

ESTTA Tracking number: **ESTTA692916**

Filing date: **09/01/2015**

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

Proceeding	92061934
Party	Defendant Townsquare Commerce, LLC
Correspondence Address	TOWNSQUARE COMMERCE LLC 1851 NORTH GREENVILLE AVE , SUITE 100 RICHARDSON, TX 75081 UNITED STATES
Submission	Motion to Suspend for Civil Action
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Attachments	HOUSTON-#644707-v1-Motion_to_Suspend.pdf(195850 bytes) Ex. A- Complaint.pdf(332077 bytes) Ex. B-Answer.pdf(83127 bytes)

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

In the Matter of U.S. Trademark Reg. No. 3,895,241 (SEIZE THE DEAL)
Registered: December 21, 2010

GROUPON, INC.	§	
	§	
Petitioner,	§	
	§	
v.	§	Cancellation No. 92061934
	§	
TOWNSQUARE COMMERCE, LLC,	§	
	§	
Registrant.	§	
	§	

**REGISTRANT’S MOTION TO SUSPEND PROCEEDING
PENDING OUTCOME OF CIVIL ACTION**

Registrant Townsquare Commerce, LLC (“Registrant” or “Townsquare”), by and through its undersigned counsel, hereby moves for suspension of this proceeding pursuant to 37 C.F.R. § 2.117 and T.B.M.P. 510.02(a), pending the final determination of *Townsquare Commerce, LLC v. Groupon, Inc.*, Civil Action 3:15-cv-1870-P, pending in the United States District Court for the Northern District of Texas.

I. INTRODUCTION

On May 29, 2015, Townsquare filed a complaint against Petitioner Groupon, Inc. (“Petitioner” or “Groupon”) in the United States District Court for the Northern District of Texas, styled *Townsquare Commerce, LLC v. Groupon, Inc.*, Civil Action 3:15-cv-1870-P (the “Federal Action”).¹ The complaint asserts various counts of federal and state trademark infringement, unfair competition, trade dress infringement, and unjust enrichment against

¹ A true and correct copy of Townsquare’s Complaint in the Federal Action is attached hereto as Exhibit A.

Groupon. Groupon answered the Complaint on July 29, 2015 and asserted counterclaims for declaratory judgments of non-infringement, that Townsquare's marks are generic, that Townsquare's marks are merely descriptive, and requested cancellation of Registrant's marks pursuant to 15 U.S.C. § 1119.²

After the litigation commenced, Groupon filed this cancellation proceeding on July 27, 2015. The allegations made by Groupon in its petition for cancellation are that Townsquare's marks are generic or merely descriptive, and that Groupon will be irreparably damaged by the continued registration of Townsquare's marks.

II. ARGUMENT

Townsquare requests suspension of these cancellation proceedings because the currently pending Federal Action will address and resolve all of the issues raised by Groupon in this cancellation proceeding.

The Trademark and Trial Appeal Board (TTAB) has directly addressed this scenario in its rules and procedures. Trademark Rule 2.117(a), codified at 37 C.F.R. 2.117(a) provides that:

Whenever it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action or another Board proceeding which may have a bearing on the case, proceedings before the Board may be suspended until termination of the civil action or other Board proceeding.

Further, the Trademark Trial and Appeal Board Manual of Procedure explains that “[u]nless there are special circumstances, the Board will suspend proceedings in the case before it if the final determination of the other proceeding may have a bearing on the issues before the Board.”

See TBMP §510.02(a) (2015) (emphasis added).

² A true and correct copy of Groupon's Answer and Counterclaims in the Federal Action is attached hereto as Exhibit B.

The TTAB has applied this rule liberally and suspended proceedings until related district court actions are concluded. *See, e.g., Whopper-Burger, Inc. v. Burger King Corp.*, 171 U.S.P.Q. 805, 807 (T.T.A.B. 1971) (suspending cancellation proceeding in light of pending federal litigation because “the outcome of the civil action will have a direct bearing on the question of the rights of the parties herein and may in fact completely resolve all the issues.”); *General Motors Corp. v. Cadillac Club Fashions Inc.*, 22 USPQ2d 1933, 1992 WL 141992, at *3-4 (T.T.A.B. 1992) (same). To the extent that a civil action in a Federal district court involves issues in common with the issues in a TTAB proceeding, the district court’s findings are binding on the TTAB. *See* TBMP §510.02(a) (2015).

Here, Townsquare requests suspension of the cancellation proceeding because the Federal Action involves the same parties, the same trademarks, the same request for cancellation of Townsquare’s marks, and the same alleged grounds for cancellation. Groupon has sought cancellation of Townsquare’s marks on the basis of genericness and descriptiveness. Findings by the district court on these issues will be binding on the TTAB, therefore the Federal Action has a bearing on this cancellation proceeding. *See General Motors*, 1992 WL 141992 at *3-4. In addition, Townsquare has asserted allegations of infringement against Groupon of its trademarks. In order to prevail on this claim, Townsquare has to establish its rights in these trademarks, and if the district court determines such rights exist, such determination should have a bearing on Groupon’s allegations of genericness in the cancellation proceeding.

Townsquare therefore respectfully requests that, in the interests of judicial economy and to avoid inconsistent results, this cancellation proceeding be suspended pending a final determination in the Federal Action.

DATE: September 1, 2015

Respectfully Submitted,

/s/ Stewart N. Mesher

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CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing Registrant's Motion to Suspend Proceedings Pending Outcome of Civil Action has been served on counsel of record for Groupon by e-mail and first class mail, Certified Return Receipt Requested, on September 1, 2015.

