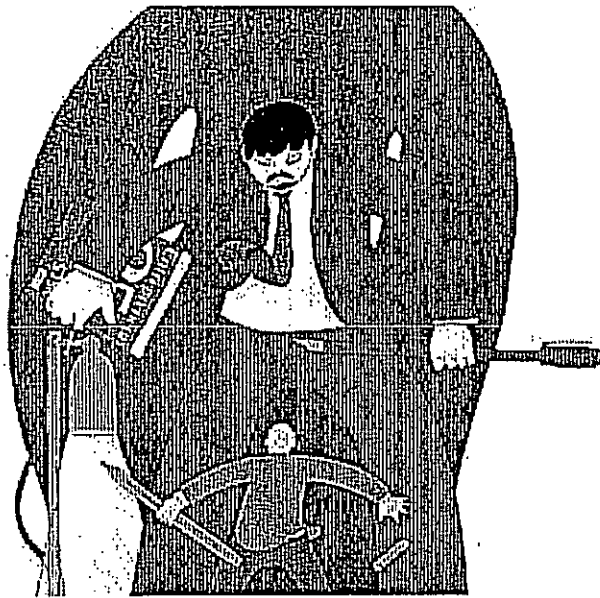


EXHIBIT 1

Entrepreneur, the Magazine That Sues Entrepreneurs

The curious case of Entrepreneur Media Inc., which never rests in its quest to nurture—and afflict—other startups



Entrepreneur Media Inc. sells the idea of the self-made little guy getting ahead. Based in Irvine, Calif., EMI, as the company is known, publishes *Entrepreneur*, a monthly magazine with a circulation of 607,000 and a colorful history. According to newspaper reports, the periodical's founder and former owner, Chase Revel, once tried robbing banks for a living. Today, EMI conducts seminars revealing "business success secrets" of a more mainstream nature. It markets instructional CDs and sells advertising to package deliverers, health insurers, and franchisers such as Wahoo's Fish Taco restaurants. In other words, EMI caters to all things entrepreneurial. Strangely, it also smashes the dreams of the self-starters it aims to serve.

Daniel R. Castro, a serial entrepreneur in Austin, Tex., received a stern letter from EMI's lawyers last September ordering him to "cease and desist" using his new website, EntrepreneurOlogy.com. In his day, Castro, 50, has started a law firm, a mortgage company, and a real estate-lending outfit. He employs a half-dozen people full-time and coordinates the work of a platoon of brokers. He also delivers motivational speeches to other business owners and hopes the new website will provide an online home for a workshop series. "I was dumbfounded," he says of the cease-and-desist letter. Like a lot of people who work for themselves, he doesn't like to be told what to do. "Their problem," he says of EMI, "was that they didn't know who they were picking on."

An attorney with the corporate law firm Latham & Watkins informed Castro that EMI owns the U.S. trademark for the word "entrepreneur." With 2,000 lawyers in 31 offices around the world, Latham polices EMI's intellectual property aggressively. The firm even instructed Castro to surrender his domain name to EMI. "If you fail to abide by these demands," the letter said, "Entrepreneur Media will have no choice but to take appropriate action to prevent continued use of an infringing mark and domain name."

The archetypal trademark—for McDonald's (MCD) or Xerox, say—prevents competitors from using a distinctive word that might cause consumers to assume they were buying a product made by the mark holder. To Castro and others, "entrepreneur" seems different. "How can you trademark a commonly used word, derived from the French, that's hundreds of years old?" he asks. And more to the point, "why would the publisher of *Entrepreneur* magazine be bullying entrepreneurs?"

Since the early 1980s, EMI has sued or threatened to sue scores of businesses and organizations it claims infringed its trademarks. EMI won't provide a tally of its targets, but it almost always prevails.

Scott Smith, a public-relations man in Sacramento, Calif., fought back and paid the price. A federal judge ruled in 2003 that he had to drop EntrepreneurPR as his firm name, stop publishing a quarterly compilation of press releases called *Entrepreneur Illustrated*, and pay EMI more than \$1 million in damages and attorneys' fees. "They crushed me, and I had to file for personal bankruptcy," says Smith, who is still contesting what he owes the publisher.

EMI goes after a broad spectrum of businesses, ranging from Internet startups to a fledgling clothing manufacturer. In 2001 it persuaded the nonprofit Donald H. Jones Center for Entrepreneurship at Carnegie Mellon University to change the title of its quarterly alumni newsletter, *The Entrepreneur*. In 2004 it stopped 3Entrepreneurs, a San Diego apparel company, from putting the phrase "Entrepreneur Generation" on T-shirts, sweaters, and hats. At present, EMI is skirmishing with the Entrepreneur Hall of Fame and Museum, a one-man website based in Glen Cove, N.Y., with aspirations of someday occupying a brick-and-mortar facility. "*Entrepreneur* is the enemy of entrepreneurs," says the hall of fame's proprietor, Mitch Schlimer, who began his career selling New York-style soft pretzels from a street cart with his grandfather.

