

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

DANIEL R. CASTRO, Plaintiff,)	
)	Cause No. 1-10-CV-000695-LY
)	Hon. Lee Yeakel
v.)	
)	<u>DEFENDANT ENTREPRENEUR</u>
ENTREPRENEUR MEDIA, INC., Defendant.)	<u>MEDIA, INC.'S ANSWER</u>
)	<u>AND COUNTERCLAIMS</u>
<hr style="width: 40%; margin-left: 0;"/>		
)	
ENTREPRENEUR MEDIA, INC., Counterclaimant,)	
)	
v.)	
)	
DANIEL R. CASTRO, Counterdefendant.)	

ANSWER

Defendant Entrepreneur Media, Inc. (“Defendant”) hereby responds to the allegations set forth in Plaintiff Daniel R. Castro’s (“Plaintiff”) First Amended Complaint as follows:

I. Amendment of Complaint

- 1.1 Paragraph 1.1 asserts a legal conclusion that does not require a response.
- 1.2 Paragraph 1.2 does not require a response.

II. Jurisdiction and Venue

2.1 Defendant admits that Plaintiff has filed a declaratory relief action. However, Defendant denies any implication that the action has merit or that Plaintiff is entitled to the declaration of rights he seeks.

- 2.2 Paragraph 2.2 asserts a legal conclusion that does not require a response.
- 2.3 Paragraph 2.3 asserts a legal conclusion that does not require a response.

III. Personal Jurisdiction

3.1 Paragraph 3.1 asserts a legal conclusion that does not require a response.

3.2 Defendant admits the allegations of Paragraph 3.2.

3.3 Defendant admits the allegations of Paragraph 3.3.

3.4 Defendant admits that it operates several websites that provide articles and content to visitors, as well as email addresses and links for customer service problems. Defendant denies the remaining allegations of Paragraph 3.4.

IV. The Parties

4.1 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 4.1, and on that basis denies them.

4.2 Defendant admits the allegations of Paragraph 4.2.

V. Facts

5.1 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.1, and on that basis denies them.

5.2 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.2, and on that basis denies them.

5.3 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.3, and on that basis denies them.

5.4 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.4, and on that basis denies them.

5.5 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.5, and on that basis denies them.

5.6 Defendant admits that Plaintiff filed a federal trademark application on

January 16, 2009 for the mark EntrepreNeurology. Defendant lacks knowledge or information sufficient to form a belief about the truth of the remaining allegation in Paragraph 5.6, and on that basis denies it.

5.7 Defendant admits the allegations of Paragraph 5.7.

5.8 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.8, and on that basis denies them.

5.9 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.9, and on that basis denies them.

5.10 Paragraph 5.10 asserts a legal conclusion that does not require a response.

5.11 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.11, and on that basis denies them.

5.12 Defendant admits the allegations of Paragraph 5.12.

5.13 Defendant denies the allegations of Paragraph 5.13.

5.14 Defendant denies the allegations of Paragraph 5.14.

5.15 Defendant admits the first sentence of Paragraph 5.15. Defendant lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 5.15, and on that basis denies them.

5.16 Defendant denies the allegations of Paragraph 5.16.

5.17 Defendant denies the allegations of Paragraph 5.17.

5.18 Defendant denies the allegations of Paragraph 5.18.

5.19 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.19, and on that basis denies them.

5.20 Defendant lacks knowledge or information sufficient to form a belief about the

truth of the allegations in Paragraph 5.20, and on that basis denies them.

5.21 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.21, and on that basis denies them.

5.22 Defendant lacks knowledge or information sufficient to form a belief about the truth of the first sentence in Paragraph 5.22, and on that basis denies it. Defendant admits the second sentence of Paragraph 5.22.

5.23 Defendant denies the allegations of Paragraph 5.23, and notes that it filed an Opposition to Plaintiff's pending trademark application for Entrepreneur.Ology (Serial No. 77/964153) on December 7, 2010.

5.24 Defendant admits that its counsel sent a letter to Plaintiff on September 7, 2010. Defendant denies the remaining allegations of Paragraph 5.24.

5.25 Defendant denies the allegations of Paragraph 5.25.

5.26 Defendant denies the allegations of Paragraph 5.26.

5.27 Defendant denies the allegations of Paragraph 5.27.

5.28 Defendant denies the allegations of Paragraph 5.28.

5.29 Defendant admits that its federal registrations for the mark ENTREPRENEUR, Nos. 1,453,968, 2,263,883, and 2,502,032, are incontestable. Defendant further admits that Castro has challenged the incontestable status of Defendant's marks in this lawsuit, but notes that the Court dismissed that claim on April 28, 2011 (Docket #36).

5.30 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 5.30, and on that basis denies them.

VI. Standing

6.1 Paragraph 6.1 asserts a legal conclusion that does not require a response.

6.2 Paragraph 6.2 asserts a legal conclusion that does not require a response.

VII. Causes of Action

A. DECLARATION THAT 15 U.S.C. § 1065 AND 15 U.S.C. § 1115(B) ARE UNCONSTITUTIONAL

7.1-7.9 The Court dismissed this claim on April 28, 2011 (Docket #36).

B. DECLARATION THAT EMI'S MARK IS NOT INCONTESTABLE

7.10-7.21 The Court dismissed this claim on April 28, 2011 (Docket #36).

C. DECLARATION OF INVALIDITY AND REQUEST FOR CANCELLATION

7.22 EMI admits that 15 U.S.C. § 1064(3) provides that a petition to cancel a registration of a mark may be filed “[a]t any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered . . .” The remainder of this paragraph does not require a response.

7.23 Paragraph 7.23 asserts a legal conclusion that does not require a response.

7.24 Defendant denies the allegations of Paragraph 7.24.

7.25 Defendant denies the allegations of Paragraph 7.25.

7.26 Defendant denies the allegations of Paragraph 7.26, and notes that the Court dismissed Plaintiff's claim for antitrust violations on April 28, 2011 (Docket #36).

