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

Proceeding	92051006
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

COUCH/BRAUNSDORF AFFINITY, INC.,	:		
	:	Cancellation No.	92/051,006
Petitioner,	:		
	:	Mark:	PERKSPOT
v.	:		
	:	Registration No.	3,355,480
12 INTERACTIVE, LLC,	:		
	:	Registered:	December 18, 2007
Registrant.	:		

REDACTED

PETITIONER'S TRIAL BRIEF

Date: April 6, 2012

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COUCH/BRAUNSDORF AFFINITY, INC.)	
)	
Petitioner,)	Cancellation No. 92051006
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v.)	Mark: PERKSPOT
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12 INTERACTIVE, LLC)	Registered: December 18, 2007
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Registrant.)	

PETITIONER'S TRIAL BRIEF

I. INTRODUCTION

This cancellation action is a case between two competitors in the field of organizing and providing programs featuring volume discounts for the employees or members of large employers and institutions. For almost twenty-five (25) years, petitioner Couch/Braunsdorf Affinity, Inc. ("Perks"), has operated nationally under the marks PERKS and PERKSCARD. The latecomer, Registrant 12 Interactive, LLC ("PerkSpot"), has directly competed with Perks in this field under the mark PERKSPOT for approximately the past five years.

The direct competition between Perks and PerkSpot operating under such similar marks has resulted in actual confusion. Eight (8) instances of actual confusion have been made of evidence in the Record. One example is an e-mail exchange between a client of Perks and a Perks representative which reads in part:

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REDACTED

Perks, which does not have an employee named John Hughes, investigated the matter and learned that John Hughes is actually a PerkSpot employee. (Dow Test. 92:8 – 94:12). In other words, the customer confused the PerkSpot employee making a sales cold call with a Perks employee, and asked Perks to have the PerkSpot employee cease his calls.

The PERKS and PERKSCARD marks have been federally registered for many years, and long prior to the first use of, and application for, PERKSPOT. Perks' right to use the PERKS and PERKSCARD marks in commerce is incontestable pursuant to 15 U.S.C. § 1065. As a result, PerkSpot's efforts to defend itself by arguing that PERKS and PERKSCARD are merely descriptive are legally meritless. Further, PerkSpot's argument that PERKS and PERKSCARD are the generic term for the services provided by Perks and PerkSpot also lack merit.

The actual confusion on the part of the customers and potential customers of Perks and PerkSpot illustrate that there is a significant likelihood of confusion in this case. The actual confusion underscores the damage that Perks is suffering from PerkSpot's use and registration of PERKSPOT. Perks is potentially losing its reputation, goodwill and business because of PerkSpot's actions. Perks respectfully requests that the Board grant its Petition for Cancellation, and dismiss with prejudice PerkSpot's counterclaims.

II. PETITIONER'S EVIDENCE OF RECORD

Petitioner's evidence in this proceeding consists of the following:

1. United States Patent and Trademark file for PERKS (Reg. No. 1,786,961).
2. United States Patent and Trademark file for PERKS (Reg. No. 3,210,654).

3. United States Patent and Trademark file for PERKSCARD (Reg. No. 2,580,914).
4. United States Patent and Trademark file for PERKSCARD (Reg. No. 3,156,685).
5. United States Patent and Trademark file for PERKSPOT (Reg. No. 3,355,480).
6. Trial Testimony of Robert Dow, President of Couch/Braunsdorf Affinity, Inc. d/b/a Perks, dated October 27, 2010 (“Dow Test.”) and PX 1-47.
7. Trial Testimony of Branden Smythe, former Vice President of National Sales for 12 Interactive, LLC, dated May 4, 2011 (“Smythe Test.”) and PX 48-53.
8. Trial Testimony of Christopher Hill, CEO of 12 Interactive, LLC, dated May 5, 2011 (“Hill Test.”) and PX 54-58.
9. Petitioner’s First Notice of Reliance: Printed Publications, PX 59-76.
10. Petitioner’s Second Notice of Reliance: Official Records, PX 26-29 and 77-87.
11. Petitioner’s Third Notice of Reliance: Registrant’s Responses to Petitioner’s Interrogatories, PX 88.
12. Petitioner’s Fourth Notice of Reliance: Official Records, PX. 89.
13. Registrant’s Notice of Reliance.

III. STATEMENT OF FACTS

A. The Business of Perks.

Perks operates in the field of organizing and providing programs featuring volume discounts for the employees or members of large employers and institutions. Mr. Dow, Perks’ President, testified that Perks “design[s] programs for employees or members to help them save money on things they use every day.” (Dow Test. 12:3 – 5). The discount program offers significant savings on consumer goods and services to employees or members of the corporate customers. The individuals receive a discount card which they can use to obtain their savings.

Perks has a network of merchants with whom it has negotiated discounts that are offered to the individual consumers.

1. Corporate Customers And Perks' Business.

Perks' customers include hospitals, schools, universities, associations, charitable foundations and major corporations. (Dow Test. 13:21 – 23). Perks' customers typically have between 1,000 and 5,000 employees or members. (Dow Test. 13:24 – 14:3). Perks' biggest clients have more than 100,000 employees or members. (Dow Test. 14:3 – 14:4).

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Perks prides itself on providing custom designed discount programs for each employer or institution. (Dow Test. 13:6 – 8). For example, in some instances Perks provides a co-branded program for employers that “are designed to have the look and feel of the employer or the association...it will have their branding, their logo, their colors... (Dow Test. 15:5 – 14; see PX 6, 8, 10-12, 17, 25).

