

ESTTA Tracking number: **ESTTA296029**

Filing date: **07/17/2009**

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

|                        |  |
|------------------------|--|
| Proceeding             | 92051006   |
| Party                  | Defendant<br>12 Interactive, LLC   |
| Correspondence Address | 12 Interactive, LLC<br>3501 N. Southport Avenue, Suite 144<br>Chicago, IL 60657<br>UNITED STATES |
| Submission             | Answer and Counterclaim  |
| Filer's Name           | Michael G. Kelber  |
| Filer's e-mail         | mkelber@ngelaw.com   |
| Signature              | /Michael G. Kelber/  |
| Date                   | 07/17/2009   |
| Attachments            | Answer_and_Counterclaim.pdf ( 12 pages )(49253 bytes )   |

**Registrations Subject to the filing**

|                    |  |                   |            |
|--------------------|--|-------------------|------------|
| Registration No    | 1786961  | Registration date | 08/10/1993 |
| Registrant         | COUCH/BRAUNSDORF AFFINITY, INC.<br>1664 UNIVERSITY AVENUE<br>ST. PAUL, MN 55104<br>UNITED STATES |                   |            |
| Grounds for filing | The registered mark has become the generic name for the goods.                                   |                   |            |

**Goods/Services Subject to the filing**

|  |
|--|
| Class 035. First Use: 1988/03/24 First Use In Commerce: 1988/03/24<br>All goods and services in the class are requested, namely: providing volume discount buying services to others |
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|                    |  |                   |            |
|--------------------|--|-------------------|------------|
| Registration No    | 2580914  | Registration date | 06/18/2002 |
| Registrant         | COUCH/BRAUNSDORF AFFINITY, INC.<br>1664 UNIVERSITY AVENUE<br>ST. PAUL, MN 55104<br>UNITED STATES |                   |            |
| Grounds for filing | The registered mark has become the generic name for the goods.                                   |                   |            |

**Goods/Services Subject to the filing**

|   |
|---|
| Class 035. First Use: 1997/05/00 First Use In Commerce: 1997/05/00<br>All goods and services in the class are requested, namely: Buying services, namely, providing volume discounts for consumer products and services |
|---|

|                 |   |                   |            |
|-----------------|---|-------------------|------------|
| Registration No | 3210654   | Registration date | 02/20/2007 |
| Registrant      | Couch Braunsdorf/Affinity, Inc.<br>701 Martinsville Road<br>Liberty Corner, NJ 07938<br>UNITED STATES |                   |            |

## Goods/Services Subject to the filing

Class 035. First Use: 1988/03/24 First Use In Commerce: 1988/03/24  
All goods and services in the class are requested, namely: Buying services, namely, providing volume discounts for consumer products and services via a magnetically encoded card

|                 |   |                   |            |
|-----------------|---|-------------------|------------|
| Registration No | 3156685   | Registration date | 10/17/2006 |
| Registrant      | Couch/Braunsdorf Affinity, Inc.<br>701 Martinsville Road<br>Liberty Corner, NJ 07938<br>UNITED STATES |                   |            |

## Goods/Services Subject to the filing

Class 035. First Use: 1997/01/05 First Use In Commerce: 1997/01/05  
All goods and services in the class are requested, namely: Buying services, namely, providing volume discounts for consumer products and services

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

|                                  |   |                            |                   |
|----------------------------------|---|----------------------------|-------------------|
| COUCH/BRAUNSDORF AFFINITY, INC., | ) |                            |                   |
|                                  | ) | Cancellation No. 92-051006 |                   |
| Petitioner,                      | ) |                            |                   |
|                                  | ) |                            |                   |
| v.                               | ) | Mark:                      | PERKSPOT          |
|                                  | ) | Registration No.           | 3,355,480         |
| 12 INTERACTIVE, LLC,             | ) | Registered:                | December 18, 2007 |
|                                  | ) |                            |                   |
| Registrant                       | ) |                            |                   |

**REGISTRANT’S ANSWER TO PETITION FOR CANCELLATION,  
AFFIRMATIVE DEFENSES, AND COUNTERCLAIM FOR CANCELLATION OF  
PETITIONER’S MARKS**

Registrant, 12 Interactive, LLC, (“Registrant”), through its attorneys, Neal, Gerber & Eisenberg, LLP, answers the Petition for Cancellation of Couch/Braunsdorf Affinity, Inc., (“Petitioner”), as follows:

1. Perks is a leading business in the affinity and promotional industry, providing volume discounts for consumer products and services to others. Perks owns and uses in commerce, the distinctive service marks PERKS and PERKSCARD in connection with these services.

