

2 Martin's BBQ-marked restaurant. It was located in the town of Bayamón, Puerto Rico, where
3 Rosado-Ortiz later opened several other such restaurants. Docket # 1, ¶¶ 8, 10.

4 With Rosado-Ortiz's blessing, Rosado-Solano (and other family members) subsequently
5 opened similar restaurants under the Martin's BBQ mark. Id. ¶11. After all, the complaint
6 alleges, it was a family-run business. Id. So for several decades, Rosado-Solano and his family
7 enjoyed "unrestricted authorization" to use and commercially exploit the name and brand
8 Martin's BBQ that identified their establishments. Id. ¶12.

9 Fast-forward to 1997. Rosado-Solano incorporated co-plaintiff Martín's Bar B. Q., Inc.;
10 he subsequently registered the trademark Martin's BBQ with the Puerto Rico Department of
11 State's Trademark Registry. Id. ¶¶ 13, 15. In the late 1990s, Rosado-Solano's sons and two of
12 his nephews sought to expand the family business. The idea, the complaint explains, was to sell
13 franchise rights to entrepreneurs outside the family circle to operate Martin's BBQ-marked
14 restaurants. Id. ¶19. To that end, Franquicias BBQ was incorporated. Id. ¶20.

15 But, according to the complaint, since Plaintiffs had already registered the Martin's BBQ
16 mark, Franquicias BBQ "had to negotiate" with Plaintiffs in order to acquire the franchise
17 rights. Id. ¶ 21. On January 20, 1999, Franquicias BBQ, and Martín's Bar B. Q., Inc. executed
18 a contract (the Assignment Agreement) whereby Martín's Bar B. Q., Inc. assigned Franquicias
19 BBQ the rights to the Martin's BBQ "registered trademark and for its commercial exploitation."
20 Id. ¶ 23. "On November 19, 2002, Franquicias de BBQ, Inc., registered the trademark Martin's
21 BBQ at the United States Patent and Trademark Office. It has recently started proceedings to
22 register the same with the Puerto Rico State Department's Registry of Trademarks." Id. ¶ 28.

23 In 2004, Héctor Raúl Rosado-Velázquez — one of Rosado-Solano's nephews —
24 acquired full control of Franquicias BBQ. See id. ¶ 35. And on July 15, Rosado-Velázquez

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26 complaint are taken as true for purposes of the motion." Torres-Negrón v. J & N Records, LLC, 504
F.3d 151, 162 (1st Cir. 2007).

2 incorporated Franquicias de Martín’s BBQ, Inc. (the defendant), which, the complaint avers,
3 became Franquicias BBQ’s “successor in interest.” Id. ¶ 36. According to the complaint,
4 Defendant had to comply with the Assignment Agreement between Franquicias BBQ and
5 Plaintiffs. Id. Allegedly, however, Defendant has repeatedly breached the Assignment
6 Agreement. Id. ¶¶ 37-39, 47. The alleged breaches are irrelevant at this time.

7 On January 30, 2013, Plaintiffs notified Defendant that the Assignment Agreement “had
8 been terminated as was its right to use the ‘Martin’s BBQ’ trademark.” Id. ¶ 48. According to
9 the complaint, because Plaintiffs “are once again the exclusive and legitimate owners of the
10 trademark ‘Martin’s BBQ,’” id. ¶ 49, Defendant has been required to immediately cease and
11 desist from using the ‘Martin’s BBQ’ trademark, its color patterns and other items related to the
12 trademark.” Id. ¶ 50. But Defendant has refused, and, to this day, allegedly “continues its
13 unauthorized and illegal use [of] the ‘Martin’s BBQ’ trademark and to operate its franchising
14 business.” Id. ¶ 51. This suit followed. Docket # 1.