Perks also has corporate customers which provide the discount program to their own customers as a reward. For example, the Jackson Hewitt tax preparation service provided co-branded discount cards which prominently bore the PERKSCARD mark to some of their clients as a reward. (Dow Test. 63:15 – 64:4; PX 23). Similarly, Bekins Moving and Storage distributed co-branded discount cards which prominently bore the PERKSCARD mark to some of their customers as a “thank you.” (Dow Test. 65:7 – 11; Dow Test. 66:11 – 13; PX 24).

Perks has a version of its program that is directed to the Hispanic community called VALEMAS. (Dow Test. 39:3 – 7). The PERKSCARD mark is used in connection with the VALEMAS program. (Dow Test. 39:6 – 7; see PX 8).

2. Individuals And Perks' Business.

Upon joining the program, each employee receives a discount card. (Dow Test. 12:20 – 22). Perks conducted a savings analysis to demonstrate to clients how much an employee or member could save through the PERKS discount program. (Dow Test. 62:12 – 19; PX 22). For example, an average family can save about \$2,700 annually by taking advantage of the PERKS discount program to obtain savings on things such as dining, vacations, home improvements, clothes, and insurance. (See PX 22, p. 3).

Perks has distributed millions of its discount cards to individuals. For example, over 70,000 PERKSCARD branded discount cards have been given to SEANC employees and members. (Dow Test. 23:2 – 7).

Perks has a website, which prominently bears the PERKSCARD mark, which may be used by individuals to learn more about the program, to register their discount card, and search for businesses from which they can obtain discounts. (Dow Test.; 19:11 – 20:24; 105:22-107:13; PX 2, pp. 6 – 9; PX 37, 38). REDACTED

Mr. Dow summarized the opportunity for employees or members as follows:

“So if they are looking to get their oil changed or go out to dinner, rent a video, buy a car, they can go in as a Perks member and get a discount. We also have nationally recognized brands as well that they can take advantage of discounts. So whether they’re going to the movies or they’re shopping at Home Depot, they can get additional discounts as well.” (Dow Test. 12:12 – 19).

3. Merchants and Perks' Business.

Perks has a network of small to medium sized businesses which are willing to offer discounts to the employees or members of Perks' clients. (*See* Dow Test. 12:11 – 12). Perks negotiates the discounts with the merchants in Perks' network. (*Id.*). The discounts are available in both brick and mortar establishments and online. (Dow Test. 13:9 – 17). There are over 50,000 locations in Perks' merchant network which the various employees or members can utilize. (Dow Test. 14:5 – 10; Dow Test, 78:5 – 7).

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B. The Growth Of The Perks Business.

Mr. Dow and his wife started Perks in March 1988 in what became their son's bedroom in their house. (Dow Test. 8:20 – 23; *see* PX 2, p. 3). Mr. and Mrs. Dow took out a \$10,000 loan to buy a computer and start their business. (Dow Test. 24:3 – 9). Mr. Dow handled the sales pitches to the prospective customers and negotiated the discounts with local businesses, while Mrs. Dow produced the cards. (Dow Test. 24:8 – 16). Their first two customers were Lynn Hospital in Lynn, Massachusetts, and IBM in Bethesda, Maryland. (Dow Test. 9:5 – 9). Mr. Dow created the PERKS mark, and later the PERKSCARD mark. (Dow Test. 28:23 – 29:8).

The Dows incorporated their business under the trade name Perks Unlimited, Inc. (Dow Test. 52:7 – 18; PX 15).¹

The Perks business grew quickly. By June of 1988, Mr. and Mrs. Dow moved their business to an office and hired their first employee. (Dow Test. 24:22 – 24). By 1989, Perks had seven salespeople and a small satellite office in Minneapolis, Minnesota. (Dow Test. 24:24 – 25:6). In 1989, Perks included its first national vendor in its merchant network – Avis Rent-A-Car. (Dow Test. 27:9 – 14; PX 3, p. 4). Mr. Dow put a lot of sweat equity into the business, travelling three out of four weeks and spending “many Father’s Days, and Valentine’s Days and birthdays in hotel rooms.” (Dow Test. 25:16 – 19).

In 1997, Perks launched its website at www.perkscard.com. (Dow Test. 27:15 – 24; PX 3, p. 4). By 2007, Perks’ website exceeded thirty million (30,000,000) hits for the year. (PX 3, p. 4; see Dow Test. 28:1 – 4).

Perks’ revenue has grown significantly. REDACTED

The number of corporate clients of Perks has also grown. REDACTED

The number of individuals carrying PERKSCARD discount cards has also grown over the years. (Dow Test. 79:13 – 17). REDACTED

¹ Perks Unlimited, Inc. was subsequently acquired by Couch/Braunsdorf Affinity, Inc. (Dow Test. 52:4-18).

Similarly, Perks' merchant network has grown. REDACTED

C. Perks Has Continuously Used Its PERKS and PERKSCARD Marks.

Perks first used the PERKS mark in 1988, and first used the PERKSCARD mark in 1997. (Dow Test. 28:23 – 29:8, PX 26-29). Perks has continuously used the PERKS and PERKSCARD marks in commerce since their first use. (Dow Test. 29:9 – 11). The PERKS and PERKSCARD marks are used on Perks' marketing materials, its websites, discount cards, at trade shows, direct mail pieces, and presentations. (Dow Test. 29:23 – 30:5).

