EXHIBIT 1

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2 3 4 5 6	Jeffrey R. Patterson, Esq. (State Bar No. 126148) Michael R. Adele, Esq. (State Bar No. 138339) Michael J. Holmes, Esq. (State Bar No. 199311) Cheryl A. Withycombe, Esq. (State Bar No. 237475) ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP 12348 High Bluff Drive, Suite 210 San Diego, CA 92130 Telephone: (858) 481-5055 Facsimile: (858) 481-5028 Attorneys for Plaintiff ENTREPRENEUR MEDIA, INC.	
9	UNITED STATES DISTRICT COURT	
10	FOR THE CENTRAL DISTRICT OF CALIFORNIA	
11	ENTREPRENEUR MEDIA, INC.,) 19-ACVOS-0608 DOC M	(Car
12)	\ <u>\</u>
13	Plaintiffs,) COMPLAINT FOR: DECLARATORY JUDGMENT	
14	v	
15	}	
16	EYGN LIMITED, ERNST & YOUNG LLP,) and ERNST & YOUNG ADVISORY INC.,) DEMAND FOR JURY TRIAL	
17) Defendants.)	
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19	I. INTRODUCTION	
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21	1. The present action is a trademark dispute over whether Plaintiff Entrepreneur Media,	
22	Inc. ("EMI"), as the owner and publisher of Entrepreneur® magazine, may continue to advertise	
23	its contests and awards ceremonies (collectively, "awards programs") for entrepreneur of the year	
24	as "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR" and "Entrepreneur	
25	Magazine's 2008 Emerging Entrepreneur® OF THE YEAR." Like countless other organizations	
26	across the country, EMI is entitled to use the generic phrase "entrepreneur of the year" to describe	
27	its entrepreneur of the year contests and awards programs. Indeed, numerous trademark laws and	
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doctrines protect EMI's right to use the phrase "entrepreneur of the year," exactly as it has done. Nevertheless, Defendant EYGN Limited sent a cease and desist letter to EMI claiming trademark rights to the phrase "ENTREPRENEUR OF THE YEAR," and demanded that EMI choose a different name for its program in order to "mitigate any harm to Ernst & Young and EYGN Limited." This thinly veiled threat of litigation creates a substantial, actual and justiciable controversy regarding EMI's right to hold (and advertise) its entrepreneur of the year contests and awards ceremonies. EMI is entitled to a declaration from the court, inter alia, that: (a) Defendants' registered "ENTREPRENEUR OF THE YEAR" trademark is invalid and unenforceable, including without limitation as against EMI, and should therefore be canceled; and/or (b) EMI's use of Defendants' claimed "ENTREPRENEUR OF THE YEAR" trademark preceded by the words "Entrepreneur® Magazine's" to identify the source thereof is non-infringing under federal and common law. ¹

II. PARTIES

2. Plaintiff EMI, a California corporation, is the largest independent business media company serving the small- and medium-size business community. In addition to publishing numerous books under the imprint "Entrepreneur Press" and owning and operating a number of websites including www.entrepreneur.com, EMI publishes a monthly magazine entitled Entrepreneur®, all of which contain editorial content and through which it disseminates information about and of interest to small- and medium-sized businesses, their owners and would-be owners. EMI is the owner of more than 10 registered U.S. federal trademarks that contain the word ENTREPRENEUR, including the trademark ENTREPRENEUR® for use in conjunction with the publication of printed matter, conducting trade shows and seminars, and advertising and business services. The following is EMI's advertising to which Defendants object:



Defendants' registered trademarks are for ENTREPRENEUR OF THE YEAR, Reg. No. 1,587,164 and for WORLD ENTREPRENEUR OF THE YEAR, Reg. No. 2,669,983, both of which disclaim the exclusive right to the use of the word "ENTREPRENEUR."

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The advertising shown above was taken from EMI's website at www.entrepreneur.com.

