree not only didn't seem to serve any particular purpose, but its branches were cutting off the sun's afternoon light. Being the decisive sort, he grabbed the

tree trimmer and promptly hacked the branches down to nubs, something I'd thought about but never had the courage to do. Yesterday I noticed pretty white flowers bursting out on what was left of the tree. A harbinger, perhaps, of apricots to come?

Don't worry, I'm not turning Martha Stewart on you. Instead, I see (of course) an entrepreneurial metaphor here. Is there a part of your company that has outlived its usefulness? Are you trying to nurture deadwood simply because it's there? If so, it may be time—in fact, it's likely past time—to get out the pruning shears.

Too many entrepreneurs have blinders on. You are so focused on growing your company, on bringing in new business while maintaining existing clientele, that you never stop and take inventory. I don't mean the counting kind of inventory. I mean looking at each and every part of your business and determining what's

working, what isn't and why. Do you have systems that worked great three years ago, but now they just seem to slow you down? Does your voice mail crash every other day because it can't handle the volume of calls? Are your marketing materials reflective of the business you are or the one you used to be? Have you looked at your mission statement lately? Are you spending money in all the wrong places?

Once you take that long, hard look at your company, you still have big decisions to make. Can you

make them? You may quickly say yes, but the truth is, many entrepreneurs are loath to actually make changes. If that's you, get some help. There's no shame in asking friends, colleagues or consultants for their objective views.

Yes, this is hard. But remember, cutting parts out—or merely trimming them back—often re-energizes the whole. And then you can sit back (figuratively, of course) and wait for the fruit.



Rieva Lesonsky  
EDITORIAL DIRECTOR

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# Indianapolis Business Journal

## Small Business

VOL. 22 NO. 7, APRIL 30 - MAY 6, 2001

### Trademark case irks incubator

→ Use of terminology in titles is the question

By Scott Olson, IBJ Reporter

John Griffin can't help but wonder whether the Entrepreneur Business Center he manages will become the target of a lawsuit simply because of its name.

The near-east-side incubator that houses 75 businesses in a former grocer's headquarters and warehouse is 2,000 miles from the origins of a California legal dispute over the use of the word "entrepreneur." But Griffin, along with others nationwide who operate enterprises or publications featuring entrepreneur in their titles, feels threatened enough to back a business owner he and others believe is being bullied by a national publication.

"The word entrepreneur is in the dictionary and in the public domain," said Griffin, the center's general manager. "No one has the right to exclude anyone else from using it."

That decision will be left for the 9th Circuit U.S. Court of Appeals, where the case is pending. The publisher of Entrepreneur Magazine is defending with success what it believes are threats to its trademark. It has taken on at least a dozen companies and Web sites, including a Sacramento, Calif., public relations firm formerly known as EntrepreneurPR.

The company, renamed BizStarz, has mounted its own offensive against the publication's demands by appealing the \$337,280 judgment, even though the damages have pushed BizStarz President Scott Smith to the brink of bankruptcy. In its decision, the court also ordered the firm to stop publishing press releases under an Entrepreneur Illustrated moniker.

"They're reaching way past what their trademark rights give them," Smith said. "They chose a very generic, common word."

Griffin is among about 30 advocates of Smith who have filed briefs with the federal appellate court. An attorney for Smith is hopeful arguments will be heard sometime this year. Until then, organizations such as the California Small Business Association, the Institute for Entrepreneurship and the American Institute of Small Business anxiously await a decision.

→

Meanwhile, a representative for Entrepreneur Media, the parent company that publishes the magazine, maintains Smith is deceiving people by fabricating the publisher's intentions. Griffin and anyone else who uses entrepreneur in a business title have nothing to worry about, unless the trademarked word shows up in the name of a publication, said Rieva Lesonsky, senior vice president and editorial director of Entrepreneur Media.

"You cannot put out a magazine or publication using the word entrepreneur," Lesonsky said. "We filed for trademark protection on that word and we got it legally. We really don't think we're hurting anybody. We're not trying to take the word entrepreneur out of the English language."

Entrepreneur Magazine, which began publishing in 1977, has owned the rights to the word since 1982 -- before anyone knew what entrepreneur meant, Lesonsky said. By the early 1990s, however, the word had become trendy enough that the magazine since has been forced to protect its trademark.

The lawsuits, though, put Entrepreneur Media in a sticky situation, because it must confront the audience it serves. It has published stories about companies, then turned around and sued them for a name change. That's what happened to Smith.

"They're attacking their own market," Smith said. "It's the most ironic thing I've ever heard."

After appearing in the magazine, Lesonsky said, Smith changed the name of his company and put out a publication called Entrepreneur Illustrated.

"People found it confusing because it was so similar," Lesonsky said.

The protection the lower court has given Entrepreneur Media's trademark is unwarranted, said Smith's lawyer, Jeff Kravitz of Sacramento. Kravitz argues that Smith's Entrepreneur Illustrated never competed with the magazine because subscriptions weren't sold. Instead, it simply was a promotional tool touting the success of BizStarz's clients.

Furthermore, Kravitz hopes to bolster his argument by pointing to an unsuccessful attempt by Parents magazine to stop Parent Digest from publishing.

Lesonsky, on the other hand, cites an attempt by a magazine to call itself M-17, which catered to young males. Seventeen was able to stop the use of the title.

But the feud over the rights to entrepreneur reaches far beyond the publishing industry, contrary to what Lesonsky has said, insist Kravitz and Smith.

A company called Stardock was sued in 1997 for selling a computer game called Entrepreneur after the magazine featured the company in an article. In a settlement, Stardock agreed to drop Entrepreneur on future versions of the game. The sequel is called The Corporate Machine.

Backed by the powerful Latham & Watkins law firm in Los Angeles, Entrepreneur Media is going after the little guys who have few resources to fight back, say Smith and Kravitz.

The smaller operations, however, are the least educated about trademark laws, Lesonsky said, noting many are unaware they have infringed upon someone's property.

"We've told a number of people you can't use [entrepreneur]," Lesonsky said. "Usually, they say, 'Oh, OK,' because they weren't aware of [the violation]. We asked [Smith] to stop several times and he didn't."

Accounting giant Ernst & Young, which has an Entrepreneur of the Year program, told USA Today it has been contacted by Entrepreneur Media, but would not comment further.

So Griffin, at the near-east-side incubator, said he would hardly be surprised if one day he receives a letter or phone call from Entrepreneur Media's lawyers.

"[Entrepreneur Magazine] takes its own mailing list and goes down the line and sues people," Griffin said. "I'm probably in line because I am a subscriber. We have to expect the worst and pray for the best and just be prepared."





# Code of Ethics

## Preamble

Members of the Society of Professional Journalists believe that public enlightenment is the forerunner of justice and the foundation of democracy. The duty of the journalist is to further those ends by seeking truth and providing a fair and comprehensive account of events and issues. Conscientious journalists from all media and specialties strive to serve the public with thoroughness and honesty. Professional integrity is the cornerstone of a journalist's credibility.

Members of the Society share a dedication to ethical behavior and adopt this code to declare the Society's principles and standards of practice.

## Seek Truth and Report It

**Journalists should be honest, fair and courageous in gathering, reporting and interpreting information.**

**Journalists should:**

- ▶ Test the accuracy of information from all sources and exercise care to avoid inadvertent error. Deliberate distortion is never permissible.
- ▶ Diligently seek out subjects of news stories to give them the opportunity to respond to allegations of wrongdoing.
- ▶ Identify sources whenever feasible. The public is entitled to as much information as possible on sources' reliability.
- ▶ Always question sources' motives before promising anonymity. Clarify conditions attached to any promise made in exchange for information. Keep promises.
- ▶ Make certain that headlines, news teases and promotional material, photos, video, audio, graphics, sound bites and quotations do not misrepresent. They should not oversimplify or highlight incidents out of context.
- ▶ Never distort the content of news photos or video. Image enhancement for technical clarity is always permissible. Label montages and photo illustrations.
- ▶ Avoid misleading re-enactments or staged news events. If re-enactment is necessary to tell a story, label it.
- ▶ Avoid undercover or other surreptitious methods of gathering information except when traditional open methods will not yield information vital to the public. Use of such methods should be explained as part of the story.
- ▶ Never plagiarize.
- ▶ Tell the story of the diversity and magnitude of the human experience boldly, even when it is unpopular to do so.
- ▶ Examine their own cultural values and avoid imposing those values on others.
- ▶ Avoid stereotyping by race, gender, age, religion, ethnicity, geography, sexual orientation, disability, physical appearance or social status.
- ▶ Support the open exchange of views, even views they find repugnant.
- ▶ Give voice to the voiceless; official and unofficial sources of information can be equally valid.
- ▶ Distinguish between advocacy and news reporting. Analysis and commentary should be labeled and not misrepresent fact or context.
- ▶ Distinguish news from advertising and shun hybrids that blur the lines between the two.
- ▶ Recognize a special obligation to ensure that the public's business is conducted in the open and that government records are open to inspection.

## Minimize Harm

**Ethical journalists treat sources, subjects and colleagues as human beings deserving of respect.**

**Journalists should:**

- ▶ Show compassion for those who may be affected adversely by news coverage. Use special sensitivity when dealing with children and inexperienced sources or subjects.
- ▶ Be sensitive when seeking or using interviews or photographs of those affected by tragedy or grief.
- ▶ Recognize that gathering and reporting information may cause harm or discomfort. Pursuit of the news is not a license for arrogance.
- ▶ Recognize that private people have a greater right to control information about themselves than do public officials and others who seek power, influence or attention. Only an overriding public need can justify intrusion into anyone's privacy.
- ▶ Show good taste. Avoid pandering to lurid curiosity.
- ▶ Be cautious about identifying juvenile suspects or victims of sex crimes.
- ▶ Be judicious about naming criminal suspects before the formal filing of charges.
- ▶ Balance a criminal suspect's fair trial rights with the public's right to be informed.

## Act Independently

**Journalists should be free of obligation to any interest other than the public's right to know.**

**Journalists should:**

- ▶ Avoid conflicts of interest, real or perceived.
- ▶ Remain free of associations and activities that may compromise integrity or damage credibility.
- ▶ Refuse gifts, favors, fees, free travel and special treatment, and shun secondary employment, political involvement, public office and service in community organizations if they compromise journalistic integrity.
- ▶ Disclose unavoidable conflicts.
- ▶ Be vigilant and courageous about holding those with power accountable.
- ▶ Deny favored treatment to advertisers and special interests and resist their pressure to influence news coverage.
- ▶ Be wary of sources offering information for favors or money; avoid bidding for news.

## Be Accountable

**Journalists are accountable to their readers, listeners, viewers and each other.**

**Journalists should:**

- ▶ Clarify and explain news coverage and invite dialogue with the public over journalistic conduct.
- ▶ Encourage the public to voice grievances against the news media.
- ▶ Admit mistakes and correct them promptly.
- ▶ Expose unethical practices of journalists and the news media.
- ▶ Abide by the same high standards to which they hold others.