**ANSWER:**

Registrant denies that the marks PERKS and PERKSCARD are distinctive for use in connection with providing volume discounts for consumer products and services to others. Registrant is without knowledge sufficient to form a belief as to the remaining allegations contained in Paragraph No. 1, and therefore denies the same.

2. Perks contracts with employers to negotiate discounts and services offered by third parties for employees. Perks provides discount cards under the PERKSCARD mark to employees that may be utilized at third party businesses or over the internet. For example, employees may receive discounts on food, clothing, trips, day care and medical benefits.

**ANSWER:**

Registrant is without knowledge sufficient to form a belief as to the allegations contained in Paragraph No. 2, and therefore denies the same.

3. Over the past 20 years, Perks has grown its business. Perks now has contracts with many national employers. Perks has distributed millions of PERKSCARD discount cards nationwide to employees.

**ANSWER:**

Registrant is without knowledge sufficient to form a belief as to the allegations contained in Paragraph No. 3, and therefore denies the same.

4. PERKS has been used in commerce since at least as early as March 24, 1988, and has been used continuously in commerce since that date. PERKSCARD has been used in commerce since at least as early as May 1997, and has been used continuously in commerce since that date.

**ANSWER:**

Registrant admits that the terms “perks” and “card” have been used, both together and individually, in commerce by numerous parties for many years. To the extent that Paragraph No. 4 refers to any use by Petitioner, Registrant is without knowledge sufficient to form a belief as to Petitioner’s use and therefore denies the same.

5. Perks has invested considerable money, time and effort into the development of the PERKS and PERKSCARD marks. These marks have become assets of incalculable value for Perks as immediately recognizable and well-known indicators of source of the company's high quality services, or at least a single source for the services.

**ANSWER:**

Registrant is without knowledge sufficient to form a belief as to the allegations contained in Paragraph No. 5, and therefore denies the same.

6. Perks owns a number of federal trademark registrations for the PERKS and PERKSCARD marks as set forth below:

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

**ANSWER:**

Registrant admits that the four registrations set forth in Paragraph No. 6 appear on the Principal Register. Registrant is without knowledge sufficient to form a belief as to the ownership of said registrations, and therefore denies the remaining allegations set forth in Paragraph No. 6.

7. Copies of the federal registration certificates for the above-referenced marks are attached as Exhibit 1. These federal registrations are valid, subsisting and in full force and effect. Perks' federal registration certificates are prima facie evidence of the validity of these marks as well as Perks' ownership and exclusive right to use these marks in connection with the identified services. 15 U.S.C. § 1057(b).

**ANSWER:**

Registrant admits that four federal registration certificates were attached to the Complaint as Exhibit 1, two of which identify Petitioner. To the extent that Paragraph No. 7 includes legal argument, Registrant states that no response is required. Registrant denies the remaining allegations in Paragraph No. 7.

8. Perks' right to use in commerce PERKS and PERKSCARD is incontestable pursuant to 15 U.S.C. § 1065.

**ANSWER:**

Registrant notes that the statute referred to in Paragraph No. 8 only provides for incontestability of federal trademark registrations under certain conditions, and that Paragraph No. 8 fails to identify any federal trademark registrations. Accordingly, Registrant denies the allegations set forth in Paragraph No. 8.

9. Registrant owns U.S. Service Mark Reg. No. 3,355,480, for the mark PERKSPOT. Upon information and belief, Registrant is an Illinois Limited Liability Company, with its principal place of business in Chicago, Illinois.

**ANSWER:**

Admitted.

10. After Perks first used the PERKS and PERKSCARD marks, and after the PTO issued federal registrations for the PERKS and PERKSCARD marks, Registrant adopted and first used the PERKSPOT mark in connection with a service of providing volume discounts for consumer products and services to others.

**ANSWER:**

Registrant admits that it adopted and has used the PERKSPOT mark in connection with the administration of a program for enabling participants to obtain discounts from retailers and service providers, and did so after the dates identified by the Trademark Office as issue dates for U.S. Registration Nos. 1,786,961 and 2,580,914. Registrant is without knowledge sufficient to form a belief as to the remaining allegations contained in Paragraph No. 10, and therefore denies the same.

11. After Perks first used the PERKS and PERKSCARD marks, and after the PTO issued federal registrations for PERKS and PERKSCARD marks, Registrant applied to register the PERKSPOT mark, Serial No. 77/142,966. This application matured into the Registration, and has an identification of services which reads "administration of a program for enabling participants to obtain discounts from retailers and service providers" in Class 35.