- 3. Plaintiff is informed and believes and based thereon alleges that Defendant EYGN Limited is a Bahamas corporation that is an intellectual property holding company for Ernst & Young. Defendant EYGN Limited, which claims ownership of the "ENTREPRENEUR OF THE YEAR" trademark, has threatened Plaintiff EMI with legal action for trademark infringement and has threatened to instigate legal proceedings if EMI continues to advertise its 2008 entrepreneur of the year contest and awards program as "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR." EYGN Limited has claimed that it and "Ernst & Young" will be harmed if EMI does not change the name of its entrepreneur of the year contest and awards program, and has sent its cease and desist letter to EMI, as stated therein, "without prejudice to the rights and remedies of EYGN Limited and all of the Ernst & Young affiliated firms."
- Plaintiff is informed and believes and based thereon alleges that Defendant Ernst & Young Advisory Inc. is an affiliate of EYGN Limited, has a California presence, and is registered to do business in California. Plaintiff is informed and believes and based thereon alleges that Defendant Ernst & Young Advisory Inc. otherwise has substantial contacts within this judicial district.
- 5. Plaintiff is informed and believes and based thereon alleges that Defendant Ernst & Young LLP is an affiliate of EYGN Limited, has a California presence, and is registered to do business in California. Plaintiff is informed and believes and based thereon alleges that Defendant Ernst & Young LLP otherwise has substantial contacts within this judicial district.

III. JURISDICTION

- Plaintiff brings this action seeking a declaration of rights with respect to federal trademark laws. The court has jurisdiction over this action under 28 U.S.C. § 1331 and 1338 (federal question), 15 U.S.C. § 1121(a) (federal trademarks), and 28 U.S.C. § 2201 (Declaratory Judgment Act).
- 7. Plaintiff is informed, believes and thereon alleges that Defendants have sufficient contacts with this district generally and, in particular, with the events herein alleged, that each Defendant is subject to the exercise of jurisdiction of this court over its person.

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IV. VENUE AND INTRADISTRICT ASSIGNMENT

- 8. Venue is proper in this district under 28 U.S.C. § 1391(b) and (d).
- Venue properly lies in the Central District of California, pursuant to 28 U.S.C. § 1391 and 1392. The events and circumstances herein alleged occurred in the County of Orange and at least one defendant does business in the County of Orange, therefore venue is properly in the Central District.

V. FACTUAL ALLEGATIONS

Entrepreneur Magazine

10. EMI, with promotional support from Mail Boxes Etc., Inc. as franchisor of The UPS Store® and Mail Boxes Etc.® franchised locations, is currently sponsoring a contest and awards program for "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR" and "Entrepreneur Magazine's 2008 Emerging Entrepreneur® OF THE YEAR" to recognize and reward successful entrepreneurs. An example of EMI's website advertising typically identifies its sponsorship of the "entrepreneur of the year" contest and awards program as follows:





The winners will be profiled and promoted in the December 2008 and December 2009 issues of Entrepreneur® magazine

The Present Dispute

11. On May 2, 2008, EMI received a letter from Susan Upton Douglass, an attorney at Fross Zelnick Lehrman & Zissu, P.C. representing EYGN Limited. In the letter—dated May 1, 2008, and addressed to Entrepreneur Magazine (as opposed to EMI)—Ms. Douglass warned that EYGN Limited would take legal action against Entrepreneur Magazine unless it selected a different name for its awards program in association with The UPS Store within ten days of receiving the letter. Ms. Douglass claimed the awards program "violates our client's incontestable federal registration and trademark rights under Section 32(1) and 43(a) of the Lanham Act, as well

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as common law." A copy of that letter is attached as Exhibit A.

- 12. On May 16, 2008, after responding to the May 1 letter, EMI's attorneys received an email from Ms. Douglass. In the e-mail, Ms. Douglass wrote that "[w]hat your client has done is misappropriate the federally registered and incontestable trademark ENTREPRENEUR OF THE YEAR...we ask that this situation be rectified...let us hear from you not later than June 2, 2008." A copy of that e-mail is attached as Exhibit B.
- 13. The May 1 letter, along with the May 16 e-mail, individually and collectively created in Plaintiff a real and reasonable apprehension that EMI would be subject to a lawsuit if it continued to advertise and otherwise promote its "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR" and "Entrepreneur Magazine's 2008 Emerging Entrepreneur® OF THE YEAR" contest and awards program for outstanding entrepreneurs.