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/s/ Darlene Ghavimi

Darlene Ghavimi

EXHIBIT A

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

TOWNSQUARE COMMERCE, LLC,	§	
	§	
Plaintiff,	§	
	§	
v.	§	CIVIL ACTION NO. 3:15-cv-1870
	§	
GROUPON, INC.	§	
	§	
Defendant.	§	
	§	

PLAINTIFF’S ORIGINAL COMPLAINT

COMES NOW Plaintiff Townsquare Commerce, LLC (“Townsquare”) by and through the undersigned counsel, and files this Complaint against Defendant Groupon, Inc. (“Groupon”) and alleges the following:

NATURE OF THE ACTION

1. Among other causes of action, this is an action for trademark infringement and unfair competition under the United States Trademark (Lanham) Act 15 U.S.C. §§ 1051, *et seq.*, and unfair competition, unjust enrichment, and trademark infringement under the common law and the laws of this State. Townsquare seeks equitable and monetary relief from Defendant’s willful violations of Townsquare’s rights in its SEIZE THE DEAL trademark (“The Mark”), federal trade dress rights, and other rights afforded by operation of law.

2. Plaintiff is a highly successful e-commerce business that markets daily discounted deals to consumers on goods and services from local merchants in a customer’s specific locale.

3. Plaintiff markets its daily deals to customers throughout the United States by way of extensive radio advertising, Twitter, television, Plaintiff’s website

<http://www.seizethedeal.com>, other websites, through Plaintiff's mobile device app, and through e-mail promotions.

4. Plaintiff has invested significantly in its business as well as its branding, including its use of The Mark since 2009 and federal registration of The Mark under U.S. Trademark Registration No. 3,895,290 (for use in connection with "Coupons; Gift cards; Printed certificates") and No. 3,895,241 (for use in connection with "Promoting the goods and services of others via a global computer network and by means of distributing advertising on the Internet; promoting the goods and services of others by providing a web site featuring coupons ...").

5. As a result of its extensive advertising, provision of goods and services, sound business practices, and operations, Plaintiff has established strong relationships with customers who have come to recognize and respect the goods and services provided by Plaintiff and identified using The Mark. Accordingly, Plaintiff has developed substantial goodwill and a reputation for integrity in its market, both of which are inextricably intertwined with the marks.

6. The Mark is distinctive and well known as used in connection with the goods and services offered by Plaintiff, resulting in recognition that the goods and services offered under the marks emanate from a single source – namely Plaintiff. Thus there is a likelihood of confusion with respect to the above-mentioned customers unless Defendant is enjoined against further unlawful conduct.

7. The goodwill embodied in The Mark, and consequently Plaintiff's valuable reputation and credibility in the industry, depends on the integrity of The Mark as being identified exclusively with Plaintiff – and not any other source.

8. This lawsuit is brought to stop Defendant's infringement of valuable intellectual property rights, including The Mark relating to Plaintiff's business, from passing off Defendant's

operations as those of Plaintiff, including engaging in activities likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person. These activities, which include using The Mark no less than 49 times in the publicly searchable code of Defendant's website, have resulted in Defendant's website becoming prominently featured in Google search results – and likely others – by those searching for The Mark.

9. Defendant Groupon's business operations, as well as its "Seize The Deal!" promotional campaign, are nearly an exact copy of those pertaining to Plaintiff, and Groupon's use of The Mark is identical – or confusingly similar – to that of Plaintiff. The foregoing is an apparent intentional effort to imitate and/or cause confusion with respect to the successful business of Plaintiff. Indeed, Defendant has gone out of its way to mimic characteristics, and thus trade dress, of Plaintiff's website.

10. On information and belief, Plaintiff and Defendant have a direct overlap in customers insofar as they both draw from, and thus compete for, the same pool of customers (*e.g.*, customers who purchase promotional discount goods and services).

11. Defendant's infringement of Plaintiff's intellectual property rights harms Plaintiff, as well as those customers and potential customers of Plaintiff who may be confused and deceived by Defendant's business and/or Defendant's unauthorized reproduction and/or imitation of Plaintiff's trademark, both federally registered and at common law.

12. Plaintiff respectfully seeks intervention of this Court to stop Defendant from continuing their present activities and for monetary damages. Plaintiff will be promptly seeking injunctive relief.

THE PARTIES

13. Plaintiff re-alleges and incorporates by reference the foregoing allegations as though fully set forth herein.

14. Plaintiff Townsquare is a Limited Liability Company organized in Delaware and having a principal place of business at 1851 North Greenville Ave., Suite 100, Richardson, Texas, 75081. Townsquare was formerly known as Seize The Deal, LLC before it officially changed its name to Townsquare Commerce, LLC on March 18, 2015.

15. On information and belief, Defendant Groupon is a Delaware corporation with its principal place of business at 600 West Chicago Ave., Chicago, Illinois, 60654. Defendant Groupon is registered to do business in Texas and has Texas taxpayer ID No. 12709032952. Defendant can be served with process at its registered agent for service of process, The Corporation Trust Company, Corporation Trust Center, 1209 Orange St., Wilmington, Delaware, 19801.

16. On information and belief, Defendant operates and controls the website located at <https://www.Groupon.com>.

JURISDICTION AND VENUE

17. Plaintiff re-alleges and incorporates by reference the foregoing allegations as though fully set forth herein.

18. The Court has subject matter jurisdiction under 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331, and 1338, and has supplemental jurisdiction over the state law claims under 28 U.S.C. §1367(a).

19. On information and belief, this Court has personal jurisdiction over Defendant because Defendant is registered to do business in Texas, has consented to the jurisdiction of

Texas, is subject to jurisdiction in this state as set forth under Texas Civil Practices and Remedies Code § 17.042. Defendant has purposefully availed itself of doing business in this State and is doing business within this State. Defendant offers, markets, and promotes its goods and services bearing The Mark that is the subject of this lawsuit through its website and other means to consumers located in Texas and uses those marks to promote and advertise its goods and services in Texas and elsewhere.