Perks uses the ® and SM symbols in connection with its marks. (Dow Test. 17:12-14; 56:20 – 21; *see e.g.* PX 3- 9, 14-16, 18, 21, 30, 38, 59). The use of these trademark symbols is to communicate to people that PERKSCARD is a mark belonging to Perks. (*See* Dow Test. 56:22 – 24). Mr. Dow testified that “[p]retty much any literature that describes our company has the PERKS and PERKSCARD mark on it.” (Dow Test. 30:2 – 3). Perks uses the PERKS and PERKSCARD marks throughout its business because it is “our company name and our brand, and that’s what people recognize us as.” (Dow Test. 31:3 – 8). “Not only merchants, but employees or employers know that the PERKSCARD logo represents a way to save money or to get a discount. So come to recognize our brand as just what it is, a way to save money.” (Dow Test. 37:7 – 11).

1. Advertising And Promotional Materials.

Perks advertises or otherwise promotes its business and its brands, including the PERKS and PERKSCARD marks. (Dow Test. 79:18 – 80:1). The PERKSCARD mark is prominently used on marketing materials for those interested in learning about Perks' discount program, such as an employer, association, hospital or school. (*See* Dow Test. 53:12 – 19; 54:5 – 7; 56:9 – 16;

See e.g., PX 16, 18, 20-21, 37-38, 59). Such marketing materials would also be handed out at trade shows or other networking events. (Dow Test. 53:24 – 54:4, 80:2-8). Perks also uses its marks in direct mail, telemarketing, and email. (Dow Test. 80:6 – 8; Dow Test. 80:21 – 24).

In addition, Perks advertises and promotes itself orally. It relies on “word-of-mouth and referral.” (Dow Test. 80:4 – 6). It participates in trade shows and other networking events. (Dow Test. 53:24-54:4, 80:2-8). Perks also issues press releases which incorporate the PERKS or PERKSCARD marks. (Dow Test. 80:9 – 14; Dow Test. 115:2 – 7; PX 43).

Perks’ website is another form of promotion and marketing for Perks and its brands. (Dow Test. 80:15 – 17). The PERKSCARD mark appears prominently on the website. The PERKSCARD mark also appears in the domain name for the website. (PX 59).

Perks also uses the PERKS mark in its 800 phone number, 1-800-72-PERKS. (PX 38, 59). (Dow Test. 30:6 – 10). Perks promotes the 1-800-72-PERKS, both in print and orally. (Dow Test. 30:11 – 17). The PERKS mark appears in advertisements describing the program and in brochures sent to corporate employers. (*See* PX 15 & 16).

2. Discount Cards.

The PERKSCARD mark appears on Perks’ discount cards. (See Dow Test. 32:8 – 14; Dow Test. 35:2 – 4; PX 4). Perks educates merchants, employees and employers to look for the PERKSCARD mark on the discount cards. (Dow Test. 37:5 – 9). Petitioner’s Exhibits 4, 5 and 7 are a collection of representative samples of Perks’ discount cards, both current and historical. (*See* Dow Test. 31:16 – 32:3; 35:13 – 36:3; 37:20 – 38:4). The PERKS mark also appears on some discount cards. (*See* Dow Test. 34:13 – 16; PX 4-5, & 7).

Sometimes Perks’ discount cards are co-branded. This means that they bear the marks and other indicia of source of Perks’ employer client, as well as the PERKSCARD mark. (Dow Test 15:3-14; *See e.g.* PX 4, 8, 24-25). One example of a co-branded card is PX 6 – a card

issued for a benefits program with Independence Air. (Dow Test. 36:7 – 19). The other side of PX 6 shows some places that employees can use the discount card to obtain benefits, such as Days Inn. (Dow, 36:20 – 37:4). In these situations, the appearance of the PERKS and PERKSCARD marks in connection with the program is with permission of Perks, and Perks has final approval over the uses of PERKS or PERKSCARD by those customers. (Dow Test. 43:2 – 11; PX 10-12).

Some individuals participating in the PERKS discount program also received a key fob which they could place on their key chain to identify them easily as a member of the PERKS discount program. (Dow Test. 57:23 – 58:3; PX 19). The key fob prominently bore the PERKSCARD mark. (Dow Test. 58:4 – 6; PX 19).

3. Merchant Locations.

The PERKSCARD mark is also used at the merchant locations. Perks provides each merchant a decal for display in its window identifying that it offers discounts to holders of PERKSCARD discount cards. (Dow Test. 30:18 – 31:2). PX 13 is an example of a document sent to merchants. The document asks the merchants to place the decal in their window. “so people will see that they honor the PERKSCARD,” and “to remind their employees to honor the PERKSCARD when it’s presented in their business.” (Dow Test. 48:2 – 10; PX 13). The document explains that the discount card has different looks, but that no matter the look of the card, “as long as that PERKSCARD logo appears, they’re to honor that card.” (Dow Test. 48:12 – 49:4; PX 13, p. 2). PX 13 also uses the PERKS mark. (PX 13). PX 17 is another example; it is a flyer for merchants to display so their employees would recognize the PERKSCARD discount cards when presented by a City of Los Angeles employee, or any other PERKSCARD program member. (Dow Test. 55:5 – 17; PX 17).

4. Debit Cards.

Perks uses the PERKSCARD mark in connection with a debit card program. (Dow Test. 75:1 – 6). Perks’ debit card program is a payroll solution for companies that enables them to deposit employees’ payroll checks onto debit cards that would also allow them to take advantage of the benefits of the PERKSCARD program. (Dow Test. 75:12 – 18). The PERKSCARD mark appears on the debit card. (Dow Test. 75:19 – 20).