Defendants' Claimed "Entrepreneur of the Year" Trademark Is Invalid, Unenforceable and Should Be Canceled

- 14. Regardless of whether or not Defendants' "Entrepreneur of the Year" trademark is federally registered, as a matter of federal law, the trademark is invalid and unenforceable if the phrase is "generic." Using the phrase "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR" is a generic use of the phrase "entrepreneur of the year." The use of the phrase, "entrepreneur of the year," to describe an entrepreneur of the year program and/or contest is used by countless organizations across the country. Using the phrase, "entrepreneur of the year," to describe an entrepreneur of the year program and/or contest is a fair use under the Lanham Act. Under the fair use doctrine, EMI is entitled to use the descriptive phrase, "entrepreneur of the year," to describe an entrepreneur of the year program and/or contest, regardless of whether or not Defendants' claimed trademark is registered.
- 15. Regardless of whether or not Defendants' "Entrepreneur of the Year" trademark is incontestable, as a matter of federal law, the trademark is invalid and unenforceable because the phrase is "generic." According to the Lanham Act, "To the extent that the right to use the registered mark has become incontestable under § 1065 of this title, the registration shall be conclusive evidence of the validity...Such conclusive evidence of the right to use the registered

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mark shall be subject to proof of infringement as defined in § 1114 of this title, and shall be subject to the following defenses or defects... That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, ... which is descriptive of and used fairly and in good faith only to describe the goods or services of such party." 15 U.S.C. § 1115(b)(4).

- This court is empowered to declare invalid and unenforceable and to cancel Defendants' registered "ENTREPRENEUR OF THE YEAR" trademark. Section 37 of the Lanham Act, 15 U.S.C. § 1119, provides as follows: "In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby."
- 17. Plaintiff is informed and believes and based thereon alleges that the general public does not understand the phrase, "entrepreneur of the year," as identifying only Defendants' entrepreneur of the year awards program. In fact, there are countless "entrepreneur of the year" awards programs - several of which even pre-date Defendants' first use of the phrase (which Defendants' contend was in 1986); for instance, a small sampling of the various "Entrepreneur of the Year" awards programs include:
 - The University of Southern California Marshall School of Business, which has held its Entrepreneur of the Year award every year since 1977;
 - The TwinWest Chamber of Commerce, which has held its Entrepreneur of the Year award every year since 1984, and which has held its Emerging Entrepreneur of the Year Award every year since 1988;
 - Cornell University, which has held its Entrepreneur of the Year award every year since 1984;
 - The University of Missouri-Kansas City, which has held its Entrepreneur of the Year award every year since 1985;
 - Inc. magazine, which has held its Entrepreneur of the Year award since 1988;

2008;

- Steak-Out Charbroiled Delivery, which awarded an Entrepreneur of the Year award and
 a Young Entrepreneur of the Year award in 2008; and
- The Columbia Business Times, which awarded an Entrepreneur of the Year award in 2008.

Plaintiff is informed and believes that each of the organizations above have identified, advertised and otherwise promoted their awards programs using the phrase "Entrepreneur of the Year," have done so at least during the time periods alleged above, and that such examples are just a fraction of the countless organizations that have used the phrase "Entrepreneur of the Year" to identify their own awards programs recognizing outstanding entrepreneurs both before, during and after Defendants' claimed exclusive trademark rights in the phrase "Entrepreneur of the Year."

- 18. With regard to "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR" and "Entrepreneur Magazine's 2008 Emerging Entrepreneur® OF THE YEAR" awards program for outstanding entrepreneurs; by expressly stating that it is Entrepreneur® Magazine's Entrepreneur® OF THE YEAR award, EMI has demonstrated good faith and eliminated any likelihood of confusion that its awards program is affiliated with Defendants. Indeed, EMI's advertising and other promotion of its entrepreneur of the year contest and awards program makes no reference to any sponsorship or affiliation with Defendants, which further diminishes any likelihood of confusion about any sponsorship or affiliation with Defendants.
- 19. Defendants' conduct, by contrast, constitutes a bad faith effort to use the trademark laws to monopolize the market for entrepreneur of the year awards programs. Defendants' May 1, 2008 letter and May 16, 2008 e-mail evidence an intent to prevent EMI (and anyone else for that matter) from using the phrase "entrepreneur of the year" in connection with an entrepreneur of the year contest or program. See Exhs. A and B. In so doing, Defendants are not only seeking exclusive use of the phrase "entrepreneur of the year," they are in fact seeking the exclusive ability to hold entrepreneur of the year awards programs. Changing the name of the award to something other than "Entrepreneur of the Year" changes the nature of the award into something other than an entrepreneur of the year award. For businesses such as EMI, holding entrepreneur of the year awards programs enhances its ability to promote entrepreneurship by annually recognizing and

