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

Proceeding	91203192
Party	Defendant Merkury Innovations, LLC
Correspondence Address	ANTHONY F. LO CICERO, ESQUIRE AMSTER, ROTHSTEIN & EBENSTEIN LLP 90 PARK AVE NEW YORK, NY 10016 ptodocket@arelaw.com
Submission	Answer and Counterclaim
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Signature	/Holly Pekowsky/
Date	01/23/2012
Attachments	Answer, Affirmative Defenses and Counterclaims - Beats v. Merkury.pdf (7 pages)(309641 bytes)

Registrations Subject to the filing

Registration No	3862142	Registration date	10/12/2010
Registrant	BEATS ELECTRONICS, LLC 2220 COLORADO AVENUE SANTA MONICA, CA 90404 UNITED STATES		

Goods/Services Subject to the filing

Class 009. First Use: 2008/07/01 First Use In Commerce: 2008/07/01
All goods and services in the class are requested, namely: headphones

Registration No	3532627	Registration date	11/11/2008
Registrant	BEATS ELECTRONICS, LLC 2220 Colorado Avenue Santa Monica, CA 90404 UNITED STATES		

Goods/Services Subject to the filing

Class 009. First Use: 2008/07/01 First Use In Commerce: 2008/07/01
All goods and services in the class are requested, namely: Audio equipment, namely, headphones

Registration No	4035777	Registration date	10/04/2011
Registrant	BEATS ELECTRONICS, LLC 2220 COLORADO AVENUE SANTA MONICA, CA 90404 UNITED STATES		

Goods/Services Subject to the filing

Class 009. First Use: 2010/09/07 First Use In Commerce: 2010/09/07

All goods and services in the class are requested, namely: Audio speakers; loudspeakers

4. Merkury lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 4 of the Notice of Opposition, and, accordingly, denies the same.

5. Merkury lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 5 of the Notice of Opposition, and, accordingly, denies the same.

6. Merkury denies the truth of the allegations contained in Paragraph 6 of the Notice of Opposition.

7. Merkury denies the truth of the allegations contained in Paragraph 7 of the Notice of Opposition.

8. Merkury denies the truth of the allegations contained in Paragraph 8 of the Notice of Opposition.

AFFIRMATIVE DEFENSES

9. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since the respective marks are sufficiently different, in their entireties, to avoid confusion.

10. BE has failed to plead or establish that it owns a family of BEATS marks as that term is used in trademark law.

11. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since "beats" is descriptive and/or highly suggestive in relation to headphones.

12. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since BE's purported marks are only entitled to a very narrow scope of protection due to third party marks.

13. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since by BE's own admission, during prosecution of Registration No. 3,532,627, "'beats' is suggestive of the beat accompanying music, and, as such, this mark is not particularly strong."

14. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since, by BE's own admission, during prosecution of Registration No. 3,532,627, consumers of headphones are sophisticated.

15. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks since BE's mark is only entitled to a narrow scope of protection, as evidenced by the fact that BE has already entered into a coexistence agreement with the owner of Registration No. 2,550,923 for the mark LIGHT BEATS for headphones.

16. There is no likelihood of confusion between Merkury's URBAN BEATZ mark and BE's purported marks due to consumer sophistication.

17. BE's claims are barred by the doctrine of unclean hands.

18. BE has failed to state a claim upon which relief may be granted.

19. Upon information and belief, BE's claims are barred under the doctrine of equitable estoppel.

20. Merkury has insufficient information upon which to form a belief as to whether it may have additional unstated Affirmative Defenses. Merkury reserves the right to assert additional Affirmative Defenses in the event discovery indicates that they are appropriate.

WHEREFORE, Merkury requests that this Opposition be denied in all respects.

COUNTERCLAIMS TO CANCEL REGISTRATION
NOS. 3,532,627, 3,862,142 AND 4,035,777

Applicant/Counterclaim Petitioner Merkury Co., Ltd. ("Merkury") by and through its attorneys, hereby counterclaims seeking cancellation of: (1) U.S. Trademark Registration No.

3,532,627 for the mark BEATS for audio equipment, namely, headphones registered November 11, 2008; (2) U.S. Trademark Registration No. 3,862,142 for the mark BEATS for headphones registered October 12, 2010; and (3) U.S. Trademark Registration No. 4,035,777 for the mark BEATS for audio speakers; loudspeakers registered October 4, 2011, all owned by Opposer/Counterclaim Registrant Beats Electronics, LLC (“BE”).

The grounds for cancellation are as follows:

Background Facts

21. Merkury incorporates each and every response of the foregoing answer and affirmative defenses into these counterclaims as though fully set forth herein.