7.27 Defendant denies the allegations of Paragraph 7.27.

7.28 Paragraph 7.28 asserts a legal conclusion that does not require a response.

D. DECLARATION OF NON-INFRINGEMENT AND/OR ALLOWABLE USE

7.29-7.41 The Court dismissed this claim on April 28, 2011 (Docket #36).

E. ESTOPPEL AND ACQUIESCENCE

7.42-7.44 The Court dismissed these claims on April 28, 2011 (Docket #36).

F. DECLARATION THAT CASTRO'S MARKS DO NOT CONSTITUTE UNFAIR COMPETITION UNDER 15 U.S.C. § 1125

7.45-7.46 The Court dismissed this claim on April 28, 2011 (Docket #36).

G. VIOLATION OF ANTITRUST LAWS

7.47-7.53 The Court dismissed this claim on April 28, 2011 (Docket #36).

H. MISUSE OF TRADEMARK AND UNCLEAN HANDS

7.54 The Court dismissed this claim on April 28, 2011 (Docket #36).

VIII. Suspension of TTAB Proceeding

8.1-8.4 The Court dismissed this section on April 28, 2011 (Docket #35).

IX. Declaration of Rights Under the Anticybersquatting Act

9.1 Defendant restates its responses to all preceding paragraphs above.

9.2 Defendant denies the allegations of Paragraph 9.2.

9.3 Defendant admits that Plaintiff is seeking a judicial declaration, and denies the remaining allegations of Paragraph 9.3.

9.4 Defendant admits that Plaintiff owns a federal registration for the mark EntrepreNeurology (No. 3,663,282). Defendant denies the remaining allegations of Paragraph 9.4.

9.5 Defendant denies the allegations of Paragraph 9.5.

9.6 Defendant lacks knowledge or information sufficient to form a belief about the truth of the first sentence in Paragraph 9.6, and on that basis denies it. Defendant admits the second sentence of Paragraph 9.6.

9.7 Defendant lacks knowledge or information sufficient to form a belief about the truth of Plaintiff's allegations regarding his common law rights, and on that basis denies that allegation. Defendant admits that Plaintiff owns a federal registration for the mark EntrepreNeurology (No. 3,663,282).

9.8 Defendant denies the allegations of Paragraph 9.8.

9.9 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 9.9, and on that basis denies them.

9.10 Defendant denies the allegations of Paragraph 9.10.

9.11 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 9.11, and on that basis denies them.

9.12 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 9.12, and on that basis denies them.

9.13 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 9.13, and on that basis denies them.

9.14 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 9.14, and on that basis denies them.

9.15 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 9.15, and on that basis denies them.

9.16 Defendant lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 9.16, and on that basis denies them.

9.17 Defendant denies the allegations of Paragraph 9.17.

X. Reverse Domain Name Hijacking

10.1-10.18 The Court dismissed this claim on April 28, 2011 (Docket #36).

The remaining paragraphs in the Complaint constitute Plaintiff's request for remedies and prayer for relief to which no answer is required. To the extent that these sections purport to state any factual allegations, Defendant denies them.

All allegations in the Complaint that Defendant has not expressly admitted are denied. Defendant denies that Plaintiff is entitled to any of the relief that he requests.

AFFIRMATIVE DEFENSES

Defendant expressly reserves the right to plead additional affirmative and other defenses should any such defenses be revealed by any discovery in this case.

First Affirmative Defense

(Failure to State a Claim)

1. Plaintiff's Complaint fails to state facts sufficient to constitute claims upon which relief can be granted against Defendant.

Second Affirmative Defense

(Unclean Hands)

2. Plaintiff's purported claims for relief are barred in whole or in part by the doctrine of unclean hands, based on Plaintiff's acts of infringement and unfair competition. The details of these acts are contained in Defendant's Counterclaims below, and are incorporated by reference.

WHEREFORE, Defendant prays that Plaintiff takes nothing by way of his Complaint and that Defendant be awarded its costs of suit herein.

COUNTERCLAIMS

For its Counterclaims pursuant to Rule 13 of the Federal Rules of Civil Procedure against Daniel R. Castro, an individual ("Castro"), Entrepreneur Media, Inc. ("EMI") alleges as follows:

Jurisdiction and Venue

1. EMI brings this action for injunctive and monetary relief for federal trademark infringement, false designation of origin and unfair competition under the Lanham Act, 15 U.S.C. § 1501 *et seq.*; trademark dilution under Chapter 16 of the Texas Business and Commerce Code; trademark infringement and misappropriation/unfair competition under the common law of Texas; unjust enrichment; cancellation of a federal trademark registration under

15 U.S.C. § 1064 and 15 U.S.C. § 1119; and declaratory relief under the Declaratory Judgment Act, 28 U.S.C. § 2201. This Court has subject matter jurisdiction over the federal question claims pursuant to 28 U.S.C. §§ 1331 and 1338(a). This Court has supplemental jurisdiction over the state law claims pursuant to 28 U.S.C. §§ 1338(b) and 1367(a).

2. This Court has personal jurisdiction over Castro because Castro resides in the State of Texas.

3. Venue in this Court exists under 28 U.S.C. § 1391(b)(1), as Castro resides in this District.

The Parties

4. EMI is a California corporation, having its principal place of business at 2445 McCabe Way, Irvine, California 92614.

5. Castro is an individual who, on information and belief, resides in Austin, Texas.

Facts Common to All Claims for Relief

EMI and Its Successful ENTREPRENEUR[®] Brand

6. For over 30 years, EMI (together with its predecessor companies) has published magazines and books which provide editorial content and other information, as well as offer products and services, related or of interest to businesses, business owners, and prospective business owners.

7. EMI's longstanding marketing and sales efforts have been conducted primarily under the mark ENTREPRENEUR[®] (the "ENTREPRENEUR[®] Mark").