15 Plaintiffs’ complaint contains seven counts; the first two are the putative federal claims
16 — to wit: “Unfair competition” (predicated on a false designation of origin under 15 U.S.C.
17 § 1125(a)), and “willful trademark violation” under § 1117. Docket # 1, pp. 14, 18. The third
18 count also contains claims of trademark infringement and unfair competition, albeit under
19 Puerto Rico law, id., p. 19. The fourth count is a request for permanent injunction, id., p. 22,
20 while the fifth is a request for “cancellation of federal trademark registration,” id., p. 23. The
21 last two are couched on state law: Declaratory-judgment relief, see 28 U.S.C. § 2201(a), “related
22 to the resolution of the Assignment Agreement,” id., p 24; see P.R. Laws Ann. tit. 31, § 3052,
23 and a claim for damages under Article 1802 of the Civil Code, P.R. Laws Ann. tit. 31, § 5141,
24 id., p. 27.

25 Defendant moves to dismiss for want of jurisdiction, see Fed. R. Civ. P. 12(b)(1) and for
26 failure to state a claim upon which relief could be granted, see Fed. R. Civ. P. 12(b)(6). The

2 complaint, Defendant charges, “bootstraps an otherwise ordinary state contract or damages case
3 onto a purported Lanham Act trademark infringement claim.” Docket # 8, p. 2. Plaintiffs timely
4 opposed. Docket # 13.

5 **Standard of Review**

6 Rule 12(b)(1) is the appropriate vessel for challenging a court’s subject-matter
7 jurisdiction. Valentín v. Hospital Bella Vista, 254 F.3d 358, 362-63 (1st Cir. 2001). In
8 reviewing a motion to dismiss under this rule, the court construes the plaintiffs’ allegations
9 liberally and “may consider whatever evidence has been submitted, such as . . . depositions and
10 exhibits.” Carroll v. United States, 661 F.3d 87, 94 (1st Cir. 2011) (internal quotation marks and
11 citations omitted). Accordingly, courts are empowered to “[w]eigh the evidence and make
12 factual determinations, if necessary, to determine whether it has jurisdiction to hear the case.”
13 Massachusetts Delivery Ass’n v. Coakley, 671 F.3d 33, 40 n. 8 (1st Cir. 2012) (citing Torres-
14 Negrón v. J & N Records, LLC, 504 F.3d 151, 163 (1st Cir. 2007)). When faced with a
15 jurisdictional challenge courts must credit the plaintiffs’ well-pleaded factual averments and
16 indulge every reasonable inference in the pleader’s favor. Merlonghi v. United States, 620 F.3d
17 50, 54 (1st Cir. 2010) (citing Valentin, 254 F.3d at 363). Nonetheless, it is beyond dispute that
18 a plaintiff faced with a subject-matter jurisdiction challenge has the burden to demonstrate its
19 existence. Johansen v. United States, 506 F.3d 65, 68 (1st Cir. 2007) (citations omitted).

20 For its part, Rule 12(b)(6) authorizes the dismissal of a complaint that fails to state a
21 claim upon which relief could be granted. To avoid dismissal, a complaint must provide “a short
22 and plain statement of the claim showing that the pleader is entitled to relief.” Fed. R. Civ. P.
23 8(a)(2). At the pleading stage, the plaintiffs need not demonstrate likelihood of success, but their
24 claims ““must suggest more than a sheer possibility that a defendant has acted unlawfully.””
25 Garcia-Catalan v. United States, 734 F.3d 100, 102-03 (1st Cir. 2013) (quoting Ashcroft v.
26 Iqbal, 556 U.S. 662, 678 (2009). In other words, a plaintiff must allege “enough facts to state

2 a claim to relief that is plausible on its face,” Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 556
3 (2007). A claim has facial plausibility when a “complaint’s non-conclusory factual content . .
4 . [permits] the court to draw the reasonable inference that [each] defendant is liable for the
5 misconduct alleged.” Gianfrancesco v. Town of Wrentham, 712 F.3d 634, 639 (1st Cir. 2013)
6 (quoting Iqbal, 556 U.S. at 663).