20. On information and belief, Defendant has willfully and voluntarily committed the acts complained of herein in at least this State.

21. On information and belief, venue is proper under 28 U.S.C. § 1391.

FACTUAL ALLEGATIONS

A. TOWNSQUARE'S TRADEMARKS

22. Plaintiff re-alleges and incorporates by reference the foregoing allegations as though fully set forth herein.

23. Since at least as early as 2009 until March 18, 2015, Plaintiff has been using The Mark in connection with its goods and services, whether under the name "Seize The Deal, LLC" or "Townsquare Commerce, LLC." Throughout this time, Plaintiff's use of The Mark has been continuous and continues today.

24. Plaintiff has continually used The Mark in commerce, throughout the United States. The Mark is inherently distinctive and serves to identify and indicate the source of its promotional discount goods and services to those in the relevant market.

25. Plaintiff has extensively advertised and promoted its goods and services and has developed substantial recognition in the marketplace for its goods and services bearing The Mark of Plaintiff. Plaintiff's advertising has included radio, television, Twitter, brochures,

correspondence, e-mail, the Internet, and in other manners customary to the trade. Plaintiff also regularly interacts and conducts business with its clients via the telephone, facsimile, mail and/or e-mail using The Mark.

26. As a result of Plaintiff's use and promotion of The Mark, The Mark has become distinctive to designate Plaintiff, to distinguish Plaintiff and its goods and services from those of others, and to distinguish the source or origin of Plaintiff's goods and services. As a result of these efforts by Plaintiff, consumers in the relevant market throughout the United States widely recognize and associate The Mark with Plaintiff.

27. As a result of Plaintiff's long use and promotion of The Mark in the United States, Plaintiff has acquired valuable common law rights in The Mark.

28. Plaintiff has registered SEIZE THE DEAL as U.S. Trademark Registration No. 3,895,241 on the Principal Register of the United States Patent and Trademark Office. A true and correct copy of the Certificate of Registration is attached hereto as Exhibit A.

29. Plaintiff has registered SEIZE THE DEAL as U.S. Trademark Registration No. 3,895,290 on the Principal Register of the United States Patent and Trademark Office. A true and correct copy of the Certificate of Registration is attached hereto as Exhibit B.

30. Plaintiff extensively advertises and makes use of The Mark through all apt forms of media, including but not limited to radio, television, e-mail marketing, website advertising, Twitter, Facebook, and LinkedIn.

31. Through its trademark registrations and its consistent and continuous use, advertising, and third-party media attention, Plaintiff has developed enforceable statutory and/or common law trademark, trade name, and trade dress rights in The Mark. Plaintiff has established fame and substantial goodwill with its customers via The Mark and has developed an excellent

reputation throughout the United States. In addition, Plaintiff has invested significantly in advertising The Mark, as registered, in association with its business.

B. Groupon's INFRINGING ACTIVITIES

32. Upon information and belief, Groupon was and is knowledgeable about Plaintiff's intellectual property rights, including The Mark, and is intentionally infringing Plaintiff's intellectual property rights in order to capitalize upon The Mark and goodwill of Plaintiff.

33. On April 28, 2014, Jason Harinstein, Senior Vice President of Corporate Development and Strategy for Groupon, approached Plaintiff about entry into a potential partnership. In May 2014, Groupon obtained confidential information of Plaintiff – including financial and marketing information – and considered acquiring Plaintiff. No deal acceptable to Plaintiff was proposed by Groupon, and any possible transaction was shelved. Apparently, having been unable to get what it wanted through negotiations to partner with – or acquire – Plaintiff, Groupon now seeks to maliciously destroy Plaintiff's business and take its customers – all with full knowledge of The Mark of Plaintiff, Plaintiff's web design and marketing, Plaintiff's customers, and Plaintiff's intellectual property.

34. Sometime in December 2014, after Plaintiff and Groupon had previously engaged in substantive partnership / acquisition discussions that fell apart, Groupon sent via e-mail a promotional "Seize The Deal" campaign to consumers. (*See* Exhibit C, pp. 2-6).

35. Townsquare sent a cease and desist letter, through counsel, to Groupon on December 18, 2014. (*Id.*, p.1).

36. Groupon responded to Townsquare by removing the promotional campaign from Groupon's system and stated that "it considered the matter resolved." (*See* Exhibit D). At no time did Groupon challenge the rights of Plaintiff or Plaintiff's assertions in the letter.

37. Despite knowledge that a promotional campaign that used the phrase “Seize The Deal” would infringe Townsquare’s intellectual property, Groupon again embarked on a “Seize The Deal!” promotional campaign on May 27, 2015, found at <https://www.Groupon.com/occasion/seize-the-deal>, willfully infringing on The Mark of Plaintiff. (*See* Exhibit E). Indeed, this campaign more prominently features The Mark of Plaintiff than that of Groupon, and is more extensive than the first campaign. (*See* Exhibit F).

38. The software code embedded in Groupon’s web page at <https://www.Groupon.com/occasion/seize-the-deal>, contains at least 49 instances of the phrase “Seize The Deal.” Such a repetitive use of The Mark is meant to ensure that Groupon’s “Seize The Deal!” promotional campaign will rank high in any search engine results of a consumer’s search for The Mark.

39. Groupon’s second promotional campaign using The Mark of Plaintiff further intentionally copies Plaintiff’s fonts and also trade dress from the design of its website, <http://www.seizethedeal.com>. (*Compare* Exhibit E with Exhibit G, printout of www.seizethedeal.com).