***Entrepreneur*, the Magazine That Sues Entrepreneurs**

(page 2 of 3)

Demonized by those it pursues, EMI's legal strategy benefits from the momentum of a larger judicial trend. "The point of federal trademark law is to prevent consumer confusion," explains Mark A. Lemley, an intellectual property scholar at Stanford Law School. "In recent decades, though, courts have expanded the idea of consumer confusion so much that you have businesses like Entrepreneur Media stifling other, smaller businesses whose goods or services just aren't likely to interfere with consumers making well-informed decisions." In EMI's case, the professor adds, "it's particularly ironic because the trademark holder is in the business of helping the kinds of people and businesses it's suing."

EMI sees no irony, let alone bullying. In an e-mail, the company's lead attorney at Latham, Perry J. Viscounty, says his client "vigorously enforces its trademark rights in appropriate circumstances, when a third-party use is likely to cause confusion in the marketplace." In a separate letter, the company adds: "EMI has been forced to take action against individuals, small businesses, and large businesses." EMI asserts that the action against apparel maker 3Entrepreneurs was appropriate because the publisher has also produced clothing with its trademarked "entrepreneur" logo. "EMI has taken no action against unrelated applications and uses," the company continues, pointing to the example of Brother International's use of "Entrepreneur" on sewing machines. Viscounty notes that Bloomberg LP, owner of *Bloomberg Businessweek*, also "has a history of taking action, where appropriate, to protect its rights when consumer confusion is likely." He ticks off several examples, including *Bloomberg LP v. Bloomberg Mortgage*, a successful suit filed in federal court in New York in 2002, and ongoing efforts to protect the company's Bloomberg Launchpad trademark for computer programs and software.

While Viscounty is correct that many intellectual property owners enforce their rights to the fullest extent of the law, the comparison with Bloomberg or any other corporation has a flaw: Unlike EMI, most companies don't make a practice of suing the very people they hope to attract.

Chase Revel, who started *Entrepreneur* in the early 1970s, was a leading purveyor of goods and services related to the swift acquisition of wealth. His published works include *184 Businesses Anyone Can Start and Make a Lot of Money* and *168 More Businesses Anyone Can Start and Make a Lot of Money*. Revel's ideas ran the gamut from the seductive and legal to the nefarious and illegal. In 1966 he was sentenced to four years in prison under his given name, John Leonard Burke, for attempting to rob four banks in Houston in one day, according to articles published 20 years later by the *Los Angeles Times*. Revel (then Burke) hired helpers to deliver letters warning bank tellers that their children had been kidnapped. (Revel researched which employees had school-age kids.) The notes stated that the children would be returned only if the tellers surrendered large canvas bags stuffed with cash. In fact, no children had been snatched, and the scheme collapsed almost immediately.

Settling in Los Angeles after his release, Revel started *Entrepreneur* and, in 1979, registered the trademark for "entrepreneur." He promptly began to enforce the mark—for

example, by having his attorney send a cease-and-desist letter to the Entrepreneur Assn. at the University of California's Graduate School of Management in Los Angeles in November 1980. In 1987, Revel sold a majority stake in *Entrepreneur* to an investor group led by businessman Peter J. Shea and later offloaded the rest. The trademark went along with the magazine.

After moving on to other pursuits, Revel continued to have scrapes with the authorities. As recently as 2006 he denied wrongdoing and paid \$27,500 in a settlement of civil allegations by the Federal Trade Commission that he created false advertising for Gero Vita dietary supplements. According to public records, Revel, now 74, owns a home in Oceanside, Calif. A man who answered the phone there hung up immediately, and a message went unreturned.

***Entrepreneur*, the Magazine That Sues Entrepreneurs**

(page 3 of 3)

In its letter, EMI asserts that "while Mr. Revel has an interesting history, he and his alleged actions have no relevance to EMI's operations or efforts to enforce its intellectual property rights." Revel, the company adds, "has had nothing to do with, and no contact with, EMI for almost 30 years." Shea, the company's current owner and chief executive officer, has no desire to talk to "a competing publication" about his magazine's distant past or its trademark enforcement policies, the letter states. In an interview with the magazine *World Trademark Review* in 2009, Shea, who earlier made a fortune marketing a simulated version of stained glass, said: "Basically, we're trying to protect our brand."