7 **Applicable Law and Analysis**

8 For cases, such as this one, where no diversity of citizenship exists between parties,
9 “jurisdiction turns on whether the case falls within ‘federal question’ jurisdiction.” Ortiz-Bonilla
10 v. Federación de Ajedrez de Puerto Rico, Inc., 734 F.3d 28, 34 (1st Cir. 2013). As noted,
11 Defendant says that the claims asserted by Plaintiffs do not involve a federal question under the
12 Lanham Act. Because its motion to dismiss is grounded on two different grounds — Rules
13 12(b)(1) and 12(b)(6) — the Court would normally consider the Rule 12(b)(1) challenge first.
14 See, e.g., Deniz v. Municipality of Guaynabo, 285 F.3d 142, 149 (1st Cir. 2002) (“When a court
15 is confronted with motions to dismiss under both Rules 12(b)(1) and 12(b)(6), it ordinarily
16 ought to decide the former before broaching the latter.” (citations omitted)). But where, as here,
17 “both federal jurisdiction and the existence of a federal claim turn upon whether the complaint
18 states a federal question, the preferable practice is to assume that jurisdiction exists and proceed
19 to determine whether the claim passes muster under Rule 12(b)(6).” Estate of Soler v.
20 Rodríguez, 63 F.3d 45, 47 n. 1 (1st Cir.1995).

21 The problem here, however, is that Defendant’s motion to dismiss offers no developed
22 legal discussion in support of its 12(b)(6) request, leaving the Court ill-equipped to tackle
23 Plaintiffs’ unanswered 23-page opposition, which rebuts Defendant’s contentions.² The 12(b)(6)

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25 ²For example, Defendant’s one-and-a-half page discussion regarding the claims of unfair
26 competition under § 43(a) and “willful trademark violation” under the Lanham Act merely contains one
(undiscussed) non-binding case, which correctly states that both claims “are subject to the same legal
standard—namely, ‘likelihood of confusion.’” Venture Tape Corp. v. McGills Glass Warehouse, 540

2 request is, therefore, summarily **DENIED**, see United States v. Zannino, 895 F.2d 1, 17 (1st
3 Cir.1990) (reiterating that “issues adverted to in a perfunctory manner, unaccompanied by some
4 effort at developed argumentation, are deemed waived”), and the ensuing discussion is
5 circumscribed to the only developed contention: The jurisdictional argument.

6 *Federal-Question Jurisdiction*

7 A well-trodden legal principle dictates that “federal courts, as courts of limited
8 jurisdiction, may not presume the existence of subject matter jurisdiction, but, rather, must
9 appraise their own authority to hear and determine particular cases.” Calderón-Serra v.
10 Wilmington Trust Co., 715 F.3d 14, 17 (1st Cir. 2013) (quoting Cusumano v. Microsoft Corp.,
11 162 F.3d 708, 712 (1st Cir. 1998)). As relevant here, Congress has authorized the federal district
12 courts to exercise original jurisdiction in “all civil actions arising under the Constitution, laws,
13 or treaties of the United States,” 28 U.S.C. § 1331; see Municipality of Mayaguez v.
14 Corporacion Para el Desarrollo del Oeste, Inc., 726 F.3d 8, 13 (1st Cir. 2013), and, more
15 specifically, over “any civil action arising under any Act of Congress relating to trademarks,”
16 § 1338(a).³

17 The Lanham Act similarly grants original jurisdiction to the district courts “of all actions
18 arising under this chapter [Chapter 22: Trademarks], without regard to the amount in
19 controversy or to diversity or lack of diversity of the citizenship of the parties.” 15 U.S.C. §

20 F.3d 56, 61 n. 6 (1st Cir. 2008) (citing Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 780 (1992)).
21 But then, Defendant fails entirely to offer a developed legal discussion on this front. See, e.g., Rocafort
22 v. IBM Corp., 334 F.3d 115, 122 (1st Cir.2003) (“Passing reference to legal phrases and case citation
23 without developed argument is not sufficient to defeat waiver.” (citing DiMarco-Zappa v. Cabanillas,
238 F.3d 25, 34 (1st Cir.2001))); CMM Cable Rep, Inc. v. Ocean Coast Properties, Inc., 97 F.3d 1504,
1526 (1st Cir.1996) (three sentences with three undiscussed citations did not defeat waiver).

24 ³The Supreme Court recently reiterated that it has “interpreted the phrase ‘arising under’ in both
25 sections identically, applying our § 1331 and § 1338(a) precedents interchangeably.” Gunn v. Minton,
26 133 S. Ct. 1059, 1064 (2013) (citing Christianson v. Colt Industries Operating Corp., 486 U.S. 800,
808-809 (1988)).