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celebrating outstanding entrepreneurs. Moreover, the correspondence from counsel for Defendant EYGN Limited evidences that EYGN Limited and its various "Ernst & Young affiliated firms" have entered into license agreements, i.e., contracts, for the use of the claimed "Entrepreneur of the Year" trademark and for using the claimed trademark to obtain a monopoly over the ability to 4 hold entrepreneur of the year awards, contests and ceremonies. Such contracts and agreements 5 between EYGN Limited and its various Ernst & Young affiliates constitute the wrongful use of 6 the claimed "Entrepreneur of the Year" trademark in restraint of trade or commerce. See 15 U.S.C. § 1 ("[e] very contract, combination in the form of trust or otherwise, or conspiracy, in 8 restraint of trade or commerce"). Thus, EYGN's claimed "Entrepreneur of the Year" trademark is 9 invalid and unenforceable against Plaintiff EMI (and against anyone else). 10

20. Moreover, as a matter of law, Defendants abandoned their mark by failing to protest any use of the mark by others, such that the phrase has become generic. As alleged above, there are at least four entities that have had yearly "Entrepreneur of the Year" awards programs for longer than Defendants, and at least six entities that have been running yearly "Entrepreneur of the Year" awards programs for over 20 years. Defendants cannot selectively enforce their trademark against parties they consider a competitive threat, while ignoring the longstanding use of their trademark by other parties who have been using the "entrepreneur of the year" phrase for decades. For this reason too, EYGN's claimed "Entrepreneur of the Year" trademark is invalid and unenforceable against Plaintiff EMI (and against anyone else).

Plaintiff's Entrepreneur of the Year Contest and Advertising Is Non-Infringing and/or Otherwise Allowed

Even If Defendants' Trademark Is Not Wholly Invalid or Unenforceable

21. Even if Defendants' claimed "Entrepreneur of the Year" trademark might, in some instances, be valid and/or enforceable (which Plaintiff EMI denies), at most it is an exceptionally weak mark entitled to the most narrow protection designed to prevent consumer confusion. 2

Further evidence of the fact that Defendants' claimed "Entrepreneur of the Year" trademark is a weak mark is Defendants' practice of preceding their own use of the trademark with the company name E&Y or Ernst & Young. As an example thereof see attached Exhibit C.

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Where, as here, a party is holding an entrepreneur of the year awards program, at most that party should be required to identify who is holding and/or sponsoring that program — which is precisely what Plaintiff EMI has done by calling its awards program "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR" and "Entrepreneur Magazine's 2008 Emerging Entrepreneur® OF THE YEAR". Thus, at a minimum, EMI's use of the phrase "Entrepreneur of the Year" should be declared non-infringing.

is allowed nominative use of it. Here, EMI's use of the term "Entrepreneur of the Year" meets all of the criteria for nominative use: (1) the awards program must be one not readily identifiable without use of the mark; (2) only so much of the mark or marks may be used as is reasonably necessary to identify the awards program; and (3) EMI has done nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by EYGN Limited (or its affiliates). As alleged above, a business cannot effectively sponsor an entrepreneur of the year award without use of the phrase "entrepreneur of the year." Thus, EMI has used only so much as is reasonably necessary to identify the awards program. Moreover, EMI has done nothing that would suggest sponsorship by EYGN Limited (or its affiliates) but, to the contrary, has expressly advertised its awards program as "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR" and "Entrepreneur Magazine's 2008 Emerging Entrepreneur® OF THE YEAR". In short, EMI's nominative use of Defendants' claimed "Entrepreneur of the Year" trademark is allowed and, to the extent Defendants' trademark may be found valid or enforceable, should be declared non-infringing.