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Petitioner Exhibit #17



UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

ENTREPRENEUR MEDIA, INC.,     )  
a California corporation,     )  
                                   )  
                          Plaintiff,     )  
                                   )  
                          vs.     ) No. CV-98-3607LGB(BQRX)  
                                   )  
SCOTT SMITH, an individual,     )  
dba ENTREPRENEURPR,     )  
                                   )  
                          Defendant.     )  
                                   )

DEPOSITION OF RIEVA LESONSKY

Irvine, California

Thursday, July 8, 1999

Reported by:  
SHERYL HILTON MEYER  
CSR No. 2852  
JOB No. 544593A

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

ENTREPRENEUR MEDIA, INC.,	)	
a California corporation,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	No. CV-98-3607LGB(BQRX)
	)	
SCOTT SMITH, an individual,	)	
dba ENTREPRENEURPR,	)	
	)	
Defendant.	)	
	)	

Deposition of RIEVA LESONSKY  
taken on behalf of Defendant at 2392  
Morse Avenue, Irvine, California,  
beginning at 9:50 a.m. and ending at  
11:05 a.m. on Thursday, July 8, 1999,  
before SHERYL HILTON MEYER, Certified  
Shorthand Reporter No. 2852.

1 APPEARANCES:

2

3 For Plaintiff:

4 LATHAM & WATKINS  
BY: MARK A. FINKELSTEIN  
5 Attorney at Law  
650 Town Center Drive, 20th Floor  
6 Costa Mesa, California 92626  
(714) 540-1235

7

8 For Defendant:

9 HUNTER, RICHEY, DiBENEDETTO & BREWER  
BY: SHARON K. SANDEEN  
10 Attorney at Law  
Renaissance Tower  
11 801 K Street, 23rd Floor  
Sacramento, California 95814-3525  
12 (916) 491-3000

13

Also Present:

14

RONALD L. YOUNG, ESQ.

15

16

17

18

19

20

21

22

23

24

25

1 Woman." Is that mark currently in use by Entrepreneur  
2 Media?

3 A Well, we used it as recently as probably  
4 two or three years ago, but not on a separate magazine  
5 anymore.

6 Q Okay. The next one is "Entrepreneur  
7 Magazine's Guide to Franchising Business  
8 Opportunities."

9 A Right.

10 Q That's what you just pointed to on the  
11 wall.

12 A That was last year.

13 Q So that was used as of last year, but it  
14 hasn't been used this year?

15 A Not in 1999, but that does not mean that  
16 we might not use it again.

17 Q Do you recall the last time it was used?

18 A Yeah. Let me think. This would be  
19 September of '98.

20 Q Okay. The next mark is "Entrepreneur  
21 Expo." Is that mark currently in use by Entrepreneur  
22 Media?

23 A I think it's "Entrepreneur Magazine's  
24 Small Business Expo," but I don't really know.

25 Q Who is in charge of the expos?



1 Q Is the mark "Entrepreneur" currently  
2 being used on any computer software?

3 A Yes --

4 Q Okay.

5 A -- which I totally forgot about.

6 Q You pointed to --

7 A Entrepreneur's software.

8 Q Other than that current software, is  
9 there any other software that it's being used on?

10 A Currently, no, or not that I'm aware of I  
11 should say.

12 Q All right. The Complaint also mentions  
13 Web pages and on-line services, but I'll ask  
14 Mr. Fuller about that.

15 A Okay.

16 Q It also says it's used in conjunction  
17 with trade shows and educational seminars. How is it  
18 used with trade shows and educational seminars?

19 A For our own trade shows we use the name.  
20 Obviously it's the name of the show, "Entrepreneur  
21 Small Business Expo." It's used in the advertising  
22 of the show, the signage at the show.

23 Sometimes an outside party will have  
24 me speak at one of their seminars. We'll be a  
25 co-sponsor. We have co-sponsored business plan



1 UNITED STATES DISTRICT COURT  
2 CENTRAL DISTRICT OF CALIFORNIA

3 WESTERN DIVISION

4 THE HON. FLORENCE-MARIE COOPER, JUDGE PRESIDING

5  
6 ENTREPRENEUR MEDIA, INC., )  
7 Plaintiff, )  
8 vs. ) No. CV 98-3607 FMC(BQRx)  
9 SCOTT SMITH, et al., )  
10 Defendants. )  
11 \_\_\_\_\_ )  
12

13 REPORTER'S TRANSCRIPT OF PROCEEDINGS

14 Los Angeles, California

15 Tuesday, April 29, 2003

16  
17  
18 Day 1 of Court Trial, Page 1 through 291, Inclusive  
19  
20

21 PAT CUNEO, CSR 1600  
22 Official Federal Reporter  
23 United States Courthouse  
24 Roybal Federal Building  
25 Room 181-E  
255 East Temple Street  
Los Angeles, California 90012  
(213) 626-0197

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8 (714) 540-1235

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10 ALSO PRESENT: ENTREPRENEUR MEDIA, INC.  
11 RONALD L. YOUNG  
12 Corporate Counsel  
13 2445 McCabe Way  
14 Irvine, California 92614  
15 (949) 261-2325  
16  
17  
18  
19  
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21  
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25

1 Entrepreneur -- actually, it was *Entrepreneurs* in May of  
2 1977. So we generally mark our anniversary date from the  
3 May of 1977 issue.

4 Q. When did it start being just *Entrepreneur*?

5 A. A couple months after that they dropped the S.  
6 Probably by July or August of 1977.

7 Q. And who was -- you were with the company at that time?

8 A. Not at that time. I joined the company for the first  
9 time in December of 1978.

10 Q. What was your role in December of 1978?

11 A. I was a research assistant.

12 Q. Who owned the company back then?

13 A. A gentleman named Chase Revel.

14 Q. And can you generally describe what kind of a magazine  
15 it was back when -- in December of '98 when you joined the  
16 company and Chase Revel was the owner?

17 A. '78. It was a really bad magazine. I think Chase's  
18 intention when he started the magazine was as a vehicle to  
19 sell business products that he had. It wasn't really what  
20 you would call a regular magazine. It wasn't available on  
21 the newsstand.

22 You had to pay an exorbitant price like \$59 a year  
23 to subscribe, you know. All sorts of you've got to join an  
24 association if you subscribed. There weren't a lot of what  
25 I would call journalistic, ethical practices in motion

1 phone calls; and I would call up and say, "This is Rieva  
2 Lesonsky from Entrepreneur" and, you know, "from" was about  
3 the only word in that sentence that anybody understood.

4 I had to spell everything. I had to explain  
5 everything; what is an entrepreneur, what does it mean; and  
6 this went on for a number of years.

7 Q. Until about when would you say?

8 A. I'd say the late '80s. Actually, I -- I left  
9 Entrepreneur. I got fired actually in March of '80. Got  
10 rehired in November of 1983. And still, at that time, still  
11 people didn't know what the word was.

12 In fact, when I first got the job at Entrepreneur,  
13 I mean, I answered -- there was an ad in the *L.A. Times* for  
14 a research assistant; and that's what I had done in my  
15 previous job in New York.

16 And it said "Entrepreneur" and I didn't know what  
17 the word meant; and I had a dictionary and I looked it up  
18 and I wasn't in there; and I thought, "Well, what's the  
19 worse that can happen? It's in Santa Monica. I can always  
20 go home." I mean, I really had no idea what I was getting  
21 in for.

22 And sort of towards the late '80s, people started  
23 using that, mainly, all of a sudden in reference with people  
24 like Donald Trump and things like that.

25 And then sometime in about 1986 or 1987, I



August 28, 1984

Mr. John Stacy  
President  
Aurora Chamber of Commerce  
13799 East Colfax Avenue  
AURORA, Colorado 80011

Dear Mr. Stacy:

This will confirm our telephone conversation of last Thursday in which I indicated that your publication, The Aurora Small Business Entrepreneur, infringed on the trademark rights of my client.

I represent Chase Revel, Inc., a Small Business Consultant and the publisher of ENTREPRENEUR magazine and numerous other publications under the names and marks AMERICAN ENTREPRENEURS ASSOCIATION, INTERNATIONAL ENTREPRENEURS ASSOCIATION, and others. These marks have been registered with the United States Patent and Trademark Office.

The manner of display of the title of your publication, as shown on the title page of the April, 1984 issue which I have reviewed, constitutes an infringement of my client's trademark rights to ENTREPRENEUR for publications. A copy of my client's Registration No. 1,187,239 for ENTREPRENEUR on the Supplemental Register is enclosed for your information.

This will reiterate our demand that you immediately discontinue all acts of unfair competition and infringement of the trademark rights of Chase Revel, Inc. I regret that we must make this demand, but it is necessary as part of the policing of my client's trademark rights if we are to prevent the mark from becoming diluted.

Please acknowledge receipt of this letter and let me have your response to our demand so that further action will not be necessary.

Very truly yours,

Henry M. Bissell

HMB/erl  
Enclosure

→ cc: Mr. Wellington Ewen  
Miss Rieva Lesonsky

Petitioner Exhibit #20





1           So you go through them and, you know, they'll do  
2 the pretty placards for you or put it on a nice wall plaque  
3 or anything else. They'll work with you to do whatever it  
4 is you need to do.

5           And you have to pay them and we, of course, get a  
6 little bit of what they get.

7       Q.   I want to turn now to Entrepreneur's trademark  
8 registrations; and you'll see in your stack, if you turn  
9 back to the stack of exhibits, the next exhibit. Let me ask  
10 you this: Are you generally familiar with Entrepreneur's  
11 trademark registrations?

12       A.   Yes.

13       Q.   The next exhibit should be Exhibit 7; and I'll  
14 represent this is trademark number 1453968.

15           What is this a trademark registration for? What  
16 mark?

17       A.   For ENTREPRENEUR.

18       Q.   The next exhibit is 11. Trademark registration 18 --  
19 if you look in the back, you'll see that Exhibit 11.  
20 1854603 is the registration number.

21           And if you turn to really the third page, what's  
22 the trademark registration there?

23       A.   For ENTREPRENEUR'S FRANCHISE AND BUSINESS  
24 OPPORTUNITIES.

25       Q.   The next exhibit is 12, registration 1856997. If you

1 there.

2 Q. What do you mean there weren't "journalistic ethical  
3 practices in motion"?

4 A. We today at Entrepreneur, we publish something called  
5 The Franchise 500. The first one came out in March of 1980,  
6 I believe, so I worked on the first one in 1979; and this  
7 ranks the best franchises in the United States of America.

8 The winner for the first year was a car wash which  
9 technically was not even a franchise. They were a business  
10 opportunity, but they were the company's biggest advertiser  
11 so they somehow became, you know, No. 1.