40. The same day, on May 27, 2015, counsel for Townsquare both called and sent a second cease and desist letter to Groupon. (*See* Exhibit H).

41. Townsquare thereafter filed the instant action.

42. Given that the Parties operate in the same e-commerce industry using essentially identical names and targeting the same consumers, continued use of the phrase “Seize The Deal!” in a promotional campaign by Groupon will confuse and mislead consumers in the relevant market.

43. Plaintiff's registered SEIZE THE DEAL Trademark was used in interstate commerce in the United States by Plaintiff before Groupon's use of the phrase "Seize The Deal."

44. Plaintiff's use of The Mark and variants thereof were first used by Plaintiff before any use thereof by Groupon.

45. The goods and services offered under Groupon's "Seize The Deal!" promotional campaign are identical to or closely related to the goods and services offered under Plaintiff's registered SEIZE THE DEAL Trademark.

46. On information and belief, Groupon is willfully operating "Seize The Deal!" promotional campaign and engaging in the acts complained of herein.

C. EFFECT OF GROUPON'S ACTIVITIES

47. Groupon's activities falsely represent to the relevant public that there is an association with Plaintiff.

48. Groupon's unauthorized use of The Mark and/or Plaintiff's trade dress is likely to cause confusion, to cause mistake, and/or to deceive customers and potential customers of the parties, at least as to some affiliation, connection, or association of Defendant with Plaintiff, or as to the origin, sponsorship, or approval of Groupon's goods and services by Plaintiff.

49. Groupon's unauthorized use of The Mark falsely designates the origin of its goods and services, and falsely and misleadingly describes and represents facts with respect to its goods and services.

50. Groupon's unauthorized use of The Mark enables Groupon to trade on and receive the benefit of goodwill built up at great labor and expense by Plaintiff, and to gain acceptance for its goods and services not solely on its own merits, but on the reputation and goodwill of Plaintiff, The Mark, and its goods and services.

51. Groupon's unauthorized use of The Mark and/or Plaintiff's trade dress is likely to cause dilution of the registered SEIZE THE DEAL Trademark under 15 U.S.C. § 1125(c).

52. Groupon's unauthorized use of The Mark and/or Plaintiff's trade dress is likely to cause dilution of the registered SEIZE THE DEAL Trademark in violation of Texas Business and Commerce Code § 16.103.

53. Groupon's unauthorized use of The Mark and/or Plaintiff's trade dress unjustly enriches Groupon at Plaintiff's expense. Groupon has been and continues to be unjustly enriched, obtaining a benefit from Plaintiff by taking unfair advantage of Plaintiff and its extensive goodwill. Specifically, Groupon has taken unfair advantage of Plaintiff by trading on and profiting from the goodwill in The Mark developed and owned by Plaintiff, resulting in Groupon wrongfully obtaining a monetary and reputational benefit for its own business as well as goods and services.

54. Groupon's unauthorized use of The Mark and/or Plaintiff's trade dress removes from Plaintiff the ability to control the nature and quality of goods and services provided under The Mark, and places the valuable reputation and goodwill of Plaintiff in the hands of Groupon, over whom Plaintiff has no control.

55. Unless these acts of Groupon are restrained by this Court, they will continue, and they will continue to cause irreparable injury to Plaintiff and to the relevant public for which there is no adequate remedy at law.

COUNT I: FEDERAL TRADEMARK INFRINGEMENT - 15 U.S.C. § 1114

56. Plaintiff repeats the allegations above as if fully set forth herein.

57. The acts of Groupon complained of herein constitute infringement of Plaintiff's federally registered SEIZE THE DEAL Trademark in violation of 15 U.S.C. § 1114(1).

58. Groupon's acts complained of herein have been deliberate, willful, intentional, and/or in bad faith, with full knowledge and conscious disregard of Plaintiff's rights in the registered SEIZE THE DEAL Trademark, and with intent to cause confusion and to trade on Plaintiff's extensive goodwill in the registered SEIZE THE DEAL Trademark. In view of the egregious nature of Groupon's infringement, this is an exceptional case within the meaning of 15 U.S.C. § 1117(a).

**COUNT II: FEDERAL UNFAIR COMPETITION, PASSING OFF,
FALSE DESIGNATION OF ORIGIN AND TRADEMARK INFRINGEMENT -
15 U.S.C. § 1125**

59. Plaintiff repeats the allegations above as if fully set forth herein.

60. The acts of Groupon complained of herein constitute unfair competition, passing off, false designation of origin and trademark infringement in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

COUNT III: FEDERAL TRADE DRESS INFRINGEMENT

61. Plaintiff repeats the allegations above as if fully set forth herein.

62. The acts of Groupon complained of herein constitute infringement of Plaintiff's trade dress in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

COUNT IV: COMMON LAW TRADEMARK INFRINGEMENT

63. Plaintiff repeats the allegations above as if fully set forth herein.

64. The acts of Groupon complained of herein constitute trademark infringement in violation of the common law of this State.

COUNT V: COMMON LAW UNFAIR COMPETITION

65. Plaintiff repeats the allegations above as if fully set forth herein.

66. The acts of Groupon complained of herein constitute unfair competition in violation of the common law of this State.

COUNT VI: FEDERAL TRADEMARK DILUTION

67. Plaintiff repeats the allegations above as if fully set forth herein.

68. The acts of Groupon complained of herein constitute dilution of Plaintiff's registered SEIZE THE DEAL Trademark in violation of 15 U.S.C. § 1125(c).

69. Defendants willfully intended to trade on the recognition of Plaintiff's registered SEIZE THE DEAL Trademark and/or to harm the reputation of The Mark.