8. EMI is the publisher of ENTREPRENEUR[®] magazine and other publications incorporating the ENTREPRENEUR[®] name in their titles. ENTREPRENEUR[®] magazine is published monthly with a current paid circulation, including both subscriptions and newsstand

sales, of more than 600,000. ENTREPRENEUR® magazine is also sold and distributed in over 100 foreign countries.

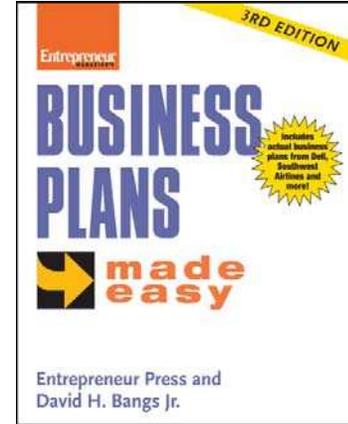
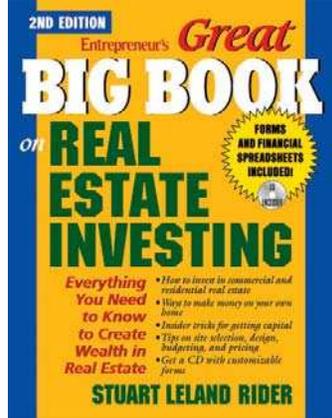
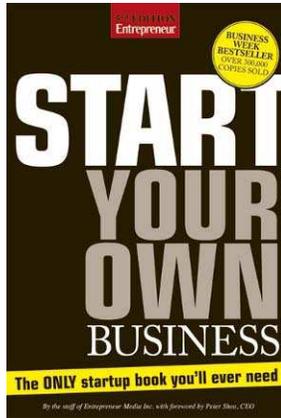
9. ENTREPRENEUR® magazine routinely features articles and interviews of some of the biggest names in the business community, including Richard Branson, skateboarding icon Tony Hawk, quarterback Drew Brees, and hip hop mogul Russell Simmons:



10. ENTREPRENEUR® magazine also annually publishes, and has continuously published for over thirty years, the highly anticipated Franchise 500® ranking of America’s top franchises using EMI’s top-secret formula:

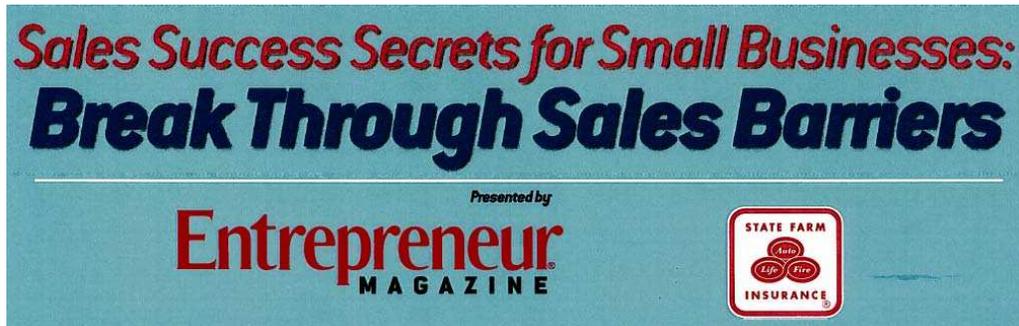
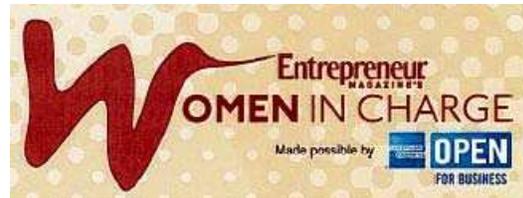


11. EMI also publishes over 200 book titles under the ENTREPRENEUR® name and ENTREPRENEUR PRESS® imprint:



12. EMI has recently launched many of its most successful titles as e-books:

13. EMI also conducts seminars, workshops and other educational services geared towards how to successfully start and operate businesses. These events have included the Sales Success Secrets/Business Success Secrets[®] Breakfasts sponsored by State Farm Insurance; the Women in Charge Conferences sponsored by OPEN—American Express; the Business Success Secrets[®] Breakfast Seminars sponsored by Deluxe Corporation and Sprint; the Winning Strategies for Business Conference sponsored by Verizon; and Entrepreneur[®] Magazine's Growth 2.0 Conferences presented by The UPS Store[®]:



14. EMI operates a number of websites to further disseminate and market its content and services, including *entrepreneur.com*, *YoungEntrepreneur.com*, *EntrepreneurEnEspanol.com* and *EntrepreneurPress.com*:



15. The website at *entrepreneur.com* has averaged over 6 million unique visitors and over 52.6 million page views per month, and is ranked in the top 1,100 sites in the United States by Alexa.

16. EMI has also launched apps for iPhones/iPads, Android and Blackberry:



17. EMI's fame and high-quality content and services have resulted in numerous co-branding business relationships with some of the top names in news and business. These co-branding relationships have included MSNBC, Reuters, PerfectBusiness.com, Princeton Review (ranking top entrepreneurial schools), Great Place to Work[®] (annual Best Small & Medium Workplaces rankings), and Palo Alto Software (Entrepreneur[®] magazine's Business Plan Pro[®] software):



18. Through careful cultivation of its various products and services, EMI has developed an outstanding reputation as an innovator in the field of business start-up and strategy and has established an extremely loyal customer following.

19. EMI has received a tremendous amount of public recognition and acclaim for the products sold and services offered under its ENTREPRENEUR[®] brand. Through EMI's widespread and continuous use of the ENTREPRENEUR[®] Mark, the mark has acquired extensive goodwill, has developed a high degree of distinctiveness, and has become famous, well-known and recognized as identifying goods and services that originate from EMI.