12 Q. I see. So were there some credibility issues with the  
13 company?


14 A. I think there were a lot of credibility issues. Not  
15 only with who we wrote about, but how we did business. I  
16 don't personally -- Chase was not a very ethical man. I was  
17 often uncomfortable when I was employed there at the  
18 beginning; and the magazine had a lot of credibility  
19 problems at the time. Not to mention we were, you know, a  
20 magazine talking about entrepreneurship before anybody else  
21 was talking about entrepreneurship. Nobody really knew why  
22 or what it meant.

23 Q. Was the word used commonly then?

24 A. Not at all. One of the big jokes we used to say -- as  
25 a research assistant, I had to make tremendous amounts of



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**Entrepreneur Assist**  **Entrepreneur.com** **TAKE A TOUR →**  
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## A Long Way

Reflections on 25 years of franchising from *Entrepreneur's* Editorial Director Rieva Lesonsky

By Rieva Lesonsky | Entrepreneur Magazine - January 2004

URL: <http://www.entrepreneur.com/magazine/entrepreneur/2004/january/65998.html>

Do you remember what you were doing in 1980? Likely not, since based on the average age of *Entrepreneur* readers, most of you were teenagers. I, on the other hand, was a research assistant at *Entrepreneur* magazine. Most of what I remember from those days is fragmentary, but I do recall sitting on the floor surrounded by hundreds of forms, helping compile *Entrepreneur's* very first Franchise 500®, published in the 1980 March issue.

In those days, *Entrepreneur* was a little-known magazine helping people start businesses. Back in 1979 to '80, few Americans had entrepreneurial aspirations; most didn't even know what the word entrepreneur meant. The few advertisers we had at the time were pitching franchise and business opportunities (not nearly as popular then as they are today). Someone (I don't remember who) had the idea of ranking the franchises. And so, pre-PCs, we sat on the floor and compared the data.

Flash forward a few years to the mid-1980s. I had left *Entrepreneur* (been fired, actually) but was now back. Then editorial assistant, now executive editor Maria Anton and I were responsible for compiling the annual Franchise 500®, which had brought the magazine some positive attention. Over the years, we (yes, we're both still here) have fine-tuned the 500, updating the formula (which, like McDonald's sauce, remains a secret to most), adding new questions, requiring franchisor documentation and having a CPA review each franchise's financials.

Entrepreneurship has changed significantly since that first Franchise 500® was published. (For an insider's view, read David J. Kaufmann's "[The Big Bang](#)".) Everyone knows what an entrepreneur is, millions have become entrepreneurs and millions more aspire to that goal. Over the years, some have questioned whether a franchisee is really an entrepreneur. Well, here at *Entrepreneur*, we know franchisees are entrepreneurs. We know, despite what many mistakenly believe about franchising, that while someone else comes up with the concept, it is up to you to build on and add to that concept every day. We know you've worked hard, saving money to invest



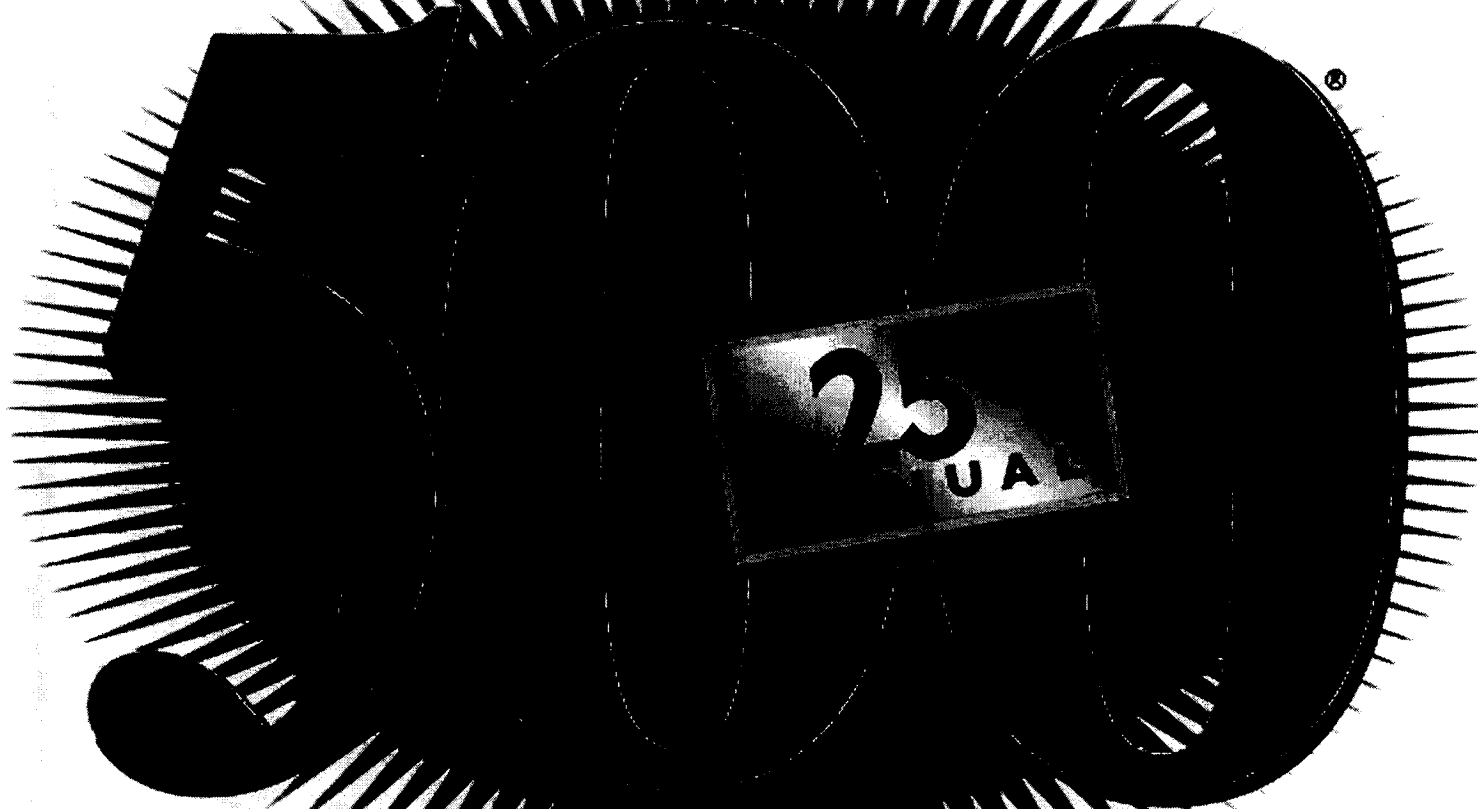
**695 BUSINESSES TO  
START NOW!**

**EXCLUSIVE!  
TOP  
FRANCHISES  
FOR  
2004**

**FIXING THE WORKERS'  
COMP CRISIS**

# Entrepreneur<sup>®</sup>

## FRANCHISE



**DON'T BUY A FRANCHISE UNTIL YOU READ THIS! ←**

■ **217 LOW-COST FRANCHISES**

■ **WHERE TO GET FINANCING**

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**PLUS! WHO WILL BE THE NEXT #1?**

Petitioner Exhibit #24

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AOL KEYWORD: ENTREPRENEUR MAGAZINE





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By the early 1980s, the U.S. economy had rebounded with strong sustained growth in all sectors. The car wash industry recovered from the recession and car wash development was at an all time high. The automobile industry was having record sales, and in 1985 there were reportedly 162 million cars in the U.S.

As the numbers of cars and car washes grew exponentially in the 1980s, Hanna Industries again brought innovations to the market. Recognizing the need for consistent car wash quality, Hanna began franchising. In 1981, Entrepreneur's magazine named Hanna the #2 franchiser in the world (just behind McDonald's) and in 1982 named Hanna #1. Hanna's success continued throughout the 1980s with the creation of more vehicle wash and marketing innovations.

By 1988, Hanna Industries was servicing more than 18,000 vehicle washes in 56 countries. Annual sales reached in excess of \$30 million. In 1989, Hanna ranked #1 worldwide for installed conveyORIZED car washes.

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Jim Coleman Company - 5842 W. 34th Street Houston, TX 77092 800-999-9878

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Petitioner Exhibit #25



1           And so here is this annual ranking; and we were,  
2   in Editorial, a little nervous, you know, is going to exert  
3   some pressure, tell us "my company has to rank high"; and he  
4   never.

5           And we have this formula that we do; and he said  
6   to me, "Don't tell me what the formula is. I don't want to  
7   know. I don't want to know anything about it. You just  
8   have to do what you have to do as if, you know, I didn't own  
9   both companies."

10           So we -- we started cleaning that up. We started  
11   doing research reports on who our readers were, what was  
12   going on in the industry. We started hiring more  
13   professional salespeople. We got better equipment.

14           All of a sudden I think in really quick order we  
15   became what I would consider a professional company, you  
16   know, a legitimate, real magazine.

17   Q.   Well, was there a difference in the relationship  
18   between Editorial and Advertising when Mr. Shea took over?

19   A.   Yeah. It's standard operating practice in the magazine  
20   industry. It's called church and state. It's the  
21   separation of church and state. Editorial is considered the  
22   church; and the business side, the people who sell ads, are  
23   considered the state.

24           And in some magazines they don't even let  
25   salespeople talk to editorial people. We're not like that.



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23   considered the state.

24           And in some magazines they don't even let  
25   salespeople talk to editorial people. We're not like that.

1 But you -- in order to maintain your credibility as a  
2 magazine to your readers so they know that they can trust  
3 every word that you are writing, that it's objective and  
4 credible and legitimate, you can't have a relationship with  
5 advertisers.

6           You can't reward an advertiser for buying an ad.  
7 You can't write a story about someone because they bought an  
8 ad. You can't write a story about someone because they paid  
9 you money. That's the antithesis of what good journalism  
10 ethics are, and we practice very clean, journalistic  
11 standards.

12           We have people call us up all the time and say,  
13 "You have to write about me, you know. I'm a big  
14 advertiser."

15           We're like, "Yeah, okay." We don't care. I mean,  
16 we're nice but we don't care. It doesn't matter to us.  
17 That's not the way to win the hearts of Editorial.

18 Q. Has Mr. Shea and the company done other things to try  
19 to make sure its reputation is much more credible than it  
20 was back in the Chase Revel years?

21 A. Absolutely. I mean, we have become -- and right before  
22 Mr. Shea bought the company in the early '80s, right before  
23 I got there, so I don't really remember if it was the end of  
24 '82 or the beginning of '83 when I got back -- we went on  
25 the newsstand as newsstand distribution.





December 11, 2006

## In Web Traffic Tallies, Intruders Can Say You Visited Them

By PETER EDMONSTON

In late May, more than five million Web users vanished.