COUNT VII: TEXAS TRADEMARK LAW

70. Plaintiff repeats the allegations above as if fully set forth herein.

71. The acts of Groupon complained of herein are in violation of Texas Business and Commerce Code § 16.103.

COUNT VIII: UNJUST ENRICHMENT

72. Plaintiff repeats the allegations above as if fully set forth herein.

73. The acts of Groupon complained of herein constitute unjust enrichment of Groupon at the expense of Plaintiff.

DEMAND FOR A JURY TRIAL

74. Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiff respectfully requests a trial by jury of all issues properly triable by jury.

PRAYER FOR RELIEF

75. WHEREFORE, Plaintiff requests entry of judgment in its favor and against Defendant including the following:

- a. A judgment declaring that Defendant has infringed The Mark of Plaintiff under state and federal law;
- b. A judgement for Plaintiff on all other counts asserted herein;
- c. A judgment awarding Plaintiff damages as a result of Defendant's infringement with interest and costs;
- d. A judgment declaring that Defendant's infringement of The Mark has been willful as well as intentional and that this is an exceptional case;
- e. A judgment declaring that Defendant's use of The Mark constitutes trademark infringement under 15 U.S.C. § 1114, is prohibited under 15 U.S.C. § 1125 and Texas Business and Commerce Code § 16.103, constitutes unfair competition under state and federal law, and also that Defendant's acts constitute willful infringement under 15 U.S.C. § 1117;
- f. A judgment ordering that Defendant be ordered to pay any and all damages available under 15 U.S.C. § 1117, including court costs, expenses, enhanced damages, statutory damages to the extent permissible, and attorney's fees;
- g. A grant of a permanent injunction enjoining the Defendant from further acts of trademark infringement and unfair competition as well as use of The Mark;

- h. Any other accounting for damages;
- i. Any other appropriate interest and costs; and
- j. For such other and further relief as the Court deems just and proper.

DATED this 29th day of May, 2015.

Respectfully submitted,

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EXHIBIT B

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

TOWNSQUARE COMMERCE, LLC,

Plaintiff,

v.

GROUPON, INC.,

Defendant.

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3:15-cv-1870-P

ANSWER AND COUNTERCLAIM

Defendant Groupon, Inc. (“Groupon”) answers Plaintiff Townsquare Commerce, LLC’s (“Plaintiff” or “Townsquare”) Original Complaint (“Complaint”) and counterclaims against Plaintiff.

NATURE OF THE ACTION

1. In answer to paragraph 1, Groupon admits that this is an action for trademark infringement and unfair competition under the United States Trademark (Lanham) Act 15 U.S.C. §§ 1051, *et seq.*, and unfair competition, unjust enrichment, and trademark infringement under the common law of the state of Texas. Groupon otherwise denies the allegations contained in this paragraph and specifically denies that it has willfully violated any of Plaintiff’s rights.

2. In answer to paragraph 2, this paragraph comprises statements of opinion and fact, of which Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff’s allegations, and therefore denies same.

3. In answer to paragraph 3, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff’s allegations, and therefore denies same.

4. In answer to paragraph 4, Groupon admits that U.S. Trademark Registration No. 3,895,290 is for the standard character mark SEIZE THE DEAL, for use in connection with “Coupons; Gift cards; Printed certificates” in international class 16. Groupon further admits that U.S. Trademark Registration No. 3,895,241 is for the standard character mark SEIZE THE DEAL, for use in connection with “Promoting the goods and services of others via a global computer network and by means of distributing advertising on the Internet; promoting the goods and services of others by providing a web site featuring coupons ...” in international class 35 (collectively, the “Asserted Marks”). To the extent that this paragraph implies Plaintiff’s ownership of the SEIZE THE DEAL marks, Groupon denies that Plaintiff is the owner of U.S. Trademark Registration No. 3,895,290; such registration being owned by SEIZE THE DEAL, LLC, as per current U.S. Patent and Trademark Office ownership records concerning said registration.

5. In answer to paragraph 5, this paragraph comprises statements of opinion, of which Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff’s allegations, and therefore denies same.

6. In answer to paragraph 6, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff’s allegations regarding the distinctiveness of Plaintiff’s Mark, and therefore denies the same. Groupon further denies that there is a likelihood of confusion with respect to Plaintiff’s Marks or that Groupon has engaged in unlawful conduct.

7. In answer to paragraph 7, this paragraph comprises statements of opinion, of which Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff’s allegations, and therefore denies same.

8. In answer to paragraph 8, Groupon denies the allegations contained therein, and denies committing, or being liable for, any act of infringement of Plaintiff's Marks, or that it has engaged in activities likely to cause confusion, mistake, or deception as to the affiliation, connection, association, approval, or source of sponsorship with respect to Plaintiff's Marks.

9. In answer to paragraph 9, Groupon denies the allegations contained therein, denies any copying as alleged by Plaintiff, with respect to Groupon's "Seize The Deal!" marketing, and further denies any intentional effort to imitate and/or cause confusion with respect to Plaintiff's business.

10. In answer to paragraph 10, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations and therefore denies same.

11. In answer to paragraph 11, Groupon denies the allegations contained therein.

12. In answer to paragraph 12, Groupon denies the allegations contained therein, and specifically denies that Plaintiff is entitled to an injunction.