20. The fame and quality of the products and services bearing the ENTREPRENEUR[®] Mark have been widely recognized through industry awards and

commendations. ENTREPRENEUR® magazine was a finalist in two categories in Folio’s 2010 Eddie & Ozzie magazine awards, has been named one of the top performing magazines for four years in “Capell’s Circulation Report,” and has been honored for its content by receipt of the prestigious Maggie awards in both 2009 and 2010 from the Western Publishing Association. EMI’s website at *entrepreneur.com* has been awarded “Outstanding Achievement in Web Development” by the Web Marketing Association, and its Entrepreneur Connect was voted the #1 “Top 10 Social Networks for Entrepreneurs” by Mashable.com. EMI has also received multiple Integrated Marketing Awards from Min Online for its magazine and website. In addition, both ENTREPRENEUR® magazine and the *entrepreneur.com* website have been named to BtoB magazine’s 2010 and 2011 lists of the top 50 media outlets for business-to-business advertising.

EMI’s Trademark Rights

21. EMI owns, and has obtained United States federal registrations for, the ENTREPRENEUR® Mark, as well as a family of related marks incorporating the term ENTREPRENEUR, including:

TRADEMARK	CLASS: GOODS/SERVICES	REG. NO. REG. DATE
ENTREPRENEUR	16: Paper goods and printed matter; namely magazines, books and published reports pertaining to business opportunities	1,453,968 August 25, 1987 First Use in Commerce: May 2, 1978
ENTREPRENEUR	35: Advertising and business services, namely, arranging for the promotion of the goods and services of others by means of a global computer network and other computer online services providers; providing business information for the use of customers in the field of starting and operating small businesses and permitting customers to obtain information via a global computer network and other computer online service providers and; web advertising services, namely, providing active links to the websites of others	2,263,883 July 27, 1999 First Use in Commerce: July 1992

ENTREPRENEUR	<p>35: Arranging and conducting trade show exhibitions in the field of entrepreneurial activities, namely the start-up and operation of small business enterprises</p> <p>41: Educational services, namely, conducting seminars on the development and operation of businesses, and conducting work shops on computer technology, telecommunications, marketing, financing options, real estate management, tax planning and insurance</p>	<p>2,502,032 October 30, 2001</p> <p>First Use in Commerce: Oct. 18, 1991</p>
ENTREPRENEUR.COM	<p>9: Downloadable podcasts in the field of business, current events, lifestyle issues, and developments in science and technology</p> <p>35: Providing business information and advice via a web site on a global computer network</p> <p>38: Broadcasting programs via a global computer network; and streaming of audio and video material via the Internet; telecommunications services, namely, transmission of podcasts</p>	<p>3,519,022 October 21, 2008</p> <p>First Use in Commerce: Sept. 2002</p>
ENTREPRENEUR CONNECT	<p>42: Online business networking services in the nature of creating and hosting a community for registered users to create professional profiles, to participate in group discussions, to make business contacts, and to upload onto the website materials promoting their businesses, products and services</p>	<p>3,652,950 July 14, 2009</p> <p>First Use in Commerce: April 26, 2008</p>
ENTREPRENEUR ENESPANOL.COM	<p>35: Advertising and business services, namely, arranging for the promotion of goods and services of others by means of a global computer network and other computer online service providers; providing business information for the use of customers in the field of starting and operating businesses and permitting customers to obtain information via a global computer network and other computer online service providers; internet advertising services, namely, promoting the goods and services of others by providing a web site with active links to their websites featuring their goods and services</p>	<p>3,266,532 July 17, 2007</p> <p>First Use in Commerce: Oct. 13, 2006</p>
ENTREPRENEUR PRESS	<p>16: Paper goods and printed matter, namely, books, manuals, prepared reports, work books, study guides, legal and business forms, and newsletters concerning advice and information relating to the subjects of starting, running and operating a business, and individuals who succeeded in business, which subjects are of interest to entrepreneurs, new and existing businesses and members of the general public</p> <p>35: On-line ordering services featuring printed and electronically downloadable publications, namely, books, study guides, legal and business forms, and newsletters, concerning advice and information relating to the subjects of starting, running and operating a business and individuals who succeeded in business, which subjects are of interest to entrepreneurs, new and existing businesses and members of the general public</p>	<p>3,470,064 July 22, 2008</p> <p>First Use in Commerce: April 1999</p>

ENTREPRENEUR'S STARTUPS	16: Paper goods and printed matter; namely, magazines, books, booklets and published reports pertaining to business opportunities	3,204,899 February 6, 2007 First Use in Commerce: Jan. 27, 2006
ENTREPRENEUR ASSIST	38: Providing online facilities for real-time interaction between website visitors concerning topics of general interest to entrepreneurs, new and existing businesses and members of the general public 42: Providing website visitors with online non-downloadable software applications in the field of business planning and productivity for bookmarking, filing and tabbing articles found on websites for quicker retrieval, for creating text documents, spreadsheets and presentations, for customizing business forms and templates, for selecting and downloading a selection of business books, for scheduling event deadlines and appointments with email reminders, and for assisting in the creation of business plans	3,924,374 March 1, 2011 First Use in Commerce: June 15, 2007

22. The above marks, including the ENTREPRENEUR[®] Mark, are collectively referred to as the “EMI Marks.” The above registrations are collectively referred to as the “EMI Registrations.”

23. EMI’s registration numbers 1,453,968, 2,263,883, and 2,502,032 for ENTREPRENEUR[®] are incontestable pursuant to 15 U.S.C. § 1065.

24. The EMI Registrations constitute prima facie evidence that the marks are valid and that EMI is entitled to the exclusive use of the marks in commerce throughout the United States on the goods and services listed in the registrations.

25. EMI also has extensive common law rights in the ENTREPRENEUR[®] Mark, based on its use of that mark over the last three decades.