The disappearing act came when Nielsen/NetRatings, a leading company in measuring Internet traffic, sharply cut its previously reported statistics for the financial Web site [Entrepreneur.com](http://Entrepreneur.com) to 2 million unique visitors in April, from 7.6 million.

Why the change? For millions of Web surfers, Entrepreneur.com visited them — and not the other way around, the measurement company said.

As computer users visited other sites, new browser windows popped up containing articles from Entrepreneur.com, according to Scott Ross, senior product manager for Nielsen/NetRatings.

Pop-up windows appear all over the Internet, including the Web site of The New York Times. But they are typically used as advertising to pitch a product or a service.

Entrepreneur.com's pop-ups were unusual because they contained news content, like articles on how to start a small business, making them hard to distinguish from an intentional visit to Entrepreneur.com's site. This hailstorm of pop-ups more than tripled Entrepreneur's reported traffic before it was detected and factored out a month later.

The technique of using pop-ups to gain readers underscores just how important sheer numbers have become in the online media business. Advertisers are shifting their marketing dollars to the Internet, but the rates they pay are low compared with traditional media.

Consequently, publishers who have struggled for years to find a way to make money online are taking aggressive steps to get their Web pages in front of as many eyes as possible.

Entrepreneur.com, owned by Entrepreneur Media in Irvine, Calif., did not return calls seeking comment. But it is not the only online publisher to use pop-ups, according to Benjamin G. Edelman, a [Harvard](#) doctoral student who has compiled a large database by installing on his computer many kinds of software, known as adware, that generates pop-ups.

(Mr. Edelman has also provided expert testimony on behalf of publishers, including The New York Times Company and other newspaper concerns, in a lawsuit involving adware. The publishers had sued to prevent pop-ups, by the Gator Corporation, from appearing on their Web sites. The suit was settled in 2003 under terms that were not disclosed.)

Other sites that appear to have used pop-ups for content in the last year include



Concierge.com, the Web site of Condé Nast Traveler magazine; ForbesAutos.com, part of the Forbes financial publishing group; and Heavy.com, a popular humor site, Mr. Edelman said.

The concern over pop-up content goes beyond traffic numbers. Many advertisers pay premium prices to reach readers of certain Web sites. Through pop-ups, these advertisers may find their orders are being fulfilled with low-cost page views that users never requested and may never have seen.

This list of sites surprised Scott Symonds, vice president for media at Agency.com, who advises companies on where to spend their online advertising budgets. Pop-ups delivered by adware are usually seen as a "nuisance form of advertising," and most mainstream publishers avoid them, he said.

"You would hope that publishers of high-quality content would use advertising techniques that were in keeping with that," Mr. Symonds said. He added, though, that pop-ups could be a legitimate way to reach new viewers if the publisher took certain precautions, like not using pop-ups to inflate traffic or satisfy orders from advertisers.

There are legal issues as well. Many sellers of pop-up ads have been sued by regulators and consumers, who say the software to allow pop-ups is often installed without a users' consent. The adware hitches a ride on another application, like a game or a screen saver, and the pop-up function can be buried in the fine print. Sometimes it is never disclosed.

"You can almost look at it like steroids," Mr. Ross said of pop-up content, which his firm calls "non-user-requested" traffic. Others in the online media business call it "push traffic," because Web pages are actively pushed to computer users who do not request them.

Used indiscriminately, push traffic is like printing extra copies of a magazine and tossing them onto doorsteps or, because pop-ups can be intentionally hidden behind other windows, simply dropping them in an alley.

Mr. Ross and executives at comScore, a rival measurement company, say they can usually detect such activity and remove it from their data. But both companies concede that they cannot catch everything.

"It is a cat-and-mouse game," said Magid M. Abraham, comScore's chief executive.

In the case of Concierge.com, which has articles on luxury resorts and expensive spas, the site recently bought pop-up services from Zango, one of the largest adware companies. In one case, Zango's software caused a page featuring "Hot List Hotels 2006" and other travel articles (created by Concierge.com) to appear unexpectedly while Mr. Edelman was browsing other sites, he said.

Concierge.com declined to comment, but Zango has faced harsh criticism from the Federal Trade Commission. In early November, Zango agreed to pay a \$3 million fine to settle the commission's charges that it had used unfair and deceptive practices to install its software on personal computers and to make it difficult to remove.

"If consumers choose to receive pop-up ads, so be it," Lydia B. Parnes, director of the commission's Bureau of Consumer Protection, said in announcing the Nov. 3 settlement. "But it violates federal law to secretly install software that forces consumers to get pop-ups that disrupt their computer use."

Zango, based in Bellevue, Wash., said that third-party affiliates were the source of the problems and that it had long since cut ties with them. Zango also said it had operated within the requirements of the F.T.C. settlement, including verifying computer users' consent, since Jan. 1 and had hired an outside auditor to confirm its compliance.

Zango's chief executive, Keith Smith, said he would not identify or discuss any of his company's clients. Asked about Zango's potential as a tool to inflate traffic numbers, he said that publishers and measurement companies need to work out the issue themselves. "The measurement piece is still evolving," he said.

Zango is just one of the adware providers that work with online publishers. Until late last year, ForbesAutos.com, an auto-related offshoot of the financial site Forbes.com, was using the services of eXact Advertising, whose adware is sometimes bundled with free games and other applications.

Screen images from December 2005 show several cases in which eXact delivered unsolicited pages — in one instance, a review of a BMW Z4 coupe — from ForbesAutos.com. The pages were actually "pop-unders," positioned so they were mostly obscured by the main browser window, to be revealed when that window was closed.

Forbes.com declined to say how long it used pop-ups or how many pages were generated that way, but Jim Spanfeller, Forbes.com's chief executive, said they accounted for a "very small fraction" of its page views. He also said the site abandoned the practice last year.

"We decided in 2005 to stop using pop-ups of any sort, delivered by adware or otherwise, for site promotion after determining they were of less utility than other efforts," Mr. Spanfeller said. A spokeswoman for eXact Advertising declined to comment.

Heavy.com, a site that tries to attract young men with its irreverent video clips and animation, is also a page popper, though the company says it has taken steps to avoid inflating traffic statistics or upsetting advertisers. Citing data from Hitwise, a traffic measurement company, Heavy.com said that in October it was the second-largest entertainment video site after YouTube.com. Rather than rely on videos alone, though, the site has also been using pop-ups to position its pages in front of users.

In a recent session, Mr. Edelman said he saw two Heavy.com pages appear on his screen within the space of a minute, each generated from a separate piece of adware. In one case, the Heavy.com home page appeared while he was browsing Netflix, the video rental service.

Some users seem to be bombarded by Heavy.com pop-ups. "HELP! tons of pop-ups from heavy.com and webcrawl.com!!" was the plea posted a few weeks ago in the forums of SpywareInfo.com, which offers advice on shedding unwanted software.

Heavy.com acknowledges using pop-ups, but Andy Morris, a spokesman for the company, said it did not use adware or condone its use. Instead, Heavy.com works with ad networks whose member sites initiate the pop-ups, a practice it calls an "effective marketing tool."

Presented with Mr. Edelman's pop-up examples, Mr. Morris said they were not generated at Heavy.com's request. In some cases, he said, the site has been used by "unscrupulous third-party Web operators" that tried to use its videos as bait; in others, Heavy.com worked with ad networks that then violated the terms of their agreement by using adware.

"Quite simply, we've been ripped off," Mr. Morris said.

Heavy.com said its advertisers were never charged for pop-up pages and that the pop-ups did not inflate its traffic because it flagged those pages so that comScore could exclude them from its statistics. ComScore confirmed this arrangement.

"They did the honorable thing," Mr. Abraham said.

But Nielsen/NetRatings was unaware of Heavy.com's pop-up campaign until recently, a NetRatings spokeswoman said. When it began excluding those pop-ups in October, Heavy.com's traffic dropped 35 percent from the previous month, to 1.8 million, although NetRatings said it was unclear how much of the decline was related to removing the pop-ups. (ComScore reported 7.8 million visitors to Heavy.com in October, more than four times the NetRatings number and a large gap even in the inexact world of Web measurement.)

Heavy.com strongly disputes the accuracy of the NetRatings data. Among other things, it argues that the company does a poor job of tracking sites like Heavy.com that use Flash multimedia software throughout their pages. It also said that NetRatings had relatively few college students, who are a large part of Heavy.com's audience, in its survey group.

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Airdate: April 21, 2007



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with Neil Senturia and Barbara Bry

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Radio Show #38

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 Peter Shea, Publisher and CEO Entrepreneur Magazine

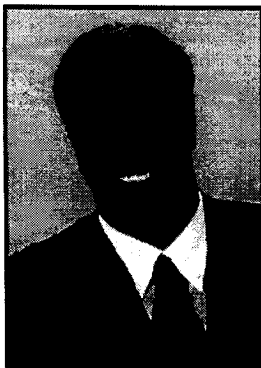
 Ty Freyvogel, Author and Serial Entrepreneur



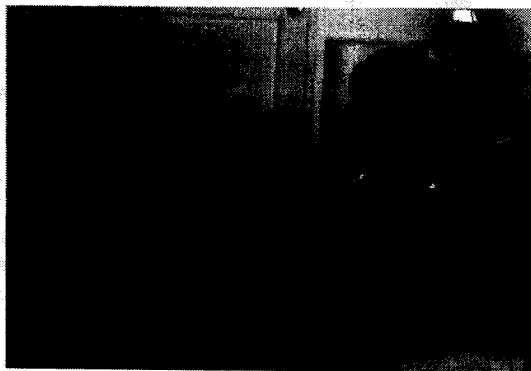
**Peter Shea**  
Publisher and CEO Entrepreneur Magazine

 Click to listen to  
Baby NOW!

- Rules from the **BABY's Book on Becoming a Billionaire**
  - **Rule #88:** More money is lost through neurotic behavior than through bad business decisions.
  - **Rule #119:** The initial offer you make for anything is like the porridge for the three bears. It needs to be not too low, not



**Ty Freyvogel**  
**Author and Serial Entrepreneur**



**Neil Senturia and Barbara Bry, the Baby and the Babysitter**

too high, but just right.

- *The new L-Pod?* This week's "I wish I'd thought of that idea" ideas shed light on the future of LED technology in brightening our world.
- *Paving the way.* As a "product of the streets," **Peter Shea** admits he's had more failures than successes, but fortunately, his successes have been BIGGER than his failures.
- *Schedule your annual exam:* Serial entrepreneur, **Ty Freyvogel**, encourages entrepreneurs to keep their businesses healthy by checking their strategies and systems periodically; afterall, things change as businesses "grow up."
- *Visit the concession stand.* Successful negotiation is not all about "win-win"—learning to make little concessions is a powerful tool.