THE PARTIES

13. Groupon incorporates its responses to the above allegations herein by reference.

14. In answer to paragraph 14, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

15. In answer to paragraph 15, Groupon admits that it is a Delaware corporation with a principal place of business at 600 West Chicago Ave., Chicago, Illinois, 60654. Groupon admits that it is registered to do business in Texas. Groupon admits that it may be served with process at its registered agent for service of process, The Corporation Trust Company, Corporation Trust Center, 1209 Orange St., Wilmington, Delaware, 19801. Groupon otherwise denies Plaintiff's allegations contained in this paragraph. Furthermore, Groupon objects to the

disclosure of Groupon's taxpayer-identification number in Plaintiff's complaint, in violation of Fed. R. Civ. P. 5.2, which requires the redaction of taxpayer-identification numbers in electronic or paper filings with the court.

16. In answer to paragraph 16, Groupon admits that it is the registrant of the domain www.groupon.com. Groupon otherwise denies Plaintiff's allegations contained in this paragraph.

JURISDICTION AND VENUE

17. Groupon incorporates its responses to the above allegations herein by reference.

18. In answer to paragraph 18, Groupon admits only that this Court has subject matter jurisdiction over this case.

19. In answer to paragraph 19, Groupon states that it does not contest personal jurisdiction in this case. Groupon otherwise denies the allegations in paragraph 19, and specifically denies committing, or being liable for, any act of infringement.

20. In answer to paragraph 20, Groupon denies the allegations contained therein.

21. In answer to paragraph 21, Groupon admits that venue is proper in this district, but does not waive the right to request transfer to a more convenient forum.

FACTUAL ALLEGATIONS

A. TOWNSQUARE'S TRADEMARKS

22. Groupon incorporates its responses to the above allegations herein by reference.

23. In answer to paragraph 23, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

24. In answer to paragraph 24, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

25. In answer to paragraph 25, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

26. In answer to paragraph 26, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

27. In answer to paragraph 27, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

28. In answer to paragraph 28, Groupon admits that U.S. Trademark Registration No. 3,895,241 for the standard character mark SEIZE THE DEAL is registered on the Principal Register of the United States Patent and Trademark Office. Groupon admits that the mark is registered to SEIZE THE DEAL, LLC, a Delaware limited liability company. Groupon otherwise denies that the mark is registered by Plaintiff.

29. In answer to paragraph 29, Groupon admits that U.S. Trademark Registration No. 3,895,290 for the standard character mark SEIZE THE DEAL is registered on the Principal Register of the United States Patent and Trademark Office.

30. In answer to paragraph 30, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

31. In answer to paragraph 31, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

B. Groupon's INFRINGING ACTIVITIES

32. In answer to paragraph 32, Groupon denies the allegations contained therein.

33. In answer to paragraph 33, Groupon admits that Jason Harinstein contacted Plaintiff on April 28, 2014. Groupon otherwise denies Plaintiff's allegations contained in this paragraph.

34. In answer to paragraph 34, Groupon admits that it has previously sent e-mails to consumers bearing the title "Seize the Deal," a generic or merely descriptive phrase commonly used by third-parties across a multitude of industries in association with a wide array of services and/or goods. Groupon otherwise denies the allegations contained in this paragraph.

35. In answer to paragraph 35, Groupon admits that it received a letter from counsel for Plaintiff dated December 18, 2014.

36. In answer to paragraph 36, Groupon admits that its representative sent an email to counsel for Plaintiff confirming that email promotion material had been removed from Groupon's system and would no longer be sent, and that it consider[ed] the matter resolved. Groupon otherwise denies the allegations contained in this paragraph.

37. In answer to paragraph 37, Groupon denies that a promotional campaign using the generic or merely descriptive phrase "Seize The Deal" infringes Plaintiff's intellectual property. Groupon admits that it originated the marketing materials presented in Exhibit E and Exhibit F of Plaintiff's complaint. Groupon otherwise denies the allegations contained in this paragraph.

38. In answer to paragraph 38, Groupon denies the allegations contained therein.

39. In answer to paragraph 39, Groupon denies the allegations contained therein.

40. In answer to paragraph 40, Groupon admits that it received an emailed letter from Plaintiff's counsel dated May 27, 2015.

41. In answer to paragraph 41, Groupon admits that Plaintiff filed the instant action after May 27, 2015.

42. In answer to paragraph 42, Groupon denies the allegations contained therein.

43. In answer to paragraph 43, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

44. In answer to paragraph 44, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

45. In answer to paragraph 45, Groupon lacks knowledge or information sufficient to form a belief as to the truth of Plaintiff's allegations, and therefore denies same.

46. In answer to paragraph 46, Groupon denies the allegations contained therein.

C. EFFECT OF Groupon'S ACTIVITIES

47. In answer to paragraph 47, Groupon denies the allegations contained therein.

48. In answer to paragraph 48, Groupon denies the allegations contained therein.

49. In answer to paragraph 49, Groupon denies the allegations contained therein.

50. In answer to paragraph 50, Groupon denies the allegations contained therein.

51. In answer to paragraph 51, Groupon denies the allegations contained therein.

52. In answer to paragraph 52, Groupon denies the allegations contained therein.

53. In answer to paragraph 53, Groupon denies the allegations contained therein.

54. In answer to paragraph 54, Groupon denies the allegations contained therein.

55. In answer to paragraph 55, Groupon denies the allegations contained therein.

COUNT I: FEDERAL TRADEMARK INFRINGEMENT - 15 U.S.C. § 1114

56. Groupon incorporates its responses to the above allegations herein by reference.

57. In answer to paragraph 57, Groupon denies the allegations contained therein.

58. In answer to paragraph 58, Groupon denies the allegations contained therein.

COUNT II: FEDERAL UNFAIR COMPETITION, PASSING OFF, FALSE DESIGNATION OF ORIGIN AND TRADEMARK INFRINGEMENT - 15 U.S.C. § 1125