Smith, the Sacramento public-relations man, counters that EMI protects its brand by rolling over tiny capitalists and using lawsuit damages as a source of income revenue. He presents himself as the quintessential victim of what he calls EMI's maltreatment. "There's no way my little firm representing small businesses would be confused with a national magazine," he complains. "This is a scam."

The federal courts disagreed. In 2003 a U.S. district judge in Los Angeles found that both Smith's company, EntrepreneurPR, and *Entrepreneur* magazine "printed publications geared for small businesses." Testimony showed that some of Smith's clients "were under the mistaken belief that there was an affiliation between *Entrepreneur* and EntrepreneurPR," the judge added. In 2004 the U.S. Court of Appeals for the Ninth Circuit in San Francisco affirmed the ruling of willful infringement. Smith has changed the name of his company to BizStarz, laid off his half-dozen employees, and works out of his home.

"Smith's own actions caused the demise of his business," EMI says in its letter. "Rather than focusing his remaining resources on his rebranded company and half-dozen employees, Smith squandered the company's time and money on an ill-advised appeal."

Castro, the Austin real estate broker, also doubts anyone would mix up his website EntrepreneurOlogy.com with *Entrepreneur*. "I mean, how is 'entrepreneurology,' a word I have to admit you can barely pronounce, going to cut into their business?" he asks. EMI's main website is entrepreneur.com. It also has a Spanish-language site called entrepreneurespanol.com.

In addition to selling residential real estate, Castro has a law license and courtroom experience. He responded to EMI's cease-and-desist letter by preemptively suing the publisher in federal court in Austin. "It was Castro who leapt to litigation," says EMI. In April a federal judge dismissed 12 of Castro's 14 claims but said he could continue to pursue his allegation that EMI's core trademark is invalid. As described in his court papers, Castro's argument is that "the public has not come to associate the word 'entrepreneur' exclusively with EMI's products or services." The word, he adds, "is a generic noun that is in the public domain."

"Generic" is a crucial term of art in intellectual property law. A judicial determination of generic status ordinarily dooms a trademark. Even distinctive marks that become generic can lose their legal protection; cellophane and aspirin are but two examples.

EMI argues in its court filings in Austin that "Castro's entire argument misconprehends and misstates" trademark law. In connection with business media, "entrepreneur" is not generic, EMI contends; it has acquired "secondary meaning," another term of art that refers to a seemingly ordinary word that has come to be associated with a particular company's products. "Time," for example, has been trademarked to identify a magazine, even though the word also refers to hours and minutes, EMI maintains. Castro can make use of "entrepreneur" in its descriptive sense ("Hello, my name is Daniel Castro, and I am an entrepreneur"), but he may not use the word as the name for a communications business, EMI says.

To prevent a trademark from deteriorating, cellophane-style, into a generic term, courts encourage mark holders to protect their interests. "EMI has the right and obligation to police and enforce its trademark rights, or risk diminishing or altogether losing those rights," the company argues in its court papers.

In the litigious precincts of intellectual property, the aggressor inevitably finds itself chasing its own tail—and EMI and its lawyers have actually tried to use the "generic" argument to their advantage. In 2008, Ernst & Young, one of the Big Four accounting firms, sued EMI in federal court in New York, alleging that the publisher violated its trademark for an Entrepreneur of the Year award. The dispute over the prize dates to 1994, when Ernst first sent EMI a cease-and-desist missive aimed at *Entrepreneur*'s similarly named award. EMI fired back in a lawsuit in California that Ernst's award trademark cannot be infringed because "entrepreneur of the year" is a generic term. In the

end, Ernst and EMI settled their differences confidentially and out of court. EMI changed its award name slightly (nominations for "*Entrepreneur Magazine's Entrepreneur of 2011*" are now open), while Ernst is celebrating the 25th anniversary of its trademarked Entrepreneur of the Year program.

This year, as in years past, the real winners don't even have to enter. They are the many lawyers who profitably stoke the perennial flames of intellectual property antagonism. They may not be entrepreneurs, but EMI has certainly bulked up their bank accounts.

[featured May 19, 2011]

Barrett is an assistant managing editor at *Bloomberg Businessweek*.

Who owns “entrepreneur”: a lesson in protecting descriptive trademarks

Michael J. Feigin, Esq., of Law Firm of Michael J. Feigin and Associates takes a look at the long battle over the word “entrepreneur”

Entrepreneur Media, Inc. (hereinafter, “EMI”), the company behind Entrepreneur Magazine and entrepreneur.com, provides magazines and services for entrepreneurs. Not only does EMI provide such products and services, but they teach entrepreneurs the right way to protect one’s intellectual property by example, with 20 registered US trademarks and five more on the way. In the past few years, they have protected their marks vigorously. This includes their flagship US trademark registrations 2,502,032 and 3,520,633 for “Entrepreneur.”