23. In addition, Defendants' attempt to prevent all use of the phrase "entrepreneur of the year" in connection with the entrepreneur of the year awards program constitutes a misuse of the trademark laws, rising to the level of unclean hands (which bars enforcement of the trademark), even if Defendants' conduct does not violate the anti-trust laws. Thus, EMI's use of Defendants' claimed "Entrepreneur of the Year" trademark is allowed.

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VI. FIRST CAUSE OF ACTION

Declaratory Relief

- 24. Plaintiff repeats and incorporates herein by reference the allegations in the preceding paragraphs of this complaint.
- 25. Based on the foregoing allegations, there exists between the parties an actual, justiciable and substantial controversy of sufficient immediacy and reality to warrant declaratory relief, which entitles Plaintiff to declaratory relief pursuant to 28 U.S.C. § 2201 and Federal Rule of Civil Procedure 57.
- 26. At issue is the ability of a media company to engage in the use of one of its own trademarks in order to provide an award to entrepreneurs on an annual basis. Countless companies and magazines hold entrepreneur of the year awards programs and use the phrase, "entrepreneur of the year" in naming and advertising those programs. U.S. federal trademark law principles recognize such descriptive use of words found in the dictionary as fair use. Other trademark laws and doctrines, alleged above, protect EMI's right to hold its own "Entrepreneur of the Year" awards program, and to advertise and otherwise promote such a program as EMI has done.
- 27. Plaintiff is informed and believes and based upon such information and belief alleges that Defendants' motivation in demanding the cessation of the term "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR" is not to protect its trademark. Instead, Defendants' conduct is an attempt to improperly use the trademark laws to restrain trade and to obtain a monopoly over the ability to hold entrepreneur of the year awards programs.
- 28. Plaintiff is currently advertising and otherwise promoting its "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR" awards program nationwide through its own and third-party media, as well as through The UPS Store® and Mail Boxes Etc. franchise network and intends to continue to do so.
- 29. Based on the averments alleged herein, EMI is entitled to a declaration that Defendants' registered "ENTREPRENEUR OF THE YEAR" trademark is invalid, unenforceable and should be canceled. In addition, EMI is entitled to a declaration that Defendants' (purported) common law trademark rights in the phrase, "ENTREPRENEUR OF THE YEAR," are non-

existent, invalid and unenforceable. Additionally and/or alternatively, EMI is entitled to a declaration that its use of the phrases "Entrepreneur Magazine's 2008 Entrepreneur® OF THE YEAR" and "Entrepreneur Magazine's 2008 Emerging Entrepreneur® OF THE YEAR" is, under federal law and state common law: (a) a fair use; (b) a nominative use; (c) non-infringing; and/or (d) an otherwise allowed use of Defendants' registered (and purported common law) "Entrepreneur of the Year" mark.

VII. PRAYER FOR RELIEF

WHEREFORE, Plaintiff Entrepreneur Media, Inc. accordingly prays for judgment as follows:

- For a declaration that Defendants' claimed "Entrepreneur of the Year" trademark is invalid and unenforceable, including without limitation as against EMI, and canceled;
- For a declaration that Defendants' (purported) common law trademark rights in the phrase, "ENTREPRENEUR OF THE YEAR," are non-existent, invalid and unenforceable;
- 3. For a declaration that Plaintiff's use of the terms "Entrepreneur Magazine's 2008
 Entrepreneur® OF THE YEAR" and "Entrepreneur Magazine's 2008 Emerging
 Entrepreneur® OF THE YEAR" in connection with its contest and awards program for
 successful entrepreneurs is, under federal law and state common law: (a) a fair use; (b) a
 nominative use; (c) non-infringing; and/or (d) an otherwise allowed use of Defendants'
 registered (and purported common law) "Entrepreneur of the Year" mark.;
- 4. For Plaintiff's attorneys' fees;
- 5. For Plaintiff's costs and disbursements in this action; and
- 6. For such other and further equitable and legal relief as the court shall find just and proper

Dated: May 30, 2008

ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP//

MICHARI PADELE

Attorneys for Plaintiff

ENTREPRENEUR MEDIA, INC.

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DEMAND FOR JURY TRIAL

Plaintiff hereby requests a jury trial for all issues triable by jury including, but not limited

to, those issues and claims set forth in any amended complaint or consolidated action.

Dated: May 30, 2008

ALLEN MATKINS LECK GAMBLE

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Attorneys for Plaintiff

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