5. Other PERK-Formative Terms.

At the time of Mr. Dow’s deposition, Perks had expanded its PERKS-formative marks to include PERKSCLUSIVE. (Dow Test. 70:20 – 71:1). At that time, Perks was starting to use PERKSCLUSIVE in connection with a new benefit program that enables an employee or member to “get great deals or discounts on a daily basis from businesses” in the merchant network. (Dow Test. 72:16 – 21; PX 31).

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D. Perks And Its Trademark Registrations.

Perks owns a number of federal trademark registrations for its PERKS and PERKSCARD marks. These registrations are (*See* PX 26 – 29):

Mark	Reg. No.	Reg. Date	Goods/Services	Class
PERKS	1,786,961	August 10, 1993	Providing volume discount buying services to others	35
PERKSCARD	2,580,914	June 18, 2002	Buying services, namely, providing volume discounts for consumer products and services	35
PERKS	3,210,654	February 20, 2007	Buying services, namely, providing volume discounts for consumer products and services via a magnetically encoded card	35
PERKSCARD	3,156,685	October 17, 2006	Buying services, namely, providing volume discounts for consumer products and services	35

Perks uses the PERKS and PERKSCARD marks today, and has continuously used the marks in commerce, in connection with the goods and services set forth in these registration certificates. (*See Dow Test.* 67:18 – 68:2; 68:12 – 69:1; 69:10 – 19; 70:4 – 19). As certified by the U.S. Patent and Trademark Office in PX 26 – 29, these registrations are valid, subsisting and in full force and effect. Perks’ right to use PERKS and PERKSCARD is incontestable pursuant to 15 U.S.C. § 1065.

E. Perks’s Enforcement of its Trademarks.

In an effort to protect its valuable trademarks, Perks has adopted a trademark enforcement program. As part of that program, Perks has registered its PERKS and PERKSCARD marks with the PTO, has subscribed to a watch service, monitors the marketplace, and reports instances of confusion to its attorneys. (*Dow Test.* 102:6 – 19). In addition, Perks has brought infringement actions and oppositions against the users of other PERKS marks. (PX 77-86).

F. The Business of PerkSpot.

PerkSpot was founded in June 2006 by Christopher Hill and Branden Smythe. (Hill Test. 15:18 – 22). PerkSpot alleged in its application that it first used the PERKSPOT mark at least as early as August 2006, long after Perks' first use of PERKS and PERKSCARD. (See Hill Test. 28:4 – 31:12; PX 55). However, PerkSpot did not get its first employer client until November 2006. (Hill Test. 31:13 – 15).

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In his deposition, Mr. Hill, CEO of PerkSpot, agreed that PerkSpot renders the services identified in the PERKSPOT registration certificate, PX 32. (Hill Test. 19:3 – 5)

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The PERKSPOT mark is seen by potential corporate customers at the time they make the decision to engage PerkSpot. (Smythe 22:15-23:17, 50:10-51:3). The PERKSPOT mark appears on its web portal, and in marketing materials. (*Id.*). REDACTED

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G. The Direct Competition Between Perks and PerkSpot.

PerkSpot is a direct competitor of Perks. (Dow Test. 82:5 – 6; *see also* Hill Test. 39:7 – 12). When asked how he first became aware of Perks, Mr. Hill, testified that “we, as any company does, are going to do a reasonable competitive analysis of who is directly competitive or indirectly competitive or just generally in the space, and I would imagine that in some of those analyses we would have come across the name...” (Hill Test. 40:17 – 24). The identification of services in the PERKSPOT Registration is identical to, and describes, Perks’ business both now and prior to 2006. (Dow Test. 83:12 – 84:4). In fact, the two companies are in such direct competition that at least one major corporate customer, namely Starbucks, switched its discount program from Perks to PerkSpot. (Dow Test. 85:9 – 13; Hill Test. 22:17 – 19).

H. The Shared Trade Channels of Perks and PerkSpot.

Perks and PerkSpot utilize the same trade channels to generate new business. Perks sells its services to professionals in corporate human resources, personnel or employee activities departments. (Dow Test. 81:1 – 8). PerkSpot approaches this same category of professionals – human resource and employee benefits personnel – to sell its services. (Smythe Test. 26:6 – 27:2; Dow Test. 84:5 – 16).

Contacts at potential clients become aware of companies like Perks or PerkSpot through referrals, direct mail, outbound phone calling, and trade shows. (Dow Test. 84:23 – 85:3; Smythe Test. 29:10 – 15). Of these, referrals and word of mouth are critically important for generating new business, particularly for Perks. (Dow Test. 85:6 – 8).

For PerkSpot, cold calling is an important form, or the “typical process” of generating new business. (Hill Test. 39:23 – 40:1; Smythe Test. 25:11 – 15). The PERKSPOT mark would be used during the cold calls. (Smythe Test. 26:2 – 5). The PERKSPOT mark also appears on an overview document which may be distributed to potential customers after a cold call. (Smythe Test. 27:17 – 28:10; PX 53).

I. Actual Confusion.

There have been eight (8) instances made of record in this proceeding where professionals, customer employees or other third persons have actually confused Perks and PerkSpot. These instances can be summarized as follows:

1. REDACTED

2. REDACTED

REDACTED

3. REDACTED

4. A Starbucks employee called Perks' customer service center and spoke to one of Perks' customer service reps, apparently thinking he or she was speaking with a PerkSpot customer service rep and not a Perks customer service rep. (*See* Dow Test. 87:7 – 13).