Back in 1977, EMI’s predecessor, Chase Revel, Inc., filed for “International Entrepreneurs’ Association” (Reg. No. 1,130,838) as a trademark for “publications and periodical reports.” Such marks are routinely granted, after having acquired secondary meaning which generally requires use for five consecutive years¹. (For marks used less than five years, they are allowed only the Supplemental Register².) After all, we have *People* magazine about people, *Life* magazine about life, and *Entertainment Weekly* about entertainment... which appears weekly. As long as your product is at least descriptive, if you are the first to do it, the name can be yours.

Recently, EMI’s trademark portfolio came under attack by Daniel R. Castro, an attorney in Texas and owner of US Trademark Registration No. 3,663,282 for “EntrepreNeurology.” EMI fired the first shot across his bow – a notice to extend time to oppose his next application for “Entrepreneur.Ology³.” Castro fired back at full blast. He is seeking a declaratory judgment against EMI to cancel their Entrepreneur mark or, at least, declare his valid.

The cause of the dispute is, of course, the issue of “likelihood of confusion” as spelled out in US statutes⁴ and case law⁵. If consumers in the marketplace would see “Entrepreneur.Ology” for, as Castro’s registration states, “conducting workshops and seminars,” would they be confused and think that these services are being provided by EMI, owner of “Entrepreneur” for pre-recorded media, radio, and television programs for those, as their mark states, “owning and operating businesses”?

Castro’s main argument, however, is that EMI should not be able to register the name “Entrepreneur” at all. How can one prevent others from using the name, Entrepreneur, when they are selling what are clearly entrepreneurial services? Indeed, one cannot register a mark for a generic term⁶. Had EMI described its application as, “providing business services to entrepreneurs,” it would run the risk of being seen as generic. Indeed, in US Trademark 3,652,950, EMI was forced to disclaim the word “Entrepreneur” apart from its use in the mark “Entrepreneur Connect” for “business networking services.” Apparently, the Examining Attorney at the US Patent and Trademark

Office for this application saw a generic connection between EMI’s mark and its services. With EMI’s other marks, they escaped a generic classification by seeking not to protect business service *per se*, but physical items such as magazines and videos, where it is, of course, not generic to call a 100 pages of bound paper an “Entrepreneur,” though it describes the type of material printed thereon.

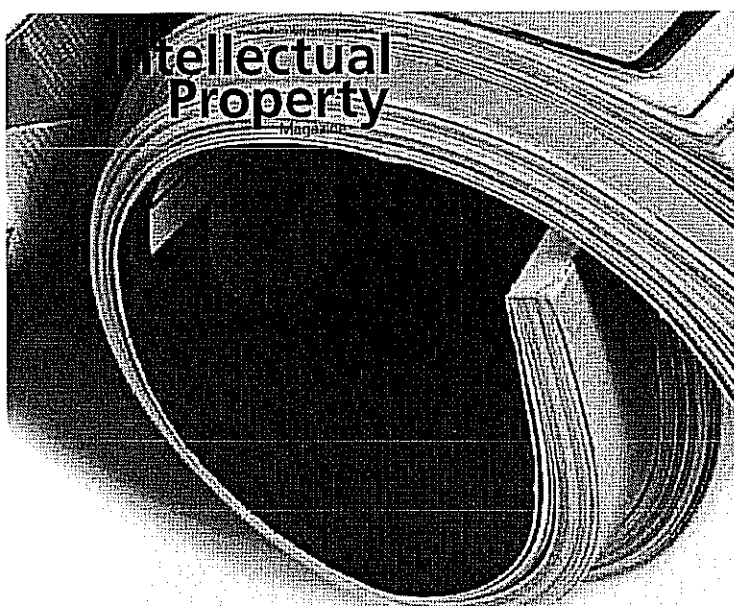
Thus, Mr Castro has little chance of success in his attempts to cancel EMI’s marks. The “International Entrepreneurs’ Association” transformed itself into “Entrepreneur,” according to EMI’s US trademark 3,520,633, at least as early as 1989. Curiously, EMI made no attempt to trademark “Entrepreneur” until November 6, 2000 (US Reg. No. 2,502,032), eleven years later. While it need not have waited more than five years from their date of use, this afforded EMI the ability to proceed directly to the Principal Trademark Register without having to stop first on the Supplemental Register, where it would be more vulnerable to attack.

What is interesting is that even EMI’s Statements of Use, showing its mark as used in commerce, show products where “Entrepreneur” was but one word of a larger sentence. Still, a descriptive use for more than five years is permissible for registration on the Primary Register. For companies which have been selling goods for over five years, you might have a similar opportunity in protecting your own goods, thereby providing a barrier to entry for others.