**Peter Shea** is the CEO of Entrepreneur magazine, one of the most successful business magazines for business owners. Before purchasing the magazine out of bankruptcy in 1986, he created, built and sold a number of businesses. Shea describes himself as a product of the streets and never continued his education past high school. Because of this, he realized that he was unemployable and that he had to take control of his life. In his career, he has been a police officer, photocopy machine salesman, land developer and owner of Stained Glass Overlay which had a patented method of creating the look of cut glass out of a solid piece. Shea built this into a company with 400 franchises in 29 countries.

**Ty Freyvogel** is a serial entrepreneur who has launched and grown numerous successful small businesses over the

course of a 35-year career. He started his first venture in 1975 following graduation from college and a stint as an officer in the United States Army. Before the breakup of the AT&T monopoly in the mid-1970s, he saw the potential for growth in the telecommunications market and launched a consulting firm to provide client businesses with communication services. Today, 33 years later, the consulting firm (now called Freyvogel Communications) is still serving the telecommunications needs of Fortune 500 and mid-sized businesses. Freyvogel is the author of *It's Not Your Smarts, It's Your Schmooze and Seize the Century!*, as well as an advice guru on his new website, [EntrepreneursLab.com](http://EntrepreneursLab.com)



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TRADEMARK LAW OFFICE 10  
Serial Number: 75/673295  
Mark: ENTREPRENEUR EXPO

110

\*\*Please Place on Upper Right Corner\*\*  
\*\*of Response to Office Action ONLY \*\*

SERVICE MARK

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

*SA*

Applicant : Entrepreneur Media, Inc.  
Law Office : 110  
Serial No. : 75/673,295  
TM Attorney : L. Kovalsky  
Filed : April 2, 1999  
For : Service Mark: ENTREPRENEUR EXPO



AMENDMENT "A"

01-14-2000

U.S. Patent & TMO/TM Mail Rpt Dt. #01

Los Angeles, CA 90045  
January 11, 2000

Box Responses  
No Fee  
Assistant Commissioner For Trademarks  
2900 Crystal Drive  
Arlington, VA 22202-3513

Sir:

In response to the Office Action of July 22, 1999, please  
amend the above-identified application as follows:

Page 2, delete lines 3-4;

line 5, delete "Office and of";

line 6, after "The" delete "latter";

The above amendments are made without prejudice.

///

///

ENT1228C.AMD

1

Petitioner Exhibit #30

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TMO  
LAW OFFICE 110

REMARKS

In view of the above amendment, please consider the following remarks and the accompanying Declaration of Ronald L. Young, Secretary of applicant, and reconsider the present refusal of registration in view thereof.

Pursuant to the request of the Examining Attorney, Reg. No. 1,130,838 has been deleted from applicant's claim of ownership and ownership of Reg. No. 1,856,997 is asserted in the Declaration of Ronald L. Young.

Applicant is pleased to note that the search of the Office records has failed to find any similar mark which would bar registration under Trademark Act §2(d).

Applicant respectfully requests withdrawal of the refusal of registration on the Principal Register, at least on the assertion of descriptiveness. Applicant elects to amend the application to seek registration under Trademark Act §2(f) on the basis of acquired distinctiveness. The accompanying Declaration of Ronald L. Young, Secretary of Entrepreneur Media, Inc., asserts ownership of United States Reg. Nos. 1,808,668 and 1,856,997 (as suggested by the Examining Attorney) and asserts that the mark has become distinctive of the services in the language set forth in the Office Action.

Finally, applicant hereby disclaims the term "expo" as follows:

✓  
[No claim is made to the exclusive right to use EXPO apart from the mark as shown.] PRINT

It is believed that all of the points raised by the Examining Attorney have now been obviated. This application is submitted to be in condition for acceptance and publication. Favorable action is solicited.

Respectfully submitted,



Henry M. Bissell  
Attorney for Applicant

HMB/ac  
Suite 106  
6820 La Tijera Boulevard  
Los Angeles, California 90045  
310/645-1088

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to the Assistant Commissioner For Trademarks, 2900 Crystal Drive, Arlington, VA 22202-3513.

Date: January 11, 2000

Signed:   
Henry M. Bissell

TRADEMARK

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant : Entrepreneur Media, Inc.  
Serial No. : 75/673,295 Law Office : 110  
Filed : April 2, 1999 TM Attorney : L. Kovalsky  
For : Mark: ENTREPRENEUR EXPO

DECLARATION OF RONALD L. YOUNG

I, RONALD L. YOUNG, do hereby declare:

1. I am the Secretary of Entrepreneur Media, Inc., the applicant in application Serial No. 75/673,295, further identified above.

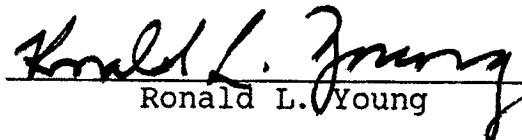
2. [Applicant is the owner of United States Registration No. 1,808,668 for the mark ENTREPRENEUR EXPO for services in Class 35.

3. Applicant is also the owner of United States Registration No. 1,856,997 for the mark ENTREPRENEUR EXPO for services in Class 41. ] PRINT

✓  
1  
2 4. The mark has become distinctive of the goods through  
3 the applicant's substantially exclusive and continuous use in  
4 commerce for at least the five years immediately before the date of  
5 this statement. PRINT [SECTION 2(f)]  
6

7 5. I further declare that all statements made herein of  
8 my own knowledge are true and that all statements made on  
9 information and belief are believed to be true; and further that  
10 these statements were made with the knowledge that willful false  
11 statements and the like so made are punishable by fine or  
12 imprisonment, or both, under Section 1001 of Title 18 of the United  
13 States Code and that such willful false statements may jeopardize  
14 the validity of the application or any registration resulting  
15 therefrom.  
16  
17

18 Dated: December 13, 1999  
19  
20  
21  
22  
23  
24  
25  
26  
27

  
Ronald L. Young



1 new editorial written expressly for the website that goes up  
2 weekly.

3 Q. Can you buy the books online?

4 A. You can buy the books online.

5 MR. KRAVITZ: Objection; leading.

6 THE COURT: Overruled.

7 Go ahead.

8 THE WITNESS: You can buy the books online. We  
9 have a separate part of our site you can get to from the  
10 main part of the site but also from *smallbizbooks.com*. You  
11 can buy the guides and some of the Entrepreneur press  
12 titles.

13 BY MR. FINKELSTEIN:

14 Q. Does Entrepreneur sponsor any activities like trade  
15 shows?

16 MR. KRAVITZ: Objection; leading.

17 THE COURT: It's not leading. It doesn't suggest  
18 the answer.

19 Go ahead.

20 THE WITNESS: Entrepreneur has -- we sponsor -- we  
21 used to have our own expo, entrepreneur expo, small business  
22 expo. We currently are sponsoring -- we'll do like a

23 breakfast. We hosted a breakfast for Fleet Bank. They came  
24 to us and asked us to do a breakfast.

25 A lot of companies that are trying to reach

1           Sometime, I don't really remember when, in the  
2 early '80s, I broke up the encyclopedia and created  
3 "Starting Your Business," "Growing Your Business," "Sales  
4 and Marketing," because the encyclopedia was large and, you  
5 know, about this big (gesturing), and it was expensive. So  
6 we broke it into smaller, less expensive pieces.

7           *Knock-Out Marketing* is one of the first books that  
8 Entrepreneur Press launched. It was one of our first  
9 paperback books that was published for the bookstores as was  
10 *Where's The Money. Start Your Own Business* was also one of  
11 those first books that was published by our Entrepreneur  
12 Press Division. All of these. Our *Young Millionaires*.

13           *303 Marketing Tips and Business Plan Made Easy* was  
14 the first set of books that we published to go through the  
15 bookstores and the online book outlets.

16 Q.   Next exhibit, 44.

17 A.   This is an ad for the Entrepreneur Expos. We used to  
18 do expos for a number of years to -- again, there were --

19 people would go into various cities across the nation.

20           We do a lot of advertising -- radio, TV, newspaper  
21 advertising -- and try to attract people into, you know, you  
22 would rent a convention center.

23           There would be franchises, business opportunities,  
24 and business-to-business marketers who would buy booth  
25 space; and people would come in and, you know, shop for



1 whatever it was that they needed at the time.

2 Q. Okay. Exhibit 45, what is that?

3 A. This is -- this is a later iteration of the expos. The  
4 other one, as you noticed, was dated '93. This is '98. It  
5 was now called The Small Business Expo; and we were doing it  
6 in partnership in conjunction with American Express.

7 They were our expos. They were partners. They  
8 were sort of sponsors of it. They'd have signs. You got  
9 discounts if you showed up with an American Express card  
10 and, again, this was -- I think we did, at the height, I  
11 think we were doing nine a year.

12 Q. Was the *Entrepreneur* name associated with all of them?

13 A. Absolutely on the radio, advertising, the TV  
14 advertising, newspapers, everything. I used to record the  
15 radio commercials. It was kind of fun. (Laughing.)

16 Q. The next exhibit is 46. What is Exhibit 46?

17 A. It looks like an ad that was in another publication.  
18 You go into a city and try to team up with either a local  
19 radio station or one of the business journals so they could,  
20 you know, through their readership, they would bring people  
21 who you might not have as readers of your own magazine so  
22 they could bring people into the expo hall.

23 Q. Okay. Next exhibit I'll introduce is 47. Tell me what  
24 47 is.

25 A. This is the same thing. You know, sometimes you put an

1 are several different ads for the Entrepreneur Expo, the  
2 Small Business Expo.

3           You would run different kinds of ads. The one on  
4 top is to attract entrepreneurs, small business owners,  
5 people who want to start a business themselves to come to  
6 the expo.

7           The second one is designed to attract people who  
8 want to exhibit. It's more -- it's not internal but you  
9 would send it to a franchise company or to somebody like ATT  
10 or American Express and say "Come buy exhibit space."

11           The third one, for a while we tried -- expos are  
12 expensive; and we were breaking even and decided it was a  
13 lot of effort to break even. So we tried to do it online  
14 and create a virtual expo.

15           So we ran some ads for that. It really didn't  
16 work. The technology was not quite there yet, but we tried  
17 it for a while.

18           This is -- the next is an ad that is asking  
19 advertisers to advertise in *Entrepreneur's Be Your Own Boss*  
20 which is one of the iterations of the logo. It's a  
21 different logo today.

22           And there is the -- sometimes they send oversize  
23 postcards to the advertisers, and that's what it looks to be  
24 like.

25 Q. Okay. The next exhibit in your stack is Exhibit 93



1           So you go through them and, you know, they'll do  
2 the pretty placards for you or put it on a nice wall plaque  
3 or anything else. They'll work with you to do whatever it  
4 is you need to do.

5           And you have to pay them and we, of course, get a  
6 little bit of what they get.

7       Q.    I want to turn now to Entrepreneur's trademark  
8 registrations; and you'll see in your stack, if you turn  
9 back to the stack of exhibits, the next exhibit. Let me ask  
10 you this: Are you generally familiar with Entrepreneur's  
11 trademark registrations?