**ANSWER:**

Registrant admits that it applied to register the PERKSPOT mark for use in connection with the administration of a program for enabling participants to obtain discounts from retailers and service providers in Class 35, that Registrant's application was given Serial No. 77/142,966 by the Trademark Office, and that it matured into U.S. Registration No. 3,355,480. Registrant further admits that it submitted its application after the dates identified by the Trademark Office as issue dates for federal registrations of PERKS and PERKSCARD marks. Registrant is without knowledge sufficient to form a belief as to the remaining allegations contained in Paragraph No. 11, and therefore denies the same.

12. At the time it adopted, first used, and filed its application for PERKSPOT, Registrant had constructive knowledge of Perks' rights in its PERKS and PERKSCARD marks, and, upon information and belief, had actual knowledge of Perks' use of the PERKS and PERKSCARD marks.

**ANSWER:**

Registrant admits that it had constructive knowledge of the existence of U.S. Registrations for the marks PERKS and PERKSCARD at the time Registrant adopted, first used, and filed its application for PERKSPOT. Registrant denies the remaining allegations set forth in Paragraph No. 12.

13. Perks has priority of use over Registrant.

**ANSWER:**

Registrant denies the allegation set forth in Paragraph No. 13 on the grounds that the allegation does not specify use as to any particular term or registration.

14. Perks and Registrant offer similar services, and are competitors in the marketplace.

**ANSWER:**

Registrant denies the allegations set forth in Paragraph No. 14 on the grounds that the phrase “competitors in the marketplace” is ambiguous and subject to multiple interpretations, and that Registrant is without knowledge sufficient to form a belief as to the services Petitioner offers.

15. PERKSPOT is confusingly similar to the PERKS and PERKSCARD marks. The Registration and use of PERKSPOT by Registrant in association with the identified services is likely to cause confusion as to the source or origin of Registrant's services, and is likely to mislead consumers, all to Perks' damage.

**ANSWER:**

Denied.

16. PERKSPOT, as used in connection with the identified services, is likely to cause confusion in the minds of the public, and is likely to deceive purchasers. The relevant public, upon seeing PERKSPOT in connection with Registrant's services, is likely to believe that such services originate with, or have some connection with, Perks, when that is not the case. Perks is aware of at least one instance which it believes to represent actual confusion. Accordingly, the Registration is seriously damaging Perks, and the Registration therefore should be cancelled pursuant to 15 U.S.C. §1052(d).

**ANSWER:**

Registrant is without knowledge sufficient to form a belief as to what Petitioner is “aware of” or “believes to represent actual confusion,” and therefore denies the same. Registrant denies the remaining allegations set forth in Paragraph No. 16.

**AFFIRMATIVE DEFENSES**

For its affirmative defenses, Registrant states as follows:

1. Petitioner fails to state a claim upon which relief can be granted.
2. Petitioner should be denied relief under the equitable doctrine of unclean hands in

that, on information and belief, it acquired two of the registrations asserted in its petition subsequent to learning of Registrant's application for PERKSPOT.

3. Registration Nos. 3,156,685 and 3,210,654 asserted by Petitioner are invalid because the terms "Perks" and "PerksCard" are merely descriptive and lack secondary meaning.

4. The registrations asserted by Petition are afforded a narrow range of protection based on the at least ninety-one (91) federal trademark registrations owned by parties other than Registrant and Petitioner that include the term "perks" for use with services in International Class 35. Accordingly, any rights which Petitioner has based on its registrations do not extend to use of the term "Perkspot."

5. The registrations asserted by Petitioner are invalid because the term "Perks" and "Perks Card" are generic terms recognized by the general public to indicate the services for which the registrations are designated.

6. Registrant has waived its right to assert the registrations set forth in the complaint because it has acquiesced to significant use of the registered terms by third parties.

### **COUNTERCLAIMS**

Registrant, for its counterclaims against Petitioner, hereby states the following:

1. Registrant manages employee discount programs on behalf of Fortune 500 companies, state and local governments, and other large employers.

2. Since 2006, Registrant has done business under the name "Perkspot," through the website <www.perkspot.com>. In accordance with this business, Registrant applied for and maintains U.S. Trademark Registration No. 3,355,480 ("Registrant's Mark") for use in

connection with the administration of a program for enabling participants to obtain discounts from retailers and service providers.

3. Petitioner has petitioned to cancel Registrant's Mark, alleging that it is likely to cause confusion with U.S. Trademark Registration Nos. 1,786,961 ("PERKS 1"), 3,210,654 ("PERKS 2"), 2,580,914 ("PERKSCARD 1") and 3,156,685 ("PERKSCARD 2").