59. Groupon incorporates its responses to the above allegations herein by reference.

60. In answer to paragraph 60, Groupon denies the allegations contained therein.

COUNT III: FEDERAL TRADE DRESS INFRINGEMENT

61. Groupon incorporates its responses to the above allegations herein by reference.

62. In answer to paragraph 62, Groupon denies the allegations contained therein.

COUNT IV: COMMON LAW TRADEMARK INFRINGEMENT

63. Groupon incorporates its responses to the above allegations herein by reference.

64. In answer to paragraph 64, Groupon denies the allegations contained therein.

COUNT V: COMMON LAW UNFAIR COMPETITION

65. Groupon incorporates its responses to the above allegations herein by reference.

66. In answer to paragraph 66, Groupon denies the allegations contained therein.

COUNT VI: FEDERAL TRADEMARK DILUTION

67. Groupon incorporates its responses to the above allegations herein by reference.

68. In answer to paragraph 68, Groupon denies the allegations contained therein.

69. In answer to paragraph 69, Groupon denies the allegations contained therein.

COUNT VII: TEXAS TRADEMARK LAW

70. Groupon incorporates its responses to the above allegations herein by reference.

71. In answer to paragraph 71, Groupon denies the allegations contained therein.

COUNT VIII: UNJUST ENRICHMENT

72. Groupon incorporates its responses to the above allegations herein by reference.

73. In answer to paragraph 73, Groupon denies the allegations contained therein.

74. Plaintiff's request for a jury trial includes no allegations and, therefore no response is required.

75. In answer to Plaintiff's Prayer for Relief, Groupon denies that Plaintiff is entitled to any of the relief requested in paragraphs a-j of its Prayer, or to any relief whatsoever from Groupon. Groupon specifically denies committing, or being liable for, any act of infringement.

DEFENSES

Pursuant to Rule 8(c) of the Federal Rules of Civil Procedure, Groupon asserts the following defenses to Plaintiff's Complaint, without prejudice to and reserving its right to assert additional defenses:

1. Plaintiff lacks standing to bring this action, including in view of its failure to own the asserted rights.
2. Plaintiff's Complaint fails to state any claims upon which relief can be granted.
3. Plaintiff's claims are barred, in whole or in part, by the doctrine of fair use.
4. Plaintiff's claims are barred, in whole or in part, by the doctrine of unclean hands.
5. Plaintiff's claims are barred, in whole or in part, by the doctrine of laches.
6. Plaintiff's claims are barred, in whole or in part, by the doctrine of waiver.
7. Plaintiff's claims are barred, in whole or in part, by the doctrine of acquiescence.
8. Plaintiff's claims are barred, in whole or in part, by the doctrine of estoppel.
9. Plaintiff's claims are barred, in whole or in part, due to an express or implied license.
10. Plaintiff's claims are barred, in whole or in part, on the basis that the Asserted Marks are generic or, in the alternative, merely descriptive of the goods or services offered under the Asserted Marks.

11. Plaintiff's claims are barred, in whole or in part, by lack of any likelihood of confusion between Plaintiff's and Groupon's marks.

12. Plaintiff's claims are barred as Groupon has not infringed any applicable trademark under federal or state law.

13. Plaintiff's claims are barred because any infringement, if any, was innocent.

14. Without admitting that the Complaint states a claim, Plaintiff has suffered no damage in any amount, manner, or at all by reason of any act alleged against Groupon in the Complaint, and the relief prayed for by Plaintiff cannot be granted.

15. Without admitting that the Complaint states a claim, any remedies are limited to the extent that Plaintiff's claims seek overlapping or duplicative recovery pursuant to the various claims asserted against Groupon.

16. Plaintiff's claims for injunctive relief are barred because Plaintiff cannot show it will suffer irreparable harm from Groupon's alleged acts.

17. Plaintiff's requested relief would constitute a prior restraint in violation of the First Amendment of the United States of America.

18. Groupon reserves the right to supplement or amend its defenses, and to assert additional defenses, as the nature and scope of Plaintiff's claims are further developed through discovery.

PRAYER FOR RELIEF AS TO THE COMPLAINT

WHEREFORE, Groupon prays for judgment as follows:

1. That Plaintiff takes nothing by way of its Complaint;
2. That Plaintiff's Complaint, and each and every purported claim for relief therein, be dismissed with prejudice;

3. That Groupon be award its costs of defending this suit, including its attorneys' fees and expenses; and

4. For such other and further relief that the Court deems just and proper and to which Groupon is entitled.

COUNTERCLAIM

1. This is an action for declaratory judgment of non-infringement of the marks of U.S. Trademark Registration Nos. 3,895,290 and 3,895,241 (collectively the “Asserted Marks”), as well as an action for declaratory judgment that the Asserted Marks are generic or, in the alternative, merely descriptive with respect to the services and goods identified in U.S. Trademark Registration Nos. 3,895,290 and 3,895,241, pursuant to the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202, and the Lanham Act, 15 U.S.C. § 1051, *et seq.*, and with Groupon further requesting that this Court order cancellation of the Asserted Marks pursuant to 15 U.S.C. § 1119, and for such other relief as the Court deems just and proper,

PARTIES

2. Defendant/Counter Plaintiff Groupon, Inc. ("Groupon") is a Delaware corporation with a principal place of business at 600 West Chicago Ave., Chicago, Illinois, 60654.

3. Upon informed belief, Plaintiff/Counter Defendant Townsquare Commerce LLC ("Townsquare") is a Delaware limited liability company having a principal place of business at 1851 North Greenville Ave., Suite 100, Richardson, Texas, 75081.