12       A.    Yes.

13       Q.    The next exhibit should be Exhibit 7; and I'll  
14 represent this is trademark number 1453968.

15           What is this a trademark registration for? What  
16 mark?

17       A.    For ENTREPRENEUR.

18       Q.    The next exhibit is 11. Trademark registration 18 --  
19 if you look in the back, you'll see that Exhibit 11.  
20 1854603 is the registration number.

21           And if you turn to really the third page, what's  
22 the trademark registration there?

23       A.    For ENTREPRENEUR'S FRANCHISE AND BUSINESS  
24 OPPORTUNITIES.

→ 25       Q.    The next exhibit is 12, registration 1856997. If you

1 turn to the second page.

2 A. For the ENTREPRENEUR EXPO.

3 Q. The next exhibit, 14, trademark registration to  
4 2003423. Turn to the second page. What is this trademark?

5 A. ENTREPRENEUR INTERNATIONAL.

6 Q. The next exhibit is 15, trademark registration number  
7 2174757. If you turn to the second page, what is this  
8 registration for?

9 A. ENTREPRENEUR'S HOME OFFICE.

10 Q. The next exhibit is 16, registration to 190653.  
11 Looking at the second page, what is this trademark  
12 registration for?

13 A. ENTREPRENEURIAL WOMAN.

14 Q. The next exhibit is 17, registration 2215674. What is  
15 this registration for?

16 A. ENTREPRENEUR MAGAZINE ONLINE.

17 Q. The next exhibit, registration 2263883, Exhibit 18,  
18 what is this registration for?

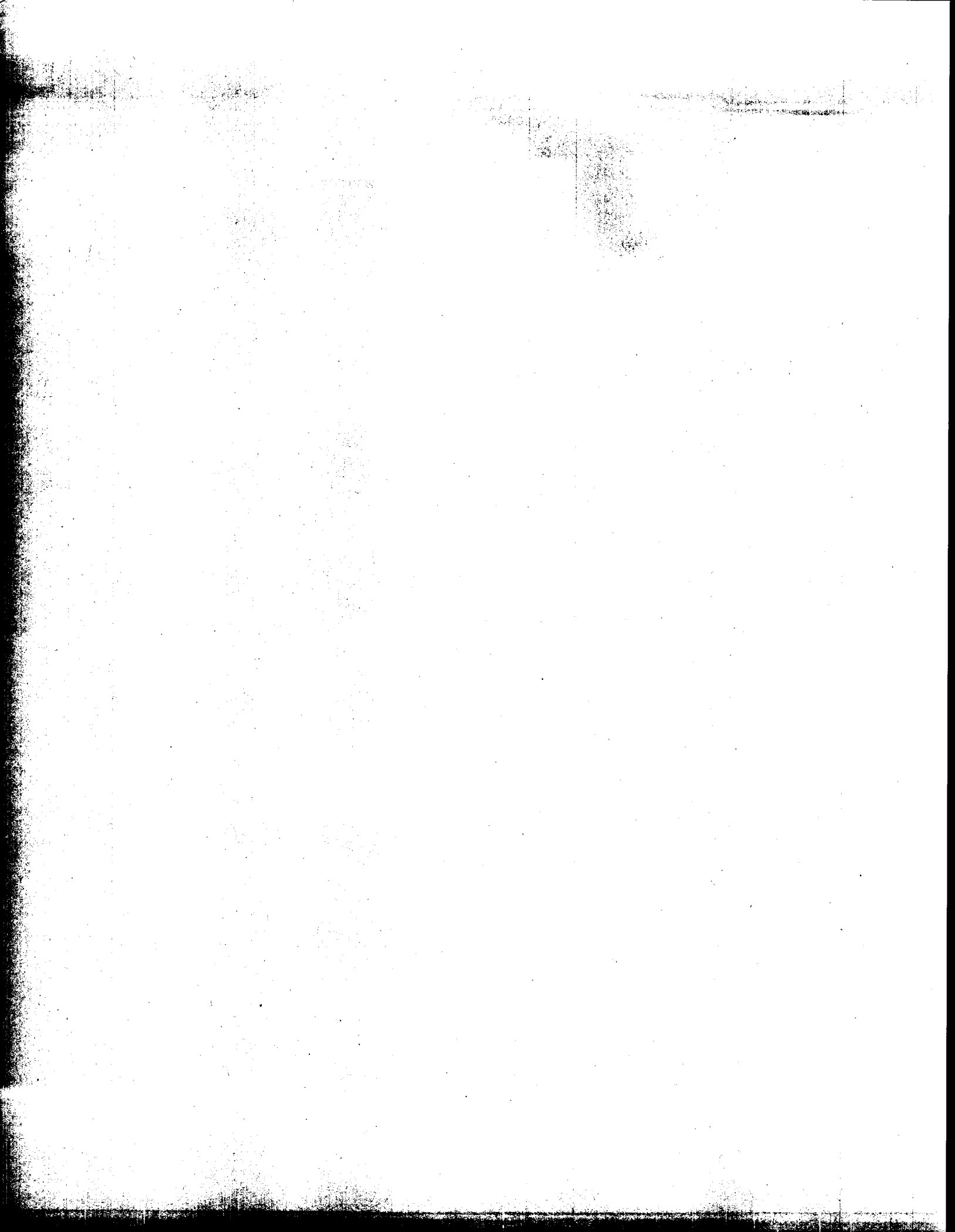
19 A. For ENTREPRENEUR.

20 Q. Okay. Other classes, I presume?

21 The next registration is Exhibit 19, registration  
22 2287413. What's is the trademark registration for this?

23 A. ENTREPRENEURMAG.COM.

24 Q. The next exhibit is 186, trademark registration  
25 2502032. What is this one for?



# BISSELL & BISSELL

PATENT LAWYERS

HENRY M. BISSELL  
HENRY M. BISSELL, IV

6820 LA TIJERA BOULEVARD, SUITE 106  
LOS ANGELES, CALIFORNIA 90045-1991

TELEPHONE (310) 645-1088  
FACSIMILE (310) 645-5531

December 10, 2003

Box NEW APP FEE  
FEE  
Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, VA 22202-3513

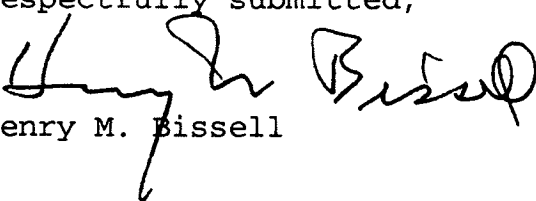
Re: Case No. 1561  
TM: **ENTREPRENEUR EXPO**  
Entrepreneur Media, Inc.

Sir:

Enclosed herewith for filing are the following:

1. Application for the registration of the trademark **ENTREPRENEUR EXPO**, Int'l Class No. 35 in the name of Entrepreneur Media, Inc. a California corporation, together with a drawing.
2. Our Check No. 9721 in the amount of \$335.00 to cover the cost of the filing fee. Any additional charges may be assessed against my Deposit Account No. 02-2465. A duplicate copy of this letter is enclosed.
3. Return addressed postal card.

Respectfully submitted,

  
Henry M. Bissell

/sk  
Encls.

1 TRADEMARK : ENTREPRENEUR EXPO  
2 INT'L CLASS NO. : 35  
3

4 TO THE COMMISSIONER FOR TRADEMARKS

5 Applicant : Entrepreneur Media, Inc.  
6 a California corporation  
7 Business Address : 2445 McCabe Way  
8 Irvine, CA 92614  
9

10 The above-identified applicant has a bona fide intention  
11 to use the trademark shown in the accompanying drawing in commerce  
12 for the following services:

13  
14 Arranging and conducting Trade Show  
15 Exhibitions in the field of entrepreneurial  
16 activities; namely, the start-up and operation  
17 of Small Business Enterprises, in  
18 International Class 35  
19

20 and requests that said mark be registered in the United States  
21 Patent and Trademark Office on the Principal Register established  
22 by the Act of July 5, 1946.

23 Applicant has a bona fide intention to use the mark on  
24 stationery, in advertising and by other means customary in the  
25 trade.

26 Henry M. Bissell and Henry M. Bissell, IV, attorneys for  
27 applicant, are members of the Bar of the State of California with  
28 offices at Suite 106, 6820 La Tijera Boulevard, Los Angeles,



1 California 90045, telephone (310) 645-1088 and are authorized to  
2 prosecute this application to register, to transact all business in  
3 the Patent and Trademark Office in connection therewith, and to  
4 receive the Certificate of Registration.

5

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23 Dated: December 5, 2003

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26  
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28

\*\*Please place on Upper Right Corner\*\*  
\*\*of Response to Office Action ONLY.\*\*

Examining Attorney: RINGLE, JIM

Serial Number: 76/565130



TRADEMARK

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant : Entrepreneur Media, Inc.  
Law Office: 111  
Serial No.: 76/565,130  
TM Attorney: James William Ringle  
Filed : December 15, 2003  
For : Mark: **ENTREPRENEUR EXPO**

RESPONSE TO OFFICE ACTION

Los Angeles, CA 90045  
September 22, 2004

Box RESPONSES  
NO FEE  
Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, VA 22202-3513

Sir:

In response to the Office Action of July 26, 2004 in the above-identified application, applicant respectfully requests that Application Serial No. 76/565,130 be withdrawn.

The Examining Attorney has noted that this appears to be a duplicate of existing Registration No. 2,391,145. That registration belongs to applicant.

/ /

/ /

/ /

1 The filing of the instant application was entirely  
2 inadvertent. Therefore, the subject application should be  
3 withdrawn.

4 Respectfully submitted,

5  
6 

7 Henry M. Bissell  
8 Attorney for Applicant  
9 Registration No. 19,200

10 HMB/sk

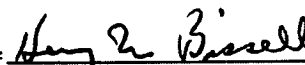
11 6820 La Tijera Boulevard, Suite 106  
12 Los Angeles, California 90045  
13 Tel: 310-645-1088  
14 Fax: 310-645-5531

15 CERTIFICATE OF MAILING

16 I hereby certify that this correspondence is  
17 being deposited with the United States Postal  
18 Service with sufficient postage as first class  
19 mail in an envelope addressed to:

20 Box RESPONSES  
21 NO FEE  
22 Commissioner for Trademarks  
23 2900 Crystal Drive  
24 Arlington, VA 22202-3513

25 Date: September 22, 2004


26 Signed:   
27 Henry M. Bissell



Applicant : Entrepreneur Media, Inc.  
a California corporation

Address : 2445 McCabe Way  
Irvine, CA 92614

Arranging and conducting Trade Show  
Exhibitions in the field of entrepreneurial  
activities; namely, the start-up and operation  
of Small Business Enterprises, in  
International Class 35.