26. Through extensive use, marketing, branding and promotion, the ENTREPRENEUR[®] Mark is well-known and famous, enjoying substantial recognition, goodwill and association with EMI. The public distinguishes EMI’s goods and services from those of other publishers and providers of educational services on the basis of the

ENTREPRENEUR[®] Mark. The ENTREPRENEUR[®] Mark is distinctive and has acquired secondary meaning in the United States.

27. Indeed, the U.S. District Court for the Central District of California held that:

- “The extensive advertising and public recognition over the past 25 years have established [the ENTREPRENEUR[®] Mark] as a strong mark in the industry.”
- The ENTREPRENEUR[®] Mark “is a strong distinctive mark, deserving of significant protection.”
- The ENTREPRENEUR[®] Mark “has acquired secondary meaning.”

Entrepreneur Media, Inc. v. Smith, No. CV 98-3607 FMC (CTx), 2004 U.S. Dist. LEXIS 24078, at *9-10, 13 (C.D. Cal. June 23, 2004).

28. The Ninth Circuit reviewed the District Court’s findings and affirmed them on appeal. *Entrepreneur Media, Inc. v. Smith*, 101 Fed. Appx. 212, 2004 U.S. App. LEXIS 11567 (9th Cir. 2004).

Castro and His Unauthorized Use of the EMI Marks

29. Castro purports to be an author and professional keynote speaker and seminar leader, as well as a small business owner in Austin, Texas.

30. Castro claims to have begun using the mark “EntrepreNeurology” in 2009. Castro filed a federal trademark application on January 16, 2009, for this mark in Class 41 for “conducting workshops and seminars in innovation and strategic planning,” claiming a first use in commerce date of January 2009. A registration issued on August 4, 2009 (No. 3,663,282) (the “Castro Registration”). EMI has filed a cancellation proceeding against this registration concurrently with these Counterclaims (the “Cancellation Proceeding”).

31. Castro then filed a federal trademark application on March 20, 2010, for the

mark “Entrepreneur.Ology” (Serial No. 77/964153) in Class 41 for “conducting workshops and seminars in entrepreneurship,” claiming a first use in commerce February 2010. EMI filed an opposition to that application on December 7, 2010.

32. Castro also filed a federal trademark application on September 29, 2010, for the mark “EntrepreneurOlogy” (Serial No. 85/141548) in Class 41 for “conducting workshops and seminars in the field of entrepreneurship,” claiming a first-use-in-commerce date of February 2010 (together with the application described in Paragraph 31, the “Castro Applications”). EMI filed an opposition to that application on April 14, 2011 (together with the opposition described in Paragraph 31, the “Oppositions”).

33. The above marks are collectively referred to as the “Castro Marks.”

34. Castro operates a website at the domain name *entrepreneurology.com* where he claims to provide an “online network,” “customized boot camps,” and “workshops for executives” (“Castro’s Services”). The only version of the Castro Marks that appears to be used on the website is “Entrepreneur.Ology.”

35. EMI is very concerned that consumers will be confused into believing that the services offered under the confusingly similar “Entrepreneur.Ology” mark (and similar marks) are related to the educational services, workshops and seminars offered by EMI. EMI is further concerned that such consumers will see the poor quality of Castro’s website and services and believe that EMI is offering low-quality services, thus tarnishing EMI’s reputation and adversely affecting its goodwill.

36. On September 7, 2010, EMI sent a letter to Castro notifying Castro of EMI’s concerns regarding the Castro Marks. Rather than respond to this letter, Castro filed the present action.

Continuing Infringement and Unlawful Conduct

37. Castro's continued use of the Castro Marks in commerce in violation of EMI's valuable intellectual property rights in the EMI Marks is knowing, intentional and willful, and is causing damage to EMI.

38. Due to Castro's willful continuing infringement and unlawful conduct, EMI is now forced to bring these counterclaims to protect its valuable and longstanding intellectual property rights. EMI had to retain counsel and incur substantial fees and costs (and continues to incur those fees and costs) to defend this suit and pursue its counterclaims.

39. Castro's activities have caused and will cause irreparable harm to EMI for which it has no adequate remedy at law, as Castro's conduct interferes with EMI's goodwill and customer relationships and will substantially harm EMI's reputation as a source of high-quality products, as well as dilute the substantial value of EMI's name and trademarks.

40. EMI's interest in protecting its intellectual property rights and products and services from customer confusion outweighs any potential harm to Castro. The public interest is best served by granting the requested relief to EMI against Castro in this case.

FIRST CLAIM FOR RELIEF

Lanham Act - Federal Trademark Infringement - 15 U.S.C. § 1114

41. EMI incorporates by reference the factual allegations set forth in Paragraphs 6-40 above.

42. EMI owns the EMI Marks, including the ENTREPRENEUR[®] Mark, and the EMI Registrations. The trademarks reflected in the EMI Registrations are strong and distinctive, designating EMI as the source of all products and services advertised, marketed, sold or used in connection with the EMI Marks. In particular, the ENTREPRENEUR[®] Mark

has been used for over 30 years, and has been recognized by a federal district court as a strong and distinctive mark.

43. EMI is the senior user of the EMI Marks, as it began use of those Marks in interstate commerce prior to Castro's first use of the Castro Marks.

44. The Castro Marks are confusingly similar to the EMI Marks and in particular the ENTREPRENEUR[®] Mark, which Castro does not have authorization, license or permission to reproduce, display or otherwise use. In addition, Castro's Services marketed, offered for sale and sold under the Castro Marks are closely related to the particular products and services with which the EMI Marks, and in particular the ENTREPRENEUR[®] Mark, have come to be associated.

45. At the time of his claimed first use of the Castro Marks, Castro was aware of the EMI Marks, and in particular the ENTREPRENEUR[®] Mark, as Castro was on constructive notice based on EMI's longstanding federal registrations. In addition, Castro was put on actual notice concerning the EMI Marks, including the ENTREPRENEUR[®] Mark, at least as early as September 7, 2010, the date of EMI's letter to Castro.