5. REDACTED

6. REDACTED

7. REDACTED

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IV. ARGUMENT

The party seeking cancellation must prove two elements: (1) that it has standing; and (2) that there are valid grounds for canceling the registration. *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 945, 55 U.S.P.Q.2d 1842, 1844 (Fed. Cir. 2000) (citing *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1091, 220 U.S.P.Q. 1017, 1019 (Fed.Cir. 1984); 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* Section 20:41 (4th ed. 1996 & Supp. 1999)). Perks has standing to cancel the PERKSPOT registration, and the PERKSPOT registration should be cancelled because of a likelihood of confusion with Perks' prior trademark rights in PERKS and PERKSCARD.

A. Perks Has Standing To Cancel The PERKSPOT Registration.

Standing requires only that the party seeking cancellation believe that it is likely to be damaged by the registration. 15 U.S.C. § 1064; *Cunningham*, 222 F.3d at 945, 55 U.S.P.Q.2d at 1844) The ownership of trademark registrations, and the sale of products and services under the registered marks is sufficient to establish standing. *Cunningham*, 222 F.3d at 945, 55 U.S.P.Q.2d at 1845. Here, Perks owns registrations that it believes are confusingly similar to the PERKSPOT registration, and does business under those registered marks. (See PX 26 – 29). Further, Perks is a direct competitor of PerkSpot. See *Top Tobacco LP v. N. Am Operating Co.*, 101 U.S.P.Q.2d 1163, 1169 (TTAB 2011)(citing *Cunningham*, 222 F.3d 945, 55 U.S.P.Q.2d at 1844, (Dow Test. 82:5 – 6; see also Hill Test. 39:7 – 12). Indeed, Starbucks switched its employee benefits program from Perks to PerkSpot, demonstrating that the two companies are direct competitors. (Dow Test. 85:9 – 13; Hill Test. 22:17 – 19).

B. Perks Has Valid Grounds For Cancellation.

Perks is petitioning to cancel the PERKSPOT registration based on a likelihood of confusion with its PERKS and PERKSCARD registered marks. 15 U.S.C. § 1052(d). To succeed on its petition, Perks must show that (1) it has proprietary rights in the PERKS and PERKSCARD marks, (2) it has priority over PerkSpot, and (3) there is a likelihood of confusion between its PERKS or PERKSCARD marks and the PERKSPOT mark. *See Top Tobacco*, 101 U.S.P.Q.2d at 1169.

A registration may be cancelled because of a likelihood of confusion with a registered or common law mark provided that the registration is less than five years old. 15 U.S.C. § 1064. The PERKSPOT registration issued on December 18, 2007. (*See* PX 32). On May 22, 2009 Perks filed its Petition to Cancel the PERKSPOT registration, which issued on December 18, 2007, which is within the five year window for cancellation on any grounds. PX 32. *Id.* Thus, likelihood of confusion is a valid ground for cancellation of the PERKSPOT registration.

1. Perks Has Proprietary Rights In Its PERKS and PERKSCARD Marks.

Perks has protectable rights in its PERKS and PERKSCARD marks. Both marks are the subject of several federal trademark registrations on the Principal Register. (*See* PX 26 – 29). These registrations are valid, subsisting and in full force and effect. The registration certificates provide *prima facie* evidence of the validity of the PERKS and PERKSCARD marks, of the registrations of the marks, of Perks' ownership of the marks, and of Perks' exclusive right to use the marks in commerce. 15 U.S.C. § 1057(b). Further, Perks' right to use the PERKS and PERKSCARD marks in commerce is incontestable pursuant to 15 U.S.C. § 1065. (*See* PX 26 – 29). This means that the PERKS and PERKSCARD marks are no longer subject to challenge based on mere descriptiveness. *Id.*, 15 U.S.C. § 1064. *Park 'N Fly v. Dollar Park and Fly Inc.*,

469 U.S. 189, 196 (1985). Further, neither PERKS nor PERKSCARD are generic terms for the goods and services identified in the registration certificates.

2. Perks Has Priority Over PerkSpot.

Priority is not in dispute. The PERKS mark was first used in 1988, and registered on 1993 and 2007. (Dow Test. 28:23-29:1; PX 26-27). The PERKSCARD mark was first used in 1997, and registered on 2002 and 2006. (Dow Test. 29:4-6; PX 28 & 29).

PerkSpot, the junior user, claims a date of first use of the PERKSPOT mark in August 2006. (Hill Test. 31:2-12; Smythe Test. 11:10-11; PX 32). The filing date of the application for the PERKSPOT registration is March 28, 2007. (PX 32).

3. Perks Has Continuously Used The PERKS And PERKSCARD Marks In Commerce.

Perks has continuously used the PERKS and PERKSCARD marks in commerce since their date of first use in connection with its business of providing a discount program for the goods and services of others. Mr. Dow testified that the marks have been used continuously since their date of first use in connection with the goods and services identified in their registration certificates. (Dow Test. 29:9-11). In addition, Perks has made of record examples of use of the PERKS and PERKSCARD marks in connection with its goods and services both today and in the past. (PX 2-25, 37-38, 44-47, 59).

4. There Is A Likelihood Of Confusion Between The PERKS and PERKSCARD Marks and The PERKSPOT Mark.

The likelihood of confusion factors were set forth in *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 1361, 177 U.S.P.Q. 563, 567 (C.C.P.A. 1973). The factors relevant to this case include: (1) the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression; (2) the similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a

prior mark is in use; (3) the similarity or dissimilarity of established, likely-to-continue trade channels; (4) the conditions under which and buyers to whom sales are made; (5) the fame of the prior mark; (6) the number and nature of similar marks in use on similar goods; (7) the nature and extent of any actual confusion; (8) the market interface between the junior user and the owner of a prior mark; (9) the extent to which the trademark owner has a right to exclude others from use of its mark on its goods; and (10) the extent of potential confusion. *See Id.* The analysis must consider all relevant factors which are of record. *Cunningham*, 222 F.3d at 947, 55 U.S.P.Q.2d at 1845. However, the analysis may focus on dispositive factors, such as similarity of the marks and relatedness of the goods. *Herbko Int'l Inc. v. Kappa Books Inc.*, 308 F.3d 1156, 1164, 64 U.S.P.Q.2d 1375, 1380 (Fed. Cir. 2002)(citations omitted). Here, an analysis of the relevant factors leads to the conclusion that the PERKSPOT mark is confusingly similar to the PERKS and PERKSCARD marks.

a. Similarity of Marks.