  
12-15-2003

U.S. Patent & TMOfo/TM Mail Rcpt Dt. #67

ENTREPRENEUR EXPO

U.S. Patent & TM Ofc/TM

  
**76565130**



UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF CALIFORNIA

In re ) Case No. 01-25334-B-07  
)  
SCOTT R. SMITH, )  
)  
Debtor. )  
\_\_\_\_\_)  
)  
ENTREPRENEUR MEDIA, INC., ) A.P. No. 01-2219-B  
a corporation, )  
)  
Plaintiff, )  
)  
v. )  
)  
SCOTT R. SMITH, an )  
individual, )  
)  
Defendant. )  
\_\_\_\_\_)

VIDEOTAPED DEPOSITION OF  
PETER SHEA  
IRVINE, CALIFORNIA  
JULY 21, 2006



1 UNITED STATES BANKRUPTCY COURT  
2 FOR THE EASTERN DISTRICT OF CALIFORNIA  
3

4 In re ) Case No. 01-25334-B-07  
5 )

6 SCOTT R. SMITH, )  
7 )

8 Debtor. )  
9 )

10 )  
11 ENTREPRENEUR MEDIA, INC., ) A.P. No. 01-2219-B  
12 a corporation, )  
13 )

14 Plaintiff, )  
15 )

16 v. )  
17 )

18 SCOTT R. SMITH, an )  
19 individual, )  
20 )

21 Defendant. )  
22 )  
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26 The Videotaped deposition of PETER SHEA, taken  
27 on behalf of the Defendant, at the Law Offices of  
28 Latham & Watkins, LLP, 650 Town Center Drive,  
29 Suite 200, Costa Mesa, California, commencing at  
30 9:07 a.m., Friday, July 21, 2006, before  
31 Myra L. Ponce, CSR No. 11544.

A P P E A R A N C E S

FOR THE PLAINTIFF:

LAW OFFICES OF LATHAM & WATKINS, LLP

BY: MARK A. FINKELSTEIN

Attorney at Law

650 Town Center Drive, Suite 200

Costa Mesa, California 92626-1925

(714) 540-1235

(714) 755-8290 Fax

FOR THE DEBTOR:

LAW OFFICES OF DANIEL S. WEISS

BY: DANIEL S. WEISS

Attorney at Law

2277 Fair Oaks Boulevard, Suite 495

Sacramento, California 95825

(916) 569-1610

(916) 569-1612 Fax

VIDEOTAPE OPERATOR:

I WITNESS VIDEO

BY: ANNETTE CAINE

1352 Irvine Boulevard

Tustin, California 92780

(714) 508-7019

(951) 301-0069 Fax

1 BY MR. WEISS:

2 Q. Do you -- are you still using the service  
3 mark "Entrepreneur" in conjunction with trade  
4 seminars? You're not anymore?

5 A We don't do trade seminars anymore.

6 Q. The -- what is the business of Entrepreneur  
7 Expo?

8 A Entrepreneur Expo is -- was a company that  
9 put on expos, small business expos.

10 Q. Okay. The type of activities that service  
11 mark was related to; correct?

12 A I -- I believe so.

13 Q. Okay. Are you aware of the fact that there  
14 was a recent registration or application to register  
15 that --

16 MR. SMITH: To renew.

17 BY MR. WEISS:

18 Q. -- to renew the mark for Entrepreneur Expo?

19 A That we renewed?

20 Q. Yeah.

21 A We renewed?

22 Q. Yeah.

23 A It's possible.

24 Q. Okay. And what -- do you know what the  
25 intended use of that mark would be if you no



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19 A That we renewed?

20 Q. Yeah.

21 A We renewed?

22 Q. Yeah.

23 A It's possible.

24 Q. Okay. And what -- do you know what the  
25 intended use of that mark would be if you no

1 longer -- if you no longer -- say you're no longer  
2 in the business of doing exhibitions and trade shows  
3 and seminars. Then what -- for what purpose would  
4 renew -- what purpose of what a renewal of that mark  
5 serve?

6 MR. FINKELSTEIN: Objection. Calls for  
7 speculation. Lacks foundation. Calls for a legal  
8 conclusion.

9 THE WITNESS: It would -- might be a business  
10 that we'd get back into. Businesses are very  
11 dynamic. Things come and go.

12 BY MR. WEISS:

13 Q. Uh-huh. Like hem lines.

14 A Like which?

15 Q. Like hem lines. They go up and down;  
16 right?

17 A Oh.

18 Q. Okay.

19 A I thought you said something else.

20 Q. No, I didn't. That is all I said.

21 MR. WEISS: Would you mark this next in order,  
22 please. What number is the Bates on the bottom of  
23 that?

24 THE REPORTER: 2997.

25 MR. WEISS: No, no. Sorry. Okay. Well,



# BISSELL & BISSELL

PATENT LAWYERS

6820 LA TIJERA BOULEVARD, SUITE 106  
LOS ANGELES, CALIFORNIA 90045-1991

HENRY M. BISSELL  
HENRY M. BISSELL, IV

TELEPHONE (310) 645-1088  
FACSIMILE (310) 645-5531

August 10, 2006

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


Re: Case No. 1593

Sir:

Enclosed herewith for filing are the following:

1. Application to register the service mark  
ENTREPRENEUR EXPO (Entrepreneur Media, Inc.).
2. Our Check No. 10721 in the amount of \$375.00  
to cover the cost of the filing fee. Any  
additional charges may be assessed against my  
Deposit Account No. 02-2465. A duplicate copy  
of this letter is enclosed.
3. Return addressed postal card.

Respectfully submitted,

  
Henry M. Bissell

HMB/rb  
Enclosures



SERVICE MARK : ENTREPRENEUR EXPO

INT'L CLASS NO.: 41

TO THE COMMISSIONER OF TRADEMARKS

Applicant : Entrepreneur Media, Inc.  
: a California corporation  
Business Address : 2445 McCabe Way  
Irvine, California 92614-6234

The above-identified applicant has a bona fide intention to use the mark shown in the accompanying drawing in commerce for the following services:

Educational services, namely, conducting seminars and workshops on topics concerning starting, operating and growing small- and mid-sized businesses, including information and advice about sales, marketing, computer hardware and software applications, human resource issues, financing and accounting, and tax planning, in International Class 41

and requests that said mark be registered in the United States Patent and Trademark Office on the Principal Register.

Applicant has a bona fide intention to use the mark on promotional literature, in advertising for the services and in other ways customary in the trade.

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08-17-2006

U.S. Patent & TMOfo/TM Mail Ropt Dt #

APPLICANT'S NAME : Entrepreneur Media, Inc.  
: a California corporation  
APPLICANT'S ADDRESS : 2445 McCabe Way  
Irvine, California 92614-6234

Applicant has a bona fide intention to use the mark in the form shown below for the following services:

For: Educational services, namely, conducting seminars and workshops on topics concerning starting, operating and growing small- and mid-sized businesses, including information and advice about sales, marketing, computer hardware and software applications, human resource issues, financing and accounting, and tax planning, in International Class 41

ENTREPRENEUR EXPO

U.S. Patent & TM Ofc/TM

76664695





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Search

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☐ Web

Web

Results 1 - 2 of 2 from www.entrepreneur.com for "Entrepreneur Expo". (0.05 second)

### Resources 11/03 - Entrepreneur.com

Self-Employment and **Entrepreneur Expo** www.jrbwork.com/conference.html Held November 8 and 9 in Secaucus, New Jersey, this event is designed for attendees ...  
www.entrepreneur.com/magazine/ entrepreneur/2003/november/65158.html - [Similar pages](#)

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### Entrepreneur business - Better Than Ever

The **Entrepreneur Expo** division is growing, too-expanding its schedule. This year, you'll find Entrepreneur Magazine's Small Business Expos in Los Angeles; ...  
www.entrepreneur.com/magazine/ entrepreneur/1996/january/29028.html - [Similar pages](#)

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www.FreedomFinancialNow.com

### Entrepreneurs Wanted

Min. Investment \$1000s Monthly MAX \$125 / No Selling/Explaining  
www.advantagemoney.info

### Start Your Own Ebiz Now

Access to over 200,000 wholesale & dropship products with website!  
www.shoppersrus.com/Marketing Sacramento-Stockton-Modesto, CA

### Most Entrepreneurs Suck

Don't buy any more make money stuff until you read this.  
TheRichJerk.com

### Seeking Professionals

Creating 100 millionaires Serious Entrepreneurs only  
www.livethewealthylife.com

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# Entrepreneur.com

## Resources 11/03

Web sites, organizations, events and more to grow your business

By Steve Cooper | Entrepreneur Magazine - November 2003

URL: <http://www.entrepreneur.com/magazine/entrepreneur/2003/november/65158.html>

### Travelweb.com

[www.travelweb.com](http://www.travelweb.com)

Visit Travelweb.com to make reservations and get discounted room rates at hotels owned by Hilton hotels Corp., Hyatt Corp., Intercontinental Hotels Group, Marriott International and Starwood Hotels. (The site is co-owned by these hotels, Pegasus Solutions Inc. and Priceline.com.) Sign up to be notified of hot hotel deals and special offers.

### Crmguru.com

[www.crmguru.com](http://www.crmguru.com)

CRMGuru.com, a service of CustomerThink Corp., is an online community focused on customer relationship management (CRM). The site features white papers, archived newsletters, archived articles, case studies, upcoming events and more. You can also get customer retention advice from the site's 200,000-plus members on the discussion boards.

### McAfee.com

[www.mcafee.com](http://www.mcafee.com)

With one click, McAfee's FreeScan helps detect viruses on your computer— free. McAfee's Web site also offers software to help businesses combat security breaches, spam and viruses.

### AdRelevance 4.0

[www.adrelevance.com](http://www.adrelevance.com)

AdRelevance 4.0 is an Internet research service from Nielsen/NetRatings that measures the effectiveness of online ad campaigns. One helpful feature, AdAcross, lets you track monthly and quarterly spending estimates across 16 different media forms.

### Regulatory Alerts

[www.sba.gov/advo/laws/law\\_regalerts.html](http://www.sba.gov/advo/laws/law_regalerts.html)

The SBA's Office of Advocacy Regulatory Alerts Web page lists proposed government regulations that will affect small businesses and provides links for small-business owners to voice their opinions on the proposals.

### Top Site Listings

[www.topsitelistsings.com](http://www.topsitelistsings.com)

Top Site Listings, from Orbidex Inc., offers search engine optimization information for small businesses. The site, designed for everyone from beginners to experts, features how-to tutorials, news, articles and optimization strategies. This site also profiles the top search engines on the Web, explaining exactly what's needed for a high ranking.