4. On information and belief, Petitioner's applications filed in 2006 that matured into the PERKS 2 and PERKSCARD 2 registrations were initially rejected in light of the pre-existing PERKS 1 and PERKSCARD 1 registrations.

5. On information and belief, Petitioner, in 2008 and subsequent to receiving office actions in response to its applications referenced in Paragraph No. 4, acquired the PERKS 1 and PERKSCARD 1 registrations from a third party at least in part as a means to overcome the office actions.

### **Count I – Certain Asserted Marks are Merely Descriptive**

6. The word "perk" is merely descriptive of a volume discount given to consumers in exchange for buying certain products or services.

7. The PERK 2 registration for use in connection with "providing volume discounts for consumer products and services via a magnetically controlled card" designates a service for which the associated mark is merely descriptive. Accordingly, the registration should have been refused registration in accordance with 15 U.S.C. § 1052(e)(1) and must be cancelled.

8. The term "perks card" is merely descriptive of a card used in association with perks.

9. The PERKSCARD 2 registration for use in connection with “providing volume discounts for consumer products and services,” *i.e.*, perks, is merely descriptive of a card which provides those designated services. Accordingly, the registration should have been refused registration in accordance with 15 U.S.C. § 1052(e)(1) and must be cancelled.

### **Count II – Asserted Marks are Generic**

10. The word “perk” has come to be known and used by the general public as a noun to define incentives or bonuses associated with conducting certain activities. Thus, “providing volume discount buying services” or “providing volume discounts for consumer products and services via a magnetically encoded card” would be perceived by the general public as providing “perks.”

11. Because “perk” is the commonly used term for the services offered in association with the PERKS 1 and PERKS 2 marks, these marks are incapable of source identification with respect to these services, and are therefore generic and free for all to use. Accordingly, the PERKS 1 and PERKS 2 marks should be cancelled and removed from the registry pursuant to 15 U.S.C. § 1064.

12. The term “perk card” has come to be known and used by the general public as a term to define a card used to distribute perks. The commonly used term to describe “volume discounts for consumer products and services” is “perks.” Thus, when such “buying services” or perks are offered through a card, the card is generically referred to as a “Perks Card.”

13. Because “Perks Card” is the common term for the services offered in association with the PERKSCARD 1 and PERKSCARD 2 marks, these marks are incapable of source identification with respect to these services, and are therefore generic and free for all to use.

Accordingly, the PERKSCARD 1 and PERKSCARD 2 marks should be cancelled and removed from the registry pursuant to 15 U.S.C. § 1064.

**Prayer for Relief**

WHEREFORE, Registrant requests that the Board enter judgment in its favor and against Petitioner as follows:

(a) Cancelling U.S. Registration No. 1,786,961 as merely descriptive of the services for which it is designated;

(b) Cancelling U.S. Registration No. 2,580,914 as merely descriptive of the services for which it is designated;

(c) Cancelling U.S. Registration No. 3,210,654 as merely descriptive of the services for which it is designated and/or as representing a generic term that is incapable of source identification; and

(d) Cancelling U.S. Registration No. 3,156,685 as merely descriptive of the services for which it is designated and/or as representing a generic term that is incapable of source identification.

The Director is hereby authorized to charge the filing fee for this Counterclaim for Cancellation to Deposit Account No. 502261.

Dated: 17 July, 2009

By: /Michael G. Kelber /

One of the Attorneys for Registrant,

12 Interactive, LLC

Michael G. Kelber

Michael R. Turner

Neal, Gerber & Eisenberg, LLP

Two North LaSalle Street – Ste. 1700

Chicago, Illinois 60602-3801

(312) 269-8000

**CERTIFICATE OF TRANSMISSION**

I, Michael R. Turner, an attorney, hereby certify that the foregoing *Registrant's Answer to Petition for Cancellation, Affirmative Defenses, and Counterclaim for Cancellation of Petitioner's Marks* is being electronically transmitted via the Electronic System for Trademark Trials and Appeals ("ESTTA") at <http://estta.uspto.gov/> on the date noted below:

Date: July 17, 2009

By: /Michael R. Turner/  
Michael R. Turner

**CERTIFICATE OF SERVICE**

I, Michael R. Turner, an attorney, state that I served a true and correct copy of the foregoing *Registrant's Answer to Petition for Cancellation, Affirmative Defenses, and Counterclaim for Cancellation of Petitioner's Marks* via US Mail, postage pre-paid, on the following counsel of record on July 17, 2009:

Philip A. Jones  
BRINKS HOFER GILSON & LIONE  
455 N. Cityfront Plaza Dr., Ste 3600  
Chicago, IL 60611-5599

Date: July 17, 2009

By: /Michael R. Turner /  
Michael R. Turner