46. On information and belief, Castro's use of the Castro Marks was intended to confuse consumers into believing that Castro's Services were authentic and authorized EMI products and services. Thus, Castro's unauthorized use of the Castro Marks was, and continues to be, knowing, intentional and willful.

47. On information and belief, Castro's use of the Castro Marks is likely to cause confusion or mistake, or to deceive as to source, origin, affiliation or sponsorship of Castro's Services offered for sale, marketed and sold by Castro.

48. As a direct and proximate result of Castro's wrongful conduct, EMI has been

and will continue to be damaged.

49. Castro's actions thus constitute trademark infringement.

50. Unless an injunction is issued enjoining any continuing or future use of the Castro Marks by Castro, such continuing or future use is likely to continue to cause confusion, mistake or to deceive as to source, origin, affiliation or sponsorship, and thereby to damage EMI irreparably.

51. Castro's activities have caused and will cause irreparable harm to EMI, for which it has no adequate remedy at law, in that: (i) the EMI Marks, and in particular the ENTREPRENEUR[®] Mark, comprise unique and valuable property rights that have no readily-determinable market value; (ii) Castro's infringement constitutes an interference with EMI's goodwill and customer relationships and will substantially harm EMI's reputation as a source of high-quality goods and services as well as dilute the substantial value of EMI's name and trademark; and (iii) Castro's wrongful conduct, and the damages resulting to EMI, are continuing. Accordingly, EMI is entitled to injunctive relief pursuant to 15 U.S.C. § 1116(a).

52. Pursuant to 15 U.S.C. §1117(a), EMI is entitled to an order: (a) requiring Castro to account to EMI for any and all profits derived by Castro from his actions, to be increased in accordance with the applicable provisions of law; and (b) awarding all damages sustained by EMI caused by Castro's conduct.

53. Castro's conduct was intentional and without foundation in law, and, pursuant to 15 U.S.C. § 1117(a), EMI is as a result entitled to an award of treble damages against Castro.

54. Castro's acts make this an exceptional case under 15 U.S.C. § 1117(a), and EMI is thus entitled to an award of attorneys' fees and costs.

SECOND CLAIM FOR RELIEF

Lanham Act - Unfair Competition and False Designation of Origin - 15 U.S.C. § 1125(a)

55. EMI incorporates by reference the factual allegations set forth in Paragraphs 6-40 above.

56. The EMI Marks, and in particular the ENTREPRENEUR[®] Mark, are strong and distinctive, designating EMI as the source of all goods and services advertised, marketed, sold or used in connection with those marks. In addition, by virtue of EMI's decades-long use of the ENTREPRENEUR[®] Mark in connection with its products and services, and its extensive marketing, advertising, promotion and sale of its products and services under that mark, the EMI Marks, and in particular the ENTREPRENEUR[®] Mark, have acquired secondary meaning, whereby the consuming public of this District, the State of Texas and throughout the United States, associates the EMI Marks with a single source of products and/or services.

57. EMI is the senior user of the EMI Marks, as it began use of the marks in interstate commerce prior to Castro's first use of the Castro Marks.

58. Castro was aware of the EMI Marks, including the ENTREPRENEUR[®] Mark, as Castro was on constructive notice based on EMI's longstanding federal registrations, and was put on actual notice at least as early as September 7, 2010, the date of EMI's letter to Castro.

59. On information and belief, through his use of the confusingly similar Castro Marks, Castro intended to, and did in fact, confuse and mislead consumers, and did misrepresent and create the false impression that EMI somehow authorized, originated, sponsored, approved, licensed or participated in Castro's use of the confusingly similar Castro Marks.

60. In fact, there is no connection, association or licensing relationship between EMI and Castro, nor has EMI ever authorized, licensed or given permission to Castro to use the EMI Marks in any manner whatsoever.

61. On information and belief, Castro's use of the Castro Marks is likely to cause confusion as to the origin and authenticity of Castro's Services and related products and is likely to cause others to believe that there is a relationship between Castro and EMI.

62. As a direct and proximate result of Castro's wrongful conduct, EMI has been, and will continue to be, damaged.

63. Castro's actions thus constitute false designation of origin and unfair competition.

64. Castro's activities have caused and will cause irreparable harm to EMI for which it has no adequate remedy at law, in that: (i) the EMI Marks, and in particular the ENTREPRENEUR[®] Mark, comprise unique and valuable property rights that have no readily-determinable market value; (ii) Castro's infringement constitutes an interference with EMI's goodwill and customer relationships and will substantially harm EMI's reputation as a source of high-quality goods and services as well as dilute the substantial value of EMI's name and trademark; and (iii) Castro's wrongful conduct, and the damages resulting to EMI, are continuing. Accordingly, EMI is entitled to injunctive relief pursuant to 15 U.S.C. § 1116(a).

65. Pursuant to 15 U.S.C. §1117(a), EMI is entitled to an order: (a) requiring Castro to account to EMI for any and all profits derived by Castro from his actions, to be increased in accordance with the applicable provisions of law; and (b) awarding all damages sustained by EMI and caused by Castro's conduct.

66. Castro's conduct was intentional and without foundation in law, and pursuant to

15 U.S.C. § 1117(a), EMI is as a result entitled to an award of treble damages against Castro.

67. Castro's acts make this an exceptional case under 15 U.S.C. § 1117(a), and EMI is thus entitled to an award of attorneys' fees and costs.

THIRD CLAIM FOR RELIEF

Common Law Trademark Infringement

68. EMI incorporates by reference the factual allegations set forth in Paragraphs 6-40 above.

69. The EMI Marks, and in particular the ENTREPRENEUR[®] Mark, are strong and distinctive, designating EMI as the source of all goods and services advertised, marketed, sold or used in connection with those marks. In addition, by virtue of EMI's decades-long use of the ENTREPRENEUR[®] Mark in connection with its products and services, and its extensive marketing, advertising, promotion and sale of its products and services under that mark, the EMI Marks, and in particular the ENTREPRENEUR[®] Mark, have acquired secondary meaning, whereby the consuming public of this District, the State of Texas and throughout the United States, associates the EMI Marks with a single source of products and/or services.