### E-Zine Queen [www.ezinequeen.com](http://www.ezinequeen.com)

This site, run by Alexandria K. Brown, helps small-business owners publish their own e-zines or e-mail newsletters. You'll find free articles, tips, tutorials, telecourses and more to help you craft a publication that will make you an expert in your field.

### Self-Employment and Entrepreneur Expo

[www.irbwork.com/conference.html](http://www.irbwork.com/conference.html)

Held November 8 and 9 in Secaucus, New Jersey, this event is designed for attendees who are seeking to change their lives and realize their dreams of personal and professional fulfillment by entering into a self-employment opportunity.





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# Entrepreneur.com

## Better Than Ever

A word from the editor in chief

→ By Rieva Lesonsky | Entrepreneur Magazine - January 1996

URL: <http://www.entrepreneur.com/magazine/entrepreneur/1996/january/29028.html>

An astute yet acutely frustrated friend of mine recently observed that 1995 was a year of unfulfilled goals for most of his friends and colleagues. Unfortunately, this was a familiar lament of too many of my own acquaintances.

But 1996 is behind us. So, if this inertia applies to you as well, let's agree to stop treading water and start swimming in 1996.

Here at *Entrepreneur*, we've already plunged into the new year-and we're off to a fast start. The issue you're reading is a record-setting one-publisher Lee Jones and his crack staff blew through our previous ad sales record.

The Entrepreneur Expo division is growing, too-expanding its schedule. This year, you'll find *Entrepreneur Magazine's* Small Business Expos in Los Angeles; New York; New Jersey; Chicago; Atlanta; Dallas; San Francisco; Philadelphia; Long Island, New York; and Ft. Lauderdale, Florida. Expo dates appear in the "Special Events" column in each issue of *Entrepreneur*. These expos offer a great chance to explore new technologies, discover new opportunities, and learn about growing and starting a business. I look forward to seeing you there.

Our online division is continually adding new services and information to our lineup of offerings. You can reach us through CompuServe, The Microsoft Network and AT&T's Interchange Online Network.

And we're not exactly sitting still here in the editorial department. In this issue, we premiere a new column and bring back some old favorites.

Legal issues are, for better or worse, of paramount interest to today's small-business owners. To keep you current on these important concerns, we asked longtime contributing editor Jane Easter Bahls to co-write our new "Legal Aid" column with her husband, Steven C. Bahls, dean of Capital University Law and Graduate Center. Their first column kicks off on page 83.

We also asked Senior Editor Janean Chun to revive the "Entrepreneurial Woman" column. Janean did her usual excellent job; the results are on page 34.

Finally, we introduce the first of several "Special Reports" you'll find in *Entrepreneur* throughout the coming year. This issue's report tells women and minority entrepreneurs how to face the challenges of business ownership, raise money and get their share of the procurement pie.

I'd like to know what you think of the changes we've made and what else we can do to help you grow your business. You can write, fax or e-mail me; see "Contacts & Comments" on page 9 for all our numbers. I want to hear from you!

I would like to thank the 1995 Franchise Advisory Council for their input: John Amico (We Care Hair), Jerry Crawford (Jani-King), JoAnn Shaw (The Coffee Beanery), Kris Friedrich (Money Mailer), Loren Steele (IFA), Fred DeLuca (Subway), Mary Rogers (Computertots), Richard Rennick (American Leak Detection), Peter Shea (*Entrepreneur*), and David McKinnon (Molly Maid).

And to all of you, my wishes for a happy New Year.

Rieva Lesonsky

EDITOR IN CHIEF

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**Center for Professional Responsibility**

## **Model Rules of Professional Conduct**

### ***Client-Lawyer Relationship***

#### **Rule 1.2 Scope Of Representation And Allocation Of Authority Between Client And Lawyer**

---

(a) Subject to paragraphs (c) and (d), a lawyer shall abide by a client's decisions concerning the objectives of representation and, as required by Rule 1.4, shall consult with the client as to the means by which they are to be pursued. A lawyer may take such action on behalf of the client as is impliedly authorized to carry out the representation. A lawyer shall abide by a client's decision whether to settle a matter. In a criminal case, the lawyer shall abide by the client's decision, after consultation with the lawyer, as to a plea to be entered, whether to waive jury trial and whether the client will testify.

(b) A lawyer's representation of a client, including representation by appointment, does not constitute an endorsement of the client's political, economic, social or moral views or activities.

(c) A lawyer may limit the scope of the representation if the limitation is reasonable under the circumstances and the client gives informed consent.

(d) A lawyer shall not counsel a client to engage, or assist a client, in conduct that the lawyer knows is criminal or fraudulent, but a lawyer may discuss the legal consequences of any proposed course of conduct with a client and may counsel or assist a client to make a good faith effort to determine the validity, scope, meaning or application of the law.

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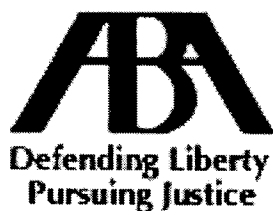
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**Center *for* Professional Responsibility**

## **Model Rules of Professional Conduct**

### ***Transactions With Persons Other Than Clients***

#### **Rule 4.1 Truthfulness In Statements To Others**

---

In the course of representing a client a lawyer shall not knowingly:

- (a) make a false statement of material fact or law to a third person; or
- (b) fail to disclose a material fact to a third person when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client, unless disclosure is prohibited by Rule 1.6.

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**Center for Professional Responsibility**

## **Model Rules of Professional Conduct**

### ***Law Firms And Associations***

#### **Rule 5.1 Responsibilities Of Partners,Managers, And Supervisory Lawyers**

---

(a) A partner in a law firm, and a lawyer who individually or together with other lawyers possesses comparable managerial authority in a law firm, shall make reasonable efforts to ensure that the firm has in effect measures giving reasonable assurance that all lawyers in the firm conform to the Rules of Professional Conduct.

(b) A lawyer having direct supervisory authority over another lawyer shall make reasonable efforts to ensure that the other lawyer conforms to the Rules of Professional Conduct.

(c) A lawyer shall be responsible for another lawyer's violation of the Rules of Professional Conduct if:

(1) the lawyer orders or, with knowledge of the specific conduct, ratifies the conduct involved; or

(2) the lawyer is a partner or has comparable managerial authority in the law firm in which the other lawyer practices, or has direct supervisory authority over the other lawyer, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action.

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## Center for Professional Responsibility

### Model Rules of Professional Conduct

#### *Maintaining The Integrity Of The Profession*

#### **Rule 8.3 Reporting Professional Misconduct**

---

- (a) A lawyer who knows that another lawyer has committed a violation of the Rules of Professional Conduct that raises a substantial question as to that lawyer's honesty, trustworthiness or fitness as a lawyer in other respects, shall inform the appropriate professional authority.
- (b) A lawyer who knows that a judge has committed a violation of applicable rules of judicial conduct that raises a substantial question as to the judge's fitness for office shall inform the appropriate authority.
- (c) This Rule does not require disclosure of information otherwise protected by Rule 1.6 or information gained by a lawyer or judge while participating in an approved lawyers assistance program.

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## Center for Professional Responsibility

### Model Rules of Professional Conduct

#### *Maintaining The Integrity Of The Profession*

#### **Rule 8.4 Misconduct**

---

It is professional misconduct for a lawyer to:

- (a) violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another;
- (b) commit a criminal act that reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects;
- (c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation;
- (d) engage in conduct that is prejudicial to the administration of justice;
- (e) state or imply an ability to influence improperly a government agency or official or to achieve results by means that violate the Rules of Professional Conduct or other law; or
- (f) knowingly assist a judge or judicial officer in conduct that is a violation of applicable rules of judicial conduct or other law.

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February 2, 1990

Mr. Richard Sampson  
Entrepreneurs' Guild  
142 Morris Avenue  
MOUNTAIN LAKES, New Jersey 07046

Re: Entrepreneur, Inc.

Dear Mr. Sampson:

This will confirm our telephone conversation this morning. We represent Entrepreneur, Inc., the publisher of ENTREPRENEUR magazine. Entrepreneur, Inc. is the owner of numerous trademarks, including the mark ENTREPRENEUR, which are used in association with published magazines, reports and other publications in International Trademark Class 16 and recorded media in International Trademark Class 9. Many of these trademarks are the subject of registrations or applications to register in the United States and in other countries.

Enclosed herewith for your information is a copy of Registration No. 1,453,968 for the trademark ENTREPRENEUR. Entrepreneur, Inc. publishes a series of Guides and has pending or issued applications to register the following marks:

ENTREPRENEURS GUIDE TO BUSINESS START-UPS

ENTREPRENEURS GUIDE TO HOMEBASED BUSINESSES

ENTREPRENEURS GUIDE TO FRANCHISE & BUSINESS OPPORTUNITIES

According to advertising of your business in a booklet I received from the Sears-IBM tele-marketing venture called PRODIGY,

The Entrepreneurs' Guild provides the latest business strategies through books, software, audiocassettes, and videocassettes to help you manage your business more profitably, plus the monthly newsletter, ENTREPRENEURS' ALERT.

We consider that this activity constitutes a direct infringement of the trademark rights of our client. The goods appear to be

identical in many respects and your use of the term "Entrepreneurs' Guild" creates an impression among members of the public that your business is another venture of Entrepreneur, Inc. or is somehow affiliated with or authorized by our client. In addition, there is very little discernible difference between our client's Entrepreneurs Guides and your term Entrepreneurs' Guild.

We therefore demand that you terminate your use of the terms ENTREPRENEURS' GUILD, ENTREPRENEURS' ALERT and any other terms which may be considered confusingly similar to our client's marks. We ask that you deliver up to us for destruction all products bearing the offending term, including promotional literature, books, software, audio cassettes, video cassettes, newsletters, and any other literature or similar products, together with printer's mats, plates and other items which are or may be used in the production of infringing products. In addition, you must immediately initiate action to change the listing of your venture in materials published by PRODIGY and the listing of your business in the PRODIGY computer access service.

Please let me have an immediate reply to this letter with a statement of your intent to comply.

Very truly yours,

Henry M. Bissell

HMB/crl  
Enclosure

cc: Ronald L. Young, Esq.





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## Typed Drawing

Word Mark ENTREPRENEUR

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Mark Drawing Code (1) TYPED DRAWING

Serial Number 73223003

→ Filing Date July 12, 1979

Current Filing Basis 1A

Original Filing Basis 1A

Published for Opposition January 19, 1982

Supplemental Register Date November 20, 1981

Registration Number 1187239

Registration Date January 19, 1982

Owner (REGISTRANT) Chase Revel, Inc. CORPORATION CALIFORNIA 631 Wilshire Blvd. Santa Monica CALIFORNIA 90401

Assignment Recorded ASSIGNMENT RECORDED

→ Attorney of Record Henry M. Bissell

Type of Mark TRADEMARK

Register SUPPLEMENTAL

Live/Dead Indicator DEAD

Cancellation Date September 10, 1988

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