22. Merkury is a New York limited liability company having a place of business at 180 Maiden Lane, 28th Floor, New York, New York 10038.

23. On or about December 29, 2011, BE commenced the instant Opposition (the “Opposition”) seeking to prevent registration of Merkury’s Application Serial No. 85/203,076 for the mark URBAN BEATZ for headphones (“Merkury’s Mark”).

24. In the Opposition, BE asserted, among others, three Registrations for the mark BEATS (the “Subject Mark”), namely: (1) U.S. Trademark Registration No. 3,532,627 for audio equipment, namely, headphones registered November 11, 2008; (2) U.S. Trademark Registration No. 3,862,142 for headphones registered October 12, 2010; and (3) U.S. Trademark Registration No. 4,035,777 for audio speakers; loudspeakers registered October 4, 2011, 48,763 (collectively, the “Subject Registrations”). Specifically, BE alleged that Merkury’s Mark should be denied registration since confusion is likely between Merkury’s Mark and BE’s marks.

25. Merkury has standing to bring the instant Counterclaims to cancel the Subject Registrations since BE has asserted the Subject Registrations against Merkury in the Opposition.

See T.B.M.P. § 309.03(b) (“a counterclaimant’s standing to cancel a pleaded registration is inherent in its position as defendant in the original proceeding.”).

COUNT I - DESCRIPTIVENESS

26. Merkury incorporates each and every allegation of the preceding paragraphs as though fully set forth herein.

27. The Subject Registrations should be canceled pursuant to 15 U.S.C. § 1052(e)(1) since the Subject Mark is merely descriptive of the headphones, audio speakers and loud speakers covered by the Subject Registrations.

28. In particular, headphones are typically used to listen to music, and beats are the underlying pulsation of music. Thus, “beats” immediately describes the sound heard through headphones.

29. Similarly, audio speakers and loudspeakers are typically used to listen to music, and beats are the underlying pulsation of music. Thus, “beats” immediately describes the sound heard through audio speakers and loudspeakers.

30. During prosecution before the Patent and Trademark Office of the Subject Registrations, BE did not allege that the Subject Mark has acquired secondary meaning.

31. For at least the reasons stated herein, the continued registration of the Subject Registrations would in all likelihood be damaging to Merkury.

COUNT II - DUPLICATE REGISTRATION

32. Merkury incorporates each and every allegation of the preceding paragraphs into these counterclaims as though fully set forth herein.

33. BE owns U.S. Trademark Registration No. 3,532,627 for the mark BEATS for audio equipment, namely, headphones (the “627 Registration”).

34. BE owns U.S. Trademark Registration No. 3,862,142 for the mark BEATS for headphones (the "'142 Registration").

35. Headphones are, by definition, audio equipment.

36. Accordingly, the 627 Registration and the '142 Registration cover the same mark for the same goods.

37. Under the Trademark Rules, the Trademark Office should deny registration of a mark where registration would result in duplicate marks. 37 C.F.R. § 2.48 ("If two applications on the same register would result in registrations that are exact duplicates, the Office will permit only one application to mature into registration, and will refuse registration in the other application.").

38. Based on the foregoing, the Trademark Office should have refused registration of the later filed Registration, *i.e.*, the '142 Registration.

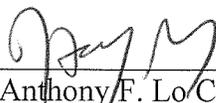
39. Accordingly, the '142 Registration should be canceled as a duplicate mark.

Based on all of the foregoing, the Subject Registrations should be canceled.

Respectfully submitted,

AMSTER, ROTHSTEIN & EBENSTEIN LLP
Attorneys for Merkury Innovations, LLC
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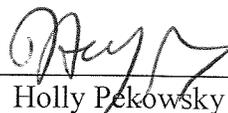
Dated: New York, New York
January 23, 2012

By: 
Anthony F. Lo Cicero
Holly Pekowsky

CERTIFICATE OF SERVICE

The undersigned hereby certifies that she is one of the attorneys for Merkury M/S. Indeutsch International in the above-captioned Opposition proceeding and that on the date which appears below, she caused a copy of the foregoing ANSWER, AFFIRMATIVE DEFENSES AND COUNTERCLAIMS to be served on the attorneys for Opposer Beats Electronics, LLC by first class mail by causing a copy thereof to be placed in a depository under the care and custody of the United States Postal Service, in the State of New York, postage pre-paid, in a wrapper addressed as follows:

Michael G. Kelber, Esq.
Neal Gerber & Eisenberg LLP
Two North LaSalle Street
Suite 1700
Chicago, IL 60602



Holly Pekowsky

Dated: New York, New York
January 23, 2012