However, just like having the largest and best army in the world offers little protection if it stands around while others take over the territory it is supposed to be protecting, a trademark offers little protection unless it is asserted against invaders. On the flip side, an army is expensive, your detractor’s morale will rise if you lose, and, as Ghengis Khan tells us, “Only a fool fights a battle he knows he cannot win.”

EMI v Markva

With these adages in mind, in 2004, fully twenty-eight years from initial use, EMI’s evolution into ownership of a rather powerful registration was complete, and it picked its first battle with Kurt Markva. Apparently a relative of Mr Markva, Neil, filed his trademark application for “Entrepreneur-IP” which smacked of amateurism, listing far too many specifics in the goods and services section of the mark. However, like Khan, EMI’s only real resistance was in the beginning. Markva fought his opponents in court and at the US Trademark Trials and Appeals Board (TTAB)⁷, but failed to respond after the TTAB ruled against his (improperly formed) motion for Summary Judgment, citing *H. Marvin Ginn Corp. v. International Association of Fire Chiefs, Inc.*, 782 F.2d 987, 228 USPQ 1141 (Fed. Cir. 1986). The TTAB compared “Fire Chief”



magazine for fire fighters, which won its own battle in 1986, to EMI's mark for Entrepreneurs.

Markva's mark became EMI's test case. The irony of the case is that Markva probably could have sustained his registration and fought off the attack, given the weakness in scope of EMI's descriptive mark and differences in look, sound, and goods between the two marks. Had Markva acted a bit more professionally, such as by filing as a corporation and not as an individual, making his description of goods more professional, and perhaps by engaging an attorney who didn't coincidentally happen to have the same last name, he might not have even been a target. Someone with a built up appearance might be faking it, but if you don't even try that much, you leave no doubt.

EMI's next ten oppositions, all crammed into the past five years, read something like the fate of King Henry VIII's wives. EMI won every battle while the defendants did this, in the order: defaulted, defaulted, abandoned, abandoned, defaulted, postponed, pending, postponed, defaulted, postponed⁸. At the same time that EMI was attacking marks like "entrepreneur" and "scientpreneur," small time marks filed by entities they figured they could easily vanquish, they ignored marks such as, "newpreneur" (filed very professionally by a holdings company in the Cayman Islands), and "orthopreneur" (filed very professionally on behalf of a corporation in Ohio). The description of goods for each clearly indicates that they, too, are selling magazines and business services to entrepreneurs. By acting professionally and properly and not stepping too much on someone else's toes, you, too, can avoid an expensive attack.

Castro V EMI

Then came Mr Castro. Like "newpreneur" and orthopreneur," he too escaped attack when he filed "entrepreneurology," but EMI wasn't having it with "Entrepreneur.Ology." Upon the first salvo, an extension of time to file, he went right to court to invalidate EMI's marks. (Mr Castro, as a trademark attorney, is surely also aware of EMI's history.) Seeing that negotiating was not likely to go too far, he had two choices – either follow the rest of the crowd and abandon, or stay and fight. If he fought, the US Patent and Trademark Office would likely not be the best venue. After all, EMI has had great success there. As against that, district court is new grounds where EMI has no history and it put Mr Castro on the offensive, whereas his vanquished predecessors all fought a defensive war.

Mr Castro complained to the court, "EMI's pattern of threats and lawsuits against anyone who uses any variation of the common noun 'entrepreneur' is an attempt to create a monopoly and a barrier." EMI responded that it simply protected its mark. After all, a trademark is useless if it isn't policed.

In this case, both parties are right and both are wrong. EMI probably can't claim sufficient rights to prevent issuance of Mr Castro's mark. However, Mr Castro will likely also fail in attacking EMI's mark. Yes, EMI exhibits a pattern of threats and suits. Yes, it is a barrier to entry for other players. EMI is doing what is necessary to protect its mark. Every serious company should be doing likewise. EMI has a valid claim to "Entrepreneur" for magazines, periodicals,

and even the instructional videos and radio programs that it claims. EMI has properly built up its trademark portfolio and is always expanding it through marks like "Entrepreneur Connect" and "Entrepreneur Expo."

While there is no doubt that the descriptive "entrepreneur" marks are at the edge of what is permissible to trademark (and consequently, require the most vigilance to protect), Mr Castro argues that even if it is descriptive, it shouldn't be protectable. Many predecessors would join Mr Castro in arguing that such a registration flies in the face of common sense. So what do you do when you feel the law is against common sense? Challenge the law. Mr Castro hopes to overturn the Lanham Act which has governed US trademark law since 1946. While he is not likely to succeed in overturning a 65-year-old law in widespread use, at least he can say he tried.