The “similarity or dissimilarity of the marks in their entireties is a predominant inquiry” in the likelihood of confusion. *Herbko Int'l*, 308 F.3d at 1165, 64 U.S.P.Q.2d at 1380. This factor examines the relevant features of the marks, including appearance, sound, connotation and commercial impression. *Hewlett-Packard Co. v. Packard Press Inc.*, 281 F.3d 1261, 1265, 62 U.S.P.Q.2d 1001, 1003 (Fed. Cir. 2002).

PERKSPOT is similar to PERKS and PERKSCARD. Because all three marks begin with the term “perks,” PERKSPOT has the same initial sound, pronunciation and visual appearance as PERKS and PERKSCARD. *Cunningham*, 222 F.3d 943, 945, 55 U.S.P.Q.2d at 1845 (affirming Board conclusion that LASER & LASERSWING are similar in part because both marks begin with “LASER”).

The marks have the identical initial, dominant element – “perks.” The dominant feature of a mark is entitled to greater weight in determining the issue of likelihood of confusion. *Hewlett-Packard Co.*, 281 F.3d at 1265-66, 62 U.S.P.Q.2d at 1003 (likelihood of confusion between PACKARD TECHNOLOGIES and HEWLETT PACKARD). Indeed, when the dominant portion of the marks is the same or similar, as here with the shared term, “perks,” the likelihood of confusion increases. *Hewlett-Packard Co.*, 281 F.3d at 1266, 62 U.S.P.Q.2d at 1004.

PERKSPOT subsumes Perks’ entire PERKS mark. This greatly heightens the likelihood of confusion because there is no additional distinctive element distinguishing Perks’ mark. *See SquirtCo v. Tomy Corp.*, 697 F.2d 1038, 216 U.S.P.Q. 937 (Fed. Cir.1983) (likelihood of confusion between SQUIRT SQUAD for floating water toys and SQUIRT for toy balloons); *David Crystal, Inc. v. Shelburne Shirt Co., Inc.* 465 F.2 926, 175 U.S.P.Q. 112 (C.C.P.A. 1972) (likelihood of confusion between CRYSTALAIR and prior mark CRYSTAL both for apparel products); *Clinton Detergent Co. v. Proctor & Gamble Co.*, 302 F.2d 745, 133 U.S.P.Q. 520 (C.C.P. 1963) (likelihood of confusion between CARLOY for combined cleansing and polishing materials and the prior mark JOY for cleaner and detergent for washing dishes).

In addition, “spot” and “card” are not strong enough elements to distinguish PERKSPOT and PERKSCARD. Both elements appear at the end of the marks, after identical initial elements, and do not dominate in the impression of the viewer. “Spot” is a softer sounding element which does not dominate the mark like the harder sounding “perks.”

The way PerSpot uses its mark emphasizes the dominance of the PERKS element. The PERKSPOT logo is reproduced below:



The PERKSPOT logo physically separates the PERK term from the SPOT term, thereby highlighting the similarity with Perks' marks. (See PX 49).

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The professional quite simply could not distinguish between the two marks in her mind.

The similarity of marks factor points to a finding of a likelihood of confusion.

b. Similarity of Services.

The similarity of services factor is important in the consideration of whether there is a likelihood of confusion. When the services are the same, less similarity between the marks is required for a finding of likelihood of confusion. *Century 21 Real Estate Corp. v. Century Life of Am.*, 970 F.2d 874, 877, 23 U.S.P.Q.2d 1698, 1701 (Fed. Cir. 1992), cert. denied, 506 U.S. 1034 (1992)..

Perks and PerkSpot are direct competitors. (Dow Test. 82:5 – 6; *see also* Hill Test. 39:7 – 12). Indeed, Perks lost one major corporate customer, Starbucks, to PerkSpot. (Dow Test. 85:9 – 13; Hill Test. 22:17 – 19).

Both companies use their marks in connection with providing a program of discounts and benefits to corporate employers, associations or institutions for use by their employees, members or students. (Dow Test. 12:3-5, 13:21-23, 18:22-19:10, 22:22-23: 1, Hill Test. 19:5-3, Smythe Test. 20:21-21:3, 24:20-25:10, 21:14-22, 23:24-24:6). Both Perks and PerkSpot negotiate

discounts with a network of merchants or other providers for use by the employees, members or students. (Dow Test. 12:11-12, 13:9-17, Smythe Test. 23:24-24:6)

The identification of services in the PERKSPOT Registration is identical to, and describes, Perks' business both now and prior to 2006. (Dow Test. 83:12 – 84:4). The services identified in the PERKSPOT registration (“administration of a program for enabling participants to obtain discounts from retailers and service providers”) are very similar to, and encompass the identifications in PERKS Reg. No. 1,786,961 (“providing volume discount buying services to others”) and in PERKSCARD Reg. No. 2,580,914 (“buying services, namely, providing volume discounts for consumer products and services”) and Reg. No. 3,156,685 (“buying services, namely, providing volume discounts for consumer products and services”). (PX 26, 28, 29 & 32).