70. On information and belief, Castro's use of the Castro Marks is likely to cause confusion as to the source, origin and authenticity of Castro's Services and related products and is likely to cause others to believe that there is a relationship between Castro and EMI.

71. Castro's unauthorized use of a mark confusingly similar to the EMI Marks in the manner described above removes from EMI the ability to control the nature and quality of goods and services provided under its marks, and places the valuable reputation and goodwill of EMI in the hands of Castro, over whom EMI has absolutely no control.

72. Castro's conduct accordingly constitutes trademark infringement in violation of

the common law of Texas.

73. As a direct and proximate result of Castro's wrongful conduct, EMI has been, and will continue to be, damaged. EMI is thus entitled to its damages suffered as a result of Castro's infringement.

74. Unless an injunction is issued enjoining Castro's infringing conduct, EMI will continue to be damaged irreparably. EMI has no adequate remedy at law.

FOURTH CLAIM FOR RELIEF

Common Law Misappropriation/Unfair Competition

75. EMI incorporates by reference the factual allegations set forth in Paragraphs 6-40 above.

76. EMI has expended extensive time, labor and expense in developing the EMI Marks, and in particular the ENTREPRENEUR[®] Mark, and the high-quality products and services it markets, sells and distributes under those marks. The EMI Marks, including the ENTREPRENEUR[®] Mark, have been very successful and have developed a substantial reputation and goodwill in the marketplace.

77. Through his actions as described above, Castro has misappropriated EMI's efforts and is exploiting the EMI Marks, including the ENTREPRENEUR[®] Mark, and EMI's reputation, in order to market and sell his products and services in competition with EMI under the confusingly similar Castro Marks.

78. Castro's unauthorized use of a mark confusingly similar to the EMI Marks, and in particular the ENTREPRENEUR[®] Mark, gives Castro an unfair advantage over EMI, because Castro has not had to expend the time, labor and expense that EMI has expended in developing the EMI Marks, and in particular the ENTREPRENEUR[®] Mark.

79. The acts of Castro complained of herein constitute misappropriation and unfair competition in violation of the common law of Texas.

80. As a direct and proximate result of Castro's wrongful conduct, EMI has been, and will continue to be, damaged. EMI is thus entitled to its damages suffered as a result of Castro's misappropriation and unfair competition.

81. Unless an injunction is issued enjoining Castro's unfairly competitive conduct, EMI will continue to be damaged irreparably. EMI has no adequate remedy at law.

82. On information and belief, Castro engaged in this conduct knowingly, intentionally, willfully and without justification, so EMI is entitled to exemplary damages.

FIFTH CLAIM FOR RELIEF

Dilution Under Texas Law - TEX. BUS. & COM. CODE § 16.29

83. EMI incorporates by reference the factual allegations set forth in Paragraphs 6-40 above.

84. The acts of Castro complained of herein are likely to injure EMI's business reputation and dilute the distinctive quality of the EMI Marks, and in particular the ENTREPRENEUR[®] Mark, and thus constitute trademark dilution in violation of the Texas Anti-Dilution Statute, TEX. BUS. & COM. CODE § 16.29.

85. Unless an injunction is issued enjoining Castro's unlawful conduct, EMI will continue to be damaged irreparably. EMI has no adequate remedy at law.

SIXTH CLAIM FOR RELIEF

Unjust Enrichment

86. EMI incorporates by reference the factual allegations set forth in Paragraphs 6-40 above.

87. Castro has been, and continues to be, unjustly enriched by a benefit obtained from EMI through his unauthorized use of marks confusingly similar to the EMI Marks.

88. Castro has been and continues to be unjustly enriched by obtaining a benefit from EMI by taking undue advantage of EMI and its goodwill. Specifically, Castro has taken undue advantage of EMI by trading on, and profiting from, the goodwill associated with the EMI Marks, and in particular the ENTREPRENEUR[®] Mark, as developed and owned by EMI, resulting in Castro wrongfully obtaining a monetary and reputational benefit for his own business and services.

89. The acts of Castro complained of herein constitute unjust enrichment of Castro at EMI's expense.

SEVENTH CLAIM FOR RELIEF

Cancellation of Federal Registration Under 15 U.S.C. § 1064 and 15 U.S.C. § 1119

90. EMI incorporates by reference the factual allegations set forth in Paragraphs 6-40 above.

91. Castro owns a federal trademark registration for the mark "EntrepreNeurology" (No. 3,663,282). The Castro Registration issued on August 4, 2009.

92. EMI is being damaged by the Castro Registration, as this mark infringes and dilutes the EMI Marks.

93. As described above, Castro is using this registered mark so as to misrepresent the source of Castro's Services.

94. Accordingly, the Castro Registration should be cancelled pursuant to 15 U.S.C. § 1064 and 15 U.S.C. § 1119.

EIGHTH CLAIM FOR RELIEF

Declaratory Relief

1. EMI incorporates by reference the factual allegations set forth in Paragraphs 6-40 above.

2. An actual and justiciable controversy has arisen and now exists between EMI and Castro, in that EMI contends that: (a) Castro's use of the Castro Marks constitutes trademark infringement, false designation of origin, unfair competition and dilution under the Lanham Act and state law; and (b) the Castro Marks should not be registered by the Patent and Trademark Office. Castro contends that his marks are not infringing, and that the Castro Registration is valid and the Castro Applications should be accepted by the Patent and Trademark Office.

3. EMI desires a judicial determination and declaration of Castro's rights with respect to the Castro Marks, the Castro Registration and the Castro Applications.

4. A judicial determination is necessary and appropriate at this time under the circumstances to provide a complete and final adjudication of all of the issues in this action, in the interests of judicial efficiency and finality, and to ensure consistency in the rulings of this Court and the Patent and Trademark Office.