Summary

EMI's strategy is a lesson for others seeking descriptive marks. Be clever, be first, be patient, and stay under the radar until your rights are secured. A notice of opposition to a pending mark can likely kill a new business' aspirations of trading off of a name. With limited cash and uncertainty of success, in most cases, it costs much more than it is worth to defend when the outcome is uncertain. However, if you pass this hurdle without opposition, then you are on the offensive with secured rights. Others who come your way will likely find it impractical to defend against your certainty behind your mark, while they languish in uncertainty behind their new trade name and new business.

The lesson for the rest of us is that you can be the big player and can obtain a great mark. (There are plenty of English dictionary words out there which have yet to be descriptively trademarked!) It will take at least five years to do, and the price to pay is also steep. Constant watchfulness of your mark is necessary, and while you may win ten battles, you just may hit upon a Mr Castro who puts up a fight. The cost is high, but the marketing ability may be greater. Is it a price you are willing to pay?

Footnotes

1. See TMEP § 1212.
2. See <http://www.patentlawny.com/index.php/trademark-supplemental-register> for a discussion of the Supplemental Register.
3. *Castro v. Entrepreneur Media, Inc.*, Filed September 15, 2010 in Texas Western District Court.
4. Trademark Act Section 2(d), 15 U.S.C. §1052(d)
5. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).
6. See US Trademark Manual of Examination Procedures (TMEP) § 1209.01. For example, one cannot register a mark for "soap" when one is selling soap.
7. US Trademark Trials and Appeals Board Cancellation Nos. 92043579; 92043899.
8. In order, this refers to U.S. Trademark Application Nos. 78/846,741 (Scientpreneur), 77/027,301 (Lifestyle Entrepreneur), 78/743,837 (Entrepreneurs' Sales & Marketing), 78/498,345 (The Entrepreneur), 77/744,924 (Entrepreneur DNA), 77/594,960 (The Everyday Entrepreneur), 77/544,203 (Entrepreneur Hall of Fame), 77/790,557 (The Official Sponsor of Entrepreneurs), 77/412,594 (Entrepreneur), and 77/736,621 (The Entrepreneurs Agent).

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When IP Enforcement Gets Aggressive

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According to a recent article that appeared in *Bloomberg*, Entrepreneur Media, Inc. (EMI), the company that publishes the eponymous *Entrepreneur* magazine, has garnered a reputation of doing exactly the opposite of what it claims to do – “smash[ing] the dreams” of self-starters.

In other words, EMI fiercely defends its intellectual property rights to the term “Entrepreneur,” and aggressively pursues anything it considers to be an infringement on that trademark. The company maintains that it only goes after infringers “in appropriate circumstances, when a third-party use is likely to cause confusion in the marketplace,” but occasionally ventures into dubious territory. For example, back in 2001, it managed to get the nonprofit Donald H. Jones Center for Entrepreneurship at Carnegie Mellon University to change the title of its quarterly alumni newsletter, “The Entrepreneur”.

Such actions have led some, namely those who feel slighted by EMI’s actions, to view the company in a less than favorable light. Scott Smith, a public relations professional from California, operated a firm called EntrepreneurPR until 2003. EMI successfully sued him for infringement and a federal judge ordered Smith to drop his firm name, stop publishing a quarterly collection of press releases titled “Entrepreneur Illustrated,” and to pay EMI over \$1 million in damages and attorneys’ fees. Smith is convinced that EMI protects its brand by rolling over smaller capitalists, and even that it uses the legal damages it collects as a source of revenue.

Most recently, EMI has gone after Daniel R. Castro, a Texas entrepreneur, with a cease and desist letter ordering him to stop using the domain name Entrepreneurology.com. In response to the letter, Castro quipped, “I mean, how is ‘entrepreneurology,’ a word I have to admit you can barely pronounce, going to cut into their business?”

Of course, EMI is tasked with protecting a trademark that is a descriptive term, which is no easy undertaking, as the line between descriptive use and trademark use is often unclear. The company argues that while Castro has the right to use the word “Entrepreneur” in a generic sense, he crossed the infringement line when he began using it for his communications business. While this is a valid point, this aggressive approach could end up hurting EMI’s brand reputation in the long run through this constant antagonism.

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TAGS — Domain Names EMI Entrepreneur Magazine IP Trademark Infringement

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Entrepreneur, the Magazine for Entrepreneurs, Sics Its Lawyers on Entrepreneur

By Matt Coker Fri., May 20 2011 at 1:08 PM
 Categories: OC Media

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Entrepreneur, the Irvine-based magazine, is threatening to sue a real-life entrepreneur.

Paul M. Barrett writes for Bloomberg that lawyers for Entrepreneur Media Inc. (EMI) sent a cease-and-desist letter to a veteran Austin, Texas, entrepreneur who started a law firm, a mortgage company and a real estate-lending outfit.