The similarity of services factor points to a finding of a likelihood of confusion.

c. Similarity Of Trade Channels.

When both parties offer the same services to the same types of purchasers, and employ the same trade channels, there is a greater likelihood of confusion. *Century 21*, 970 F.2d at 877, 23 U.S.P.Q.2d at 1701. This factor does not mean that the services are offered through a specific chain of supermarkets or agents, but rather that the services are offered through the same general trade channels. *Century 21*, 970 F.2d at 877, 23 U.S.P.Q.2d at 1701; *see Specialty Brands v. Coffee Bean Distrib.*, 748 F.2d 669, 672, 223 U.S.P.Q. 1281, 1282 (Fed. Cir. 1984).

Both Perks and PerkSpot utilize the identical trade channels. Both Perks and PerkSpot sell their discount programs to the Human Resources or Employee Benefits departments of large employers or institutions. (Dow Test. 81:1 – 8; Smythe Test. 26:6 – 27 :2; Dow Test. 84:5 – 16). The typical size of the employer or institution is similar – for Perks it is between 1,000-5,000

employees, with its biggest customers having more than 100,000 employees, and for

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(Dow Test. 13:24-14:4, Smythe Test. 24:20-24).

The similarity of trade channels factor points to a finding of a likelihood of confusion.

d. The conditions Under Which, And Buyers To Whom, Sales Are Made.

Perks and PerkSpot sell their services to corporate employers or institutions, primarily to professionals in the Human Resources or Employee Benefits departments of these employers or institutions. (Dow Test. 81:1-8, 84:5-16, Smythe Test. 26:6-27:2). Cold calling is an important means of generating new business for both Perks and PerkSpot. (Dow Test. 84:23 – 85:3; Smythe Test. 25:11 – 15; Smythe Test. 29:10 – 15; Hill Test. 39:23 – 40:1). Other ways both companies generate new business is through referrals, direct mail, and trade shows. (Dow Test. 85:6 – 8; Smythe Test. 29:10-15).

The reliance on oral communication, i.e., cold calls, and word of mouth referrals, to generate leads for these directly competing businesses enhances the likelihood of confusion. It is very easy for one spoken mark to be mistaken for another spoken mark, especially when the marks share the same initial dominant element, PERKS. Further, both Perks and PerkSpot are competing for business in a pool of limited size – large corporate employers. REDACTED

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This factor points to a finding of a likelihood of confusion.

e. Fame Of PERKS and PERKSCARD.

Perks has used the PERKS mark for over 22 years, and the PERKSCARD mark for approximately 15 years in the field of providing discount programs and volume buying services to corporate employers. (Dow Test. 28:23-29:8, PX 26 – 29). In that time, Perks has distributed over 5 million discount cards. (Dow Test. 79:3-6). In 2007, Perks passed the threshold of 3,000,000 hits to its corporate website. (Dow Test. 28:1-9, PX 3, p. 4). Perks has attended many trade shows, and has received significant publicity. (Dow Test. 80:4-81:15). Over the past few years, Perks' business has been growing at an annual rate of 20%. (Dow Test. 77:3-5).

This factor points to a finding of a likelihood of confusion.

f. Third Party Uses.

PerkSpot has attempted to make of record third party uses of “perks.” PerkSpot’s third party evidence consists primarily of registration printouts, search engine results, dictionary definitions and website printouts. (*See* Registrant’s Notice of Reliance). There is no testimony from third parties concerning uses of “perks,” or other documents concerning use of “perks” as a mark. The weight of this third party usage pales before the significant evidence of actual confusion and evidence supporting the other likelihood of confusion factors.

The probative value of third party trademarks depends entirely upon their usage. *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 396 F.3d 1369, 1373, 73 U.S.P.Q.2d 1689, 1693 (Fed. Cir. 2005), citing *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167, 192 U.S.P.Q. 289, 294(2d Cir. 1976)(“The significance of third-party trademarks depends wholly upon their usage. Defendant introduced no evidence that these trademarks were

actually used by third parties, that they were well promoted or that they were recognized by consumers.”) Registration printouts are not evidence that the registered marks have actually been used, or are being used in commerce. *See Top Tobacco LP*, 101 U.S.P.Q.2d 1163, 1171 (T.T.A.B. 2011). Without more, the registration printouts should be discounted and given no weight.

The search engine results have no evidentiary weight. The results provide little to no context to show whether the term is actually used on a webpage, whether it is used in commerce, or whether the search result has any relation to the business of Perks and PerkSpot. *In re Bayer Aktiengesellschaft*, 488 F.3d 960, 967, 82 U.S.P.Q.2d 1828, 1833 (Fed. Cir. 2007); *In re Max Capital Group Ltd.*, 93 U.S.P.Q.2d 1243, 1246 (T.T.A.B. 2010).

The website printouts are also of minimal probative value. They do not clearly demonstrate trademark use of the third party references in commerce, in part because it is not clear whether services are actually being rendered under these third party references. *See Palm Bay*, 73 U.S.P.Q.2d at 1693 (where the “record includes no evidence about the extent of [third party] uses...[t]he probative value of this evidence is thus minimal,” quoting *Han Beauty, Inc. v. Alberto-Culver Co.*, 236 F.3d 1333, 1338, 57 U.S.P.Q.2d 1557 (Fed. Cir. 2001)(emphasis added)). Further, it is not clear which, if any, of these websites purport to operate in the same business field as Perks and PerkSpot. *See Century 21*, 23 U.S.P.Q.2d at 1701.

In short, this factor does not obviate a finding of likelihood of confusion.

g. Actual Confusion.