5. EMI therefore requests a judicial declaration that: (a) the Castro Marks infringe and dilute the EMI Marks, and create a false designation of origin; (b) Castro is unfairly competing with EMI; (c) the Castro Registration be cancelled; (d) the Patent and Trademark Office be ordered to sustain the Oppositions for the Applications in favor of EMI and against Castro; and (e) Castro be prohibited from filing any future applications for the Castro Marks or any marks likely to cause confusion with, or dilute the distinctive quality of, the EMI Marks.

PRAYER

WHEREFORE, EMI prays for the following relief:

A. An injunction ordering that Castro, his agents, servants, employees, and attorneys, and all other persons acting in concert or participating with them, who receive actual notice of the injunction order by personal or other service:

(1) cease all use and never use the Castro Marks, the EMI Marks, or any other mark likely to cause confusion with, or likely to dilute the distinctive quality of, the EMI Marks, in connection with the promotion, advertising, offering for sale, or sale, of any products or services;

(2) never use any false designation of origin, false representation, or any false or misleading description of fact, that can, or is likely to, lead the consuming public or individual members thereof, to believe that any products or services produced, offered, promoted, marketed, advertised, provided or sold by Castro are in any manner associated or connected with EMI, or are licensed, approved or authorized in any way by EMI;

(3) never represent, suggest in any fashion to any third party, or perform any act that may give rise to the belief that Castro, or any of his goods or services, are related to, authorized or sponsored by EMI;

(4) cease all use of the domain name *entrepreneurology.com* and any similar domain names, and never register any domain names that contain any of the EMI Marks, or any domain names confusingly similar to the EMI Marks;

(5) never unfairly compete with EMI in any manner whatsoever, or engage in any unfair, fraudulent or deceptive business practices that relate in any way to the production, distribution, marketing, and/or sale of products and services bearing the EMI Marks;

(6) withdraw all pending federal and state trademark applications for the Castro Marks, and never apply for, or seek to register, any mark that is likely to cause confusion with the EMI Marks.

B. An order pursuant to 15 U.S.C. § 1116(a) directing Castro to file with this Court and to serve upon EMI's counsel, within thirty (30) days after the entry and service on Castro of an injunction, a report in writing and under oath setting forth in detail the manner and form in which Castro has complied with the injunction.

C. An order transferring to EMI the domain name *entrepreneurology.com* and any other domain names Castro owns that include "entrepreneur" or are otherwise confusingly similar to the EMI Marks.

D. An order finding that, by the acts complained of above, Castro has infringed EMI's federally registered trademarks in violation of 15 U.S.C. § 1114.

E. An order finding that, by the acts complained of above, Castro has created a false designation of origin and/or a false representation of association, in violation of 15 U.S.C. § 1125(a).

F. An order finding that, by the acts complained of above, Castro has engaged in acts of dilution in violation of the Texas Anti-Dilution Statute, TEX. BUS. & COM. CODE § 16.29.

G. An order finding that, by the acts complained of above, Castro has engaged in common law trademark infringement.

H. An order finding that, by the acts complained of above, Castro has engaged in common law misappropriation/unfair competition.

I. An order finding that, by the acts complained of above, Castro has been unjustly enriched at the expense of EMI.

J. An order cancelling Castro's federal trademark registration number 3,663,282, and a certification of such order to the Director of the United States Patent and Trademark Office, so that the appropriate entry will be made upon the records of that office.

K. An order declaring that: (a) the Castro Marks infringe and dilute the EMI Marks, and create a false designation of origin; (b) Castro is unfairly competing with EMI; (c) the Castro Registration be cancelled; (d) the Patent and Trademark Office be ordered to sustain the Oppositions in EMI's favor and against Castro; and (e) Castro be prohibited from filing any future applications for the Castro Marks or any marks likely to cause confusion with, or dilute the distinctive quality of, the EMI Marks.

L. An order pursuant to 15 U.S.C. § 1117(a), compelling Castro to account to EMI for any and all profits derived by him from his unlawful and infringing conduct.

M. An order awarding EMI damages as follows:

(1) pursuant to 15 U.S.C. § 1117(a), EMI's actual damages, as well as all of Castro's profits or gains of any kind from his acts of trademark infringement, false designation of origin, and unfair competition, including a trebling of those damages;

(2) exemplary damages based on Castro's willful and knowing infringement under Texas common law;

(3) exemplary damages based on Castro's misappropriation and unfair competition under Texas common law.

N. An order pursuant to 15 U.S.C. § 1117(a), finding that this is an exceptional case and awarding EMI its reasonable attorneys' fees.

O. An order awarding EMI all of its costs, disbursements and other expenses incurred due to Castro's unlawful conduct, pursuant to 15 U.S.C. § 1117(a).

- P. An order awarding EMI interest.
- Q. An order awarding EMI such other relief as the Court may deem appropriate.

JURY DEMAND

Pursuant to Fed. R. Civ. P. 38(b), EMI demands a trial by jury on all issues triable of right by a jury.

Dated: May 26, 2011

Respectfully submitted,

By: /s/ Jennifer L. Barry
William G. Barber
Texas Bar No. 01713050
PIRKEY BARBER LLP
600 Congress Avenue, Suite 2120
Austin, TX 78701
(512) 322-5200 / (512) 322-5201 Fax

Perry J. Viscounty (Admitted *Pro Hac Vice*)
Latham & Watkins LLP
650 Town Center Drive, 20th Floor
Costa Mesa, CA 92626
(714) 540-1235 / (714) 755-8290 Fax

Jennifer L. Barry (Admitted *Pro Hac Vice*)
Latham & Watkins LLP
600 West Broadway, Suite 1800
San Diego, CA 92101
(619) 236-1234 / (619) 696-7419 Fax

Attorneys for Defendant/Counterclaimant
ENTREPRENEUR MEDIA, INC.