The 50-year-old's offense, according to EMI's legal eagles?

Launching a website with "entrepreneur" in its name. Entrepreneur trademarked "entrepreneur" years ago.



Dan Castro

Besides distributing wisdom to a reported 607,000 subscribers via Entrepreneur, EMI conducts seminars, markets instructional CDs and maintains a web presence (Entrepreneur.com). So does Dan Castro via DanCastro.com. His bio page says he crammed his business-starting know-how into the book *Critical Choices That Change Lives*. But the book apparently failed to satiate "Fortune 500 companies and non-profits everywhere" that asked him to share his "insights and wisdom in keynotes and workshops." All that was later spun into his website, but Castro also linked up to it through a mirror address, EntrepreneurOlogy.com.

DING-DING-DING! ... AH-OOO-GAH! AH-OOO-GAH! ... EEE-AWWW! EEE-AWWW! ... DIVE! DIVE! ... And whatever other alarm noises summon the corporate sharks!

Although the official embracer of the entrepreneurial spirit loves making folk heroes out of those who created successful businesses from scratch, EMI sure as Shinola doesn't take to one cutting into its own financial pie chart. As detailed in Barrett's piece, EMI's Los Angeles-based corporate law firm Latham & Watkins has successfully gone for the jugular of anyone who has dared use "entrepreneur" or a bastardization of that word in their title.

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That's not totally fair, a Latham & Watkins rep protests in the story. There was the company EMI allowed to continue selling its Entrepreneur model sewing machine. And the EMI lawyers hilariously point Barrett to cases in which Bloomberg has gone after startups with Bloomberg in their names. Who you callin' litigious, **Michael Bloomberg**?

But those incidents involved, say, a mortgage company putting Bloomberg in its title, when no one named Bloomberg worked there and, given the news service's coverage of the financial world, might rightly spark confusion (or a perceived endorsement). Meanwhile, as Barrett notes, the *Entrepreneur* suits (or threats thereof) are the only known examples of a publication going after the very people it is trying to attract. It's even more ballsy given the struggle magazines are having to keep readers.

That EMI vigorously defends its trademark on grounds of being the victim of some kind of thievery is funny when you consider the magazine's own founding. **John Leonard Burke** was sentenced to four years in prison in 1966 for attempting to rob four Houston banks in one day by having accomplices deliver letters warning bank tellers that their children had been kidnapped and would only be returned if the tellers surrendered large canvas bags stuffed with cash. In fact, no children had been snatched.

Settling in Southern California after his release, Burke changed his name to **Chase Revel**, started *Entrepreneur* in 1979 and quickly registered the trademark for "entrepreneur." His first cease-and-desist letter, sent by his attorney in 1980, went to the UCLA Graduate School of Management's Entrepreneur Association.

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Entrepreneur Magazine bullies their way to the top

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As an entrepreneur or business owner in the U.S., you may be well aware of Orange County-based Entrepreneur Magazine and their quest to take down each small business, website, and beyond that is using the term "entrepreneur" as part of their business name. For the last several years, the magazine publisher has fought against every entity possible that uses the word "entrepreneur" in their business name. Entrepreneur Media Inc. (EMI) claims to own all rights to the variations of the word.

EMI's more recent attack is against Daniel Castro, founder of EntrepreneurOlogy, who has also filed a federal lawsuit against EMI. Castro's lawsuit charges that EMI's controversial trademarks on the word "entrepreneur" are unconstitutional, invalid, unenforceable, and should be cancelled.

According to the press release, "Castro's lawsuit is an aggressive response to EMI's threats to sue him for trademark infringement, unfair competition, deceptive acts and practices, cybersquatting, and misappropriation of goodwill, reputation, and business property, if he doesn't immediately "cease and desist" all use of the word "entrepreneur," including EntrepreneurOlogy, a unique word coined by Castro."

Mark A. Lemley, a distinguished professor of intellectual property law at Stanford Law School who is assisting Castro, points out that, "Trademark law doesn't give anyone the exclusive right to common English words, much less all variants of those words. Castro is standing up for the rights of entrepreneurs everywhere to use the term entrepreneur."

Castro also wants to know what entrepreneurs all over the country want to know: "Why is a company that purports to support entrepreneurs and owes its entire existence to entrepreneurs, using its vast resources to crush entrepreneurs just for using the word entrepreneur?" And would EMI's advertisers and subscribers continue to give money to EMI if they knew their money is funding EMI's efforts to monopolize the word entrepreneur, and their attacks against entrepreneurs that use the word entrepreneur?

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Entrepreneur Sends C&D to Owner of EntrepreneurOlogy.com, Owner Files Suit

There's an interesting article in Bloomberg today about the owner of Entrepreneur magazine (Entrepreneur Media), which operates Entrepreneur.com. It seems that the company aggressively defends its marks for the term, "entrepreneur."