JURISDICTION AND VENUE

4. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338(a), 2201, and 2202, and the Lanham Act, 15 U.S.C. § 1051, *et seq.*

5. Venue and personal jurisdiction is proper in this District because Townsquare submitted to venue and to personal jurisdiction in this District by filing its claims for federal trademark infringement, federal unfair competition, federal trade dress infringement, common law trademark infringement, common law unfair competition, federal trademark dilution, Texas trademark law, and unjust enrichment, to which this counterclaim relates.

FACTS

6. Townsquare alleges that it owns the Asserted Marks and that Groupon infringes the Asserted Marks, and in particular has alleged claims against Groupon for federal trademark infringement, federal unfair competition, federal trade dress infringement, common law trademark infringement, common law unfair competition, federal trademark dilution, Texas trademark law, and unjust enrichment, with respect to the Asserted Marks.

7. Groupon denies that it infringes the Asserted Marks, and further denies any wrongdoing with respect to the Asserted Marks.

8. An actual controversy exists between Groupon and Townsquare regarding non-infringement, invalidity, and unenforceability with respect to the Asserted Marks.

COUNT I: DECLARATORY JUDGMENT OF NON-INFRINGEMENT

9. Groupon incorporates by reference each and every allegation contained in paragraphs 1-8 of its Counterclaim as though fully set forth herein.

10. Groupon, therefore, seeks a declaratory judgment, pursuant to Federal Rule of Civil Procedure 57 and 28 U.S.C. §§ 2201 and 2202, declaring the rights and interests of Groupon and Townsquare in connection with Groupon's non-infringement of the Asserted Marks. More particularly, Groupon requests that this Court declare that Groupon has not infringed the Asserted Marks, that Groupon has not engaged in unfair competition with respect to the Asserted Marks, that Groupon has not violated any protectable trade dress of Townsquare with respect to the Asserted Marks, that Groupon has not committed any acts of common law trademark infringement or unfair competition with respect to the Asserted Marks, that Groupon's acts do not constitute dilution of the Asserted Marks, that Groupon has not violated Texas Business and Commerce Code § 16.103, and that Groupon has not committed any act which constitutes unjust enrichment with respect to the Asserted Marks.

**COUNT II: DECLARATORY JUDGMENT OF GENERICNESS OR MERE
DESCRIPTIVENESS OF ASSERTED MARKS AND REQUEST FOR CANCELLATION
OF FEDERAL TRADEMARK REGISTRATIONS**

11. Groupon incorporates by reference each and every allegation contained in paragraphs 1-10 of its Counterclaim as though fully set forth herein.

12. Groupon requests that this Court declare, pursuant to 15 U.S.C. § 1051 *et seq.*, that the phrase “SEIZE THE DEAL” as per the Asserted Marks is a generic phrase for discount deals involving the promotion of goods and services of others, as well as coupons, gift cards, and printed certificates related thereto, as per the respective services and goods identifications of U.S. Trademark Registration Nos. 3,895,290 and 3,895,241 for the Asserted Marks.

13. Alternatively, Groupon requests that this Court declare, pursuant to 15 U.S.C. § 1051 *et seq.*, that the phrase “SEIZE THE DEAL” is merely descriptive of discount deals involving the promotion of goods and services of others, as well as coupons, gift cards, and printed certificates related thereto, as per the respective services and goods identifications of U.S. Trademark Registration Nos. 3,895,290 and 3,895,241 for the Asserted Marks.

14. Townsquare’s Asserted Marks are accordingly not inherently distinctive, nor have the Asserted Marks acquired distinctiveness.

15. As a result, the Asserted Marks are not inherently distinctive, the Asserted Marks have not acquired secondary meaning, and the Asserted Marks are accordingly invalid and unenforceable and cannot function as service marks or trademarks and are not eligible for protection on the Principal Register of the U.S. Patent and Trademark Office.

16. Accordingly, and as a counterpart to Groupon's Petitions for Cancellation filed with the Trademark Trial and Appeal Board on July 27, 2015 concerning the Asserted Marks, Groupon hereby requests that this Court, pursuant to 15 U.S.C. § 1119, order the cancellation of

the Asserted Marks, as per U.S. Trademark Registration Nos. 3,895,290 and 3,895,241 identified herein.

COUNT III: EXCEPTIONAL CASE

17. Groupon incorporates by reference each and every allegation contained in paragraphs 1-16 of its Counterclaim as though fully set forth herein.

18. Groupon seeks a declaration that this is an exceptional case within the meaning of 15 U.S.C. § 1117(a), and that the Court award Groupon its reasonable attorneys' fees in defending against Townsquare's allegations.

DEMAND FOR JURY TRIAL

Groupon demands a trial by jury of any issues so triable, including as allowed under Rule 38 of the Federal Rules of Civil Procedure.

PRAYER FOR RELIEF AS TO COUNTERCLAIM

WHEREFORE, Groupon prays for judgment and requests that this Court:

a) Enter a declaratory judgment against Townsquare and in favor of Groupon that Groupon has not infringed the Asserted Marks; that the Asserted Marks are unenforceable; and that the Asserted Marks be cancelled.

b) Enter judgment in favor of Groupon against Townsquare that this is an exceptional case under 15 U.S.C. § 1117(a), and that Groupon is entitled to recover its reasonable attorney fees;

c) Award Groupon its costs, expenses, and interest to which it is justly entitled; and

d) Grant such other and further relief as the Court may deem just and proper and to which Groupon is entitled.

Dated: July 29, 2015

Respectfully submitted,

/s/ Charles E. Phipps

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**ATTORNEYS FOR DEFENDANT
GROUPON, INC.**

CERTIFICATE OF SERVICE

I hereby certify that on July 29, 2015, I electronically filed the foregoing with the Clerk of the District Court using the CM/ECF system, which sent notification of such filing to all counsel of record.

/s/ Paul D. Lein