The record has significant evidence of actual confusion. Actual confusion evidence is entitled to substantial weight. *Opryland USA Inc. v. Great Am. Music Show, Inc.*, 970 F.2d 847, 853, 23 U.S.P.Q.2d 1471, 1475 (Fed. Cir. 1992)(evidence of actual confusion constitutes strong proof of likelihood of confusion). The Board has noted that actual confusion evidence is “quite

persuasive” because “there can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion especially in view of the fact that evidence of actual confusion, much less competent evidence of such confusion, is difficult to come by.” *Finance Co. of Am. v. Bankamerica Corp.*, 205 U.S.P.Q. 1016, 1035 (T.T.A.B. 1980).

Actual confusion evidence is indeed notoriously difficult to develop, but here the record contains eight (8) instances where individuals, primarily professionals with employer customers, have confused Perks and PerkSpot because of the similarity of the marks. This is particularly shocking when one realizes that Perks and PerkSpot have, combined, only about three hundred (300) employer customers.

The actual confusion instances have occurred in e-mails. (PX 33, 34, 35, 50, 51 and 52; Dow Test. 87:19 – 90:14; Dow Test. 90:20 – 95:5; Dow Test. 95:9 – 98:13). Actual confusion incidents have also happened in conversations. (Dow Test. 85:18 – 87:6; Dow Test. 87:7 – 13).

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The powerful actual confusion factor points strongly in favor of a finding of likelihood of confusion.

h. The Market Interface Between Perks and Perkspot.

There is a strong market interface between Perks and PerkSpot. As noted above, the companies are direct competitors. Both compete for the same employer customers, and the same merchants and vendors for their networks. Both Perks and PerkSpot utilize similar trade channels to generate new business.

As a result, this factor points in favor of a finding of likelihood of confusion.

i. The Extent To Which Perks Has The Right To Exclude Others.

Perks has trademark registrations for PERKS and PERKSCARD on the Principal Register which are, respectively, in their third and second decade of life. As a result, Perks' right to use PERKS and PERKSCARD in commerce is incontestable. 15 U.S.C. § 1065.

Perks has a trademark enforcement program. (Dow Test. 102:6-103:1). As part of its program, Perks has repeatedly enforced its marks in both T.T.A.B. proceedings and in Federal District Court. Perks has opposed several trademark applications and obtained favorable decisions. (*See* PX 77 – 86). Perks also obtained a consent judgment in the U.S. District Court of Massachusetts against an infringer of its marks. (PX 89). The consent judgment specifically included a finding that the PERKS registration, Reg. No. 1,786,961 is valid. (PX 89, p. 2). In addition, as part of its enforcement program, Perks obtained an assignment of the Minnesota state trademark registration for MEMBERPERKS from a third party. (PX 87).

This factor points in favor of a finding of likelihood of confusion.

j. The Extent of Potential Confusion.

There is a strong potential for confusion. This is demonstrated primarily by the actual confusion evidence discussed above. When professionals at employer customers are confused, there can be no doubt that confusion is also happening at the merchant network level and individual employee level.

The confusion is exacerbated by PerkSpot's apparent internet advertising program designed to capitalize on the goodwill of the PERKSCARD mark. For example, at the time of Mr. Dow's deposition, when one typed "PerksCard" into the Google internet search engine, PerkSpot appears as the first sponsored link. (Dow Test. 101:2 – 21; PX 36). To Mr. Dow's knowledge, the only key word which produced PerkSpot as a sponsored listing was "PerksCard." (Dow Test. 101:17 – 18). It is fair to assume that PerkSpot is bidding on "PerksCard" in an effort to capture traffic looking for Perks. (Dow Test. 101:22 – 102:5).

When asked if it would be bad for a business if customers confused one company's business with that of another company Mr. Hill sarcastically replied "I suppose if you are a company that was being confused with another company that had a better brand, you probably wouldn't be so disappointed." (Hill Test. 35:10 – 17). Here, PerkSpot, the junior user, is being confused with the senior user, first comer, larger business, and better brand.

This factor points in favor of a finding of likelihood of confusion.

k. Summary Of Likelihood Of Confusion.

Perks submits that the evidence demonstrates that there is a very strong likelihood of confusion, and as a result that the PERKSPOT registration should be cancelled. The marks are very similar, and all share the same initial, dominant term, PERKS. The companies are direct competitors, provide the same services, compete for the same customers, operate in the same

channels of trade, and have a strong market interface. The federally registered PERKS and PERKSCARD marks have developed strength by virtue of the number of years of their use and the growth of Perks' underlying business. Perks has had success in enforcing its trademark rights against others. Above all, the conclusion of a likelihood of confusion is underscored by the evidence of actual confusion. But, any doubt on whether there is a likelihood of confusion should be resolved in favor of Perks and against PerkSpot, the newcomer. *See Hewlett-Packard*, 62 U.S.P.Q.2d at 1003; *Century 21*, 23 U.S.P.Q.2d at 1701.

V. CONCLUSION

For the foregoing reasons, Perks respectfully submits that the PERKSPOT registration is confusingly similar to Perks' prior trademark rights in PERKS and PERKSCARD. As a result, Perks respectfully requests that its Petition for Cancellation be sustained and that the PERKSPOT registration, Reg. No. 3,355,480, be cancelled.

Respectfully submitted,

COUCH/BRAUNSDORF AFFINITY GROUP, INC.

Dated: April 6, 2012

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing **PETITIONER'S TRIAL BRIEF**, was served on opposing counsel by first class mail on this 6th day of April, 2012, addressed as follows:

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