In September of 2010, Austin entrepreneur, Daniel R. Castro, received a cease and desist letter from Entrepreneur Media with regards to his domain name, EntrepreneurOlogy.com. The domain name has been registered since 2004, and it appears to have been bought sometime between the end of 2009 and beginning of 2010. Interestingly, domain investor Page Howe appears to have owned the domain name in December of 2009.

Instead of simply handing the domain name over, Castro took preemptive legal action against Entrepreneur Media and filed a lawsuit. According to the Bloomberg article,

"In April a federal judge dismissed 12 of Castro's 14 claims but said he could continue to pursue his allegation that EMI's core trademark is invalid. As described in his court papers, Castro's argument is that "the public has not come to associate the word 'entrepreneur' exclusively with EMI's products or services." The word, he adds, "is a generic noun that is in the public domain."

It looks like Entrepreneur Media may have messed with the wrong domain name owner, who also happens to have a law degree. This is going to be an interesting case to follow, and it will hopefully be seen by legal council for other companies that operate on generic/descriptive terms that want to own everything associated with those words.

Interestingly, someone emailed me with a link to Entrepreneurs.com, which has more information about attempts to trademark the term, "entrepreneur."

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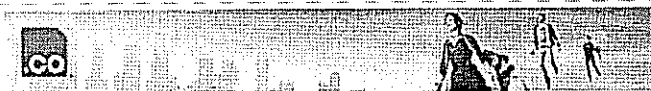
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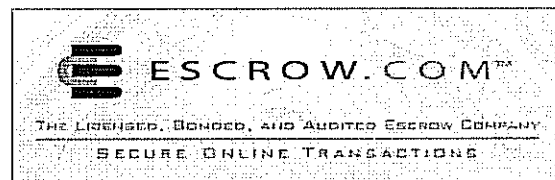


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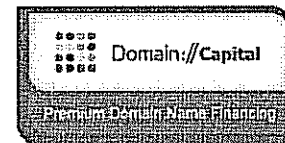
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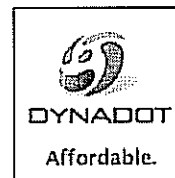
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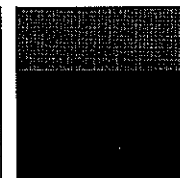
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May 20th, 2011 at 10:07 am



Great article and I sincerely hope Mr. Castro prevails against Entrepreneur Magazine.

Entrepreneur Media Inc. deserves a lot of bad press for their bullying tactics. Especially since they have done it so many times before, the entrepreneurpr story in the article is especially egregious.

Michael Cyger

May 20th, 2011 at 12:00 pm



Entrepreneur Magazine sent me a C&D letter a few years back as well when I filed a trademark with the word entrepreneur in it (not primary word, but secondary) for my last media company. You'd think they would have better things to do – like write good content so they don't go under like so many otherprint magazines -than troll marks and domains for bully opportunities.

Elliot Silver

May 20th, 2011 at 12:02 pm



@ Michael

How did you respond to the C&D letter and what came of it?

Adl

May 20th, 2011 at 12:13 pm



Many companies don't take the domain business as a serious business and believe people will get scared if they get a letter from a well known company.

Soundly Reasoned

May 20th, 2011 at 12:43 pm



They've been doing this for years. Entrepreneur Magazine will win using attrition by bleeding the other party financially. EMI will take up all of the other parties time, emotion and resources for years. They've done it plenty of times before.

"Since the early 1980s, EMI has sued or threatened to sue scores of businesses and organizations it claims infringed its trademarks. EMI won't provide a tally of its targets, but it almost always prevails." Bloomberg

Bully? Yes. Foolish or unprepared? No.

Michael Cyger

May 20th, 2011 at 1:09 pm



@Elliot

I filed it about a month before I completed the sale of my media company. I can't remember the exact timeline...if Entrepreneur contacted me before or after the sale, and what the exact request was. I do, however, remember that it was a C&D letter and remember feeling that it was a bullying attempt because it was such a ridiculous attempt to control a standard dictionary word.

I just went to <http://less2.uspto.gov> and searched for the mark and it appears it was granted on January 13, 2009. If Entrepreneur really objected to the mark, they could have filed an objection when the mark was published for opposition.

The mark is currently active and owned by an entity of the company that I sold my media company to. So I guess nothing happened, but I'm not sure since I've not been privy to the details of the business since late 2008.

BullS

May 20th, 2011 at 3:11 pm



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Yesterday evening, I read Michele Naylor's article about the current issue with websites that

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It's pretty clear that unique / helpful articles and content are primarily what drives search



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