2 1121(a). Both statutory provisions share a common denominator: They grant the federal courts
3 jurisdiction — irrespective of the amount in controversy — of all actions “arising under” the
4 Federal Lanham Trademark Act. But neither section creates any substantive legal right to assert
5 in federal court — again, they merely confer jurisdiction. See 6 McCarthy on Trademarks and
6 Unfair Competition § 32:2 (4th ed. updated December 2013). The Lanham Act, of course,
7 contains the substantive federal legislation on trademarks. See, e.g., Boston Duck Tours, LP v.
8 Super Duck Tours, LLC, 531 F.3d 1, 12 (1st Cir. 2008).

9 Now, a suit arising out of a contract involving a trademark does not automatically arise
10 under an Act of Congress relating to trademarks. See International Armor & Limousine Co. v.
11 Moloney Coachbuilders, Inc., 272 F.3d 912, 916 (7th Cir. 2001) (Easterbrook, J.); cf., e.g.,
12 Royal v. Leading Edge Products, Inc., 833 F.2d 1, 2 (1st Cir. 1987) (“It is settled beyond
13 peradventure that an action does not ‘arise under’ the federal copyright laws merely because it
14 relates to a product that is the subject of a copyright.” (citation omitted)). “Judge Friendly’s
15 famous opinion in T.B. Harms Co. v. Eliscu, 339 F.2d 823 (2d Cir.1964), holds that
16 controversies about contracts that allocate ownership of copyrights arise under the contract, not
17 the copyright laws.” Affymax, Inc. v. Ortho-McNeil-Janssen Pharm., Inc., 660 F.3d 281, 284
18 (7th Cir. 2011) (Posner, J.) (construing T.B. Harms). That approach, which has been adopted
19 to trademarks, see, e.g., Int’l Armor & Limousine Co., 272 F.3d at 916, follows the so-called
20 “face of the complaint” test established by Judge Friendly. See T.B. Harms, 339 F.2d at 828
21 (noting that a claim “arises under” the Copyright Act if, inter alia, it “asserts a claim requiring
22 construction of the Act”).

23 In cases like this one, however, “in which the plaintiff’s claims sound in contract but also
24 allege trademark infringement and seek remedies expressly granted by the Lanham Act, the
25 district court has subject-matter jurisdiction pursuant to § 1338(a).” 13D Fed. Prac. & Proc.
26 Juris. § 3582 (3d ed. Updated April 2013) (citing Ryan v. Volpone Stamp Co., Inc., 107 F.

2 Supp. 2d 369, 376 (S.D. N.Y. 2000)). In Bassett v. Mashantucket Pequot Tribe, 204 F.3d 343,
3 348 (2d Cir. 2000) (Leval, J.), the Second Circuit reaffirmed T.B. Harms and crafted a bright-
4 line test, “focus[ing] on whether and how a complaint implicates the Copyright Act.” Id. at 348.
5 “[T]he analysis . . . turns on what is alleged on the face of the complaint.” Id. at 349. This
6 occurs when “(1) the complaint is for a remedy expressly granted by the Act, e.g., a suit for
7 infringement or for the statutory royalties for record reproduction; or (2) the complaint . . .
8 asserts a claim requiring construction of the Act” Id. (internal quotation marks omitted).

9 “Bassett pointed out that if federal courts could not determine the state-law issues
10 intertwined with a copyright suit, then the plaintiff would be forced to litigate exclusively in
11 state court and would be deprived of the remedies Congress provided in the Copyright Act.”
12 Fed. Treasury Enter. Sojuzplodoimport v. Spirits Int’l N.V., 623 F.3d 61, 69 (2d Cir. 2010)
13 (construing Bassett). As particularly relevant here, and as correctly noted by Plaintiffs, the
14 Second Circuit recently extended Bassett’s approach to trademark litigation. The court
15 explained:

16 To adopt a contrary rule would leave plaintiffs who seek the remedies Congress
17 created under the Lanham Act with two unappealing options. One option would
18 force plaintiffs to engage in piecemeal litigation—first a state court proceeding
19 to determine the question of ownership, and then a federal court proceeding under
20 the Lanham Act. The other option would force plaintiffs to litigate all aspects of
21 the case in state court, which would eliminate the choice between the state and
22 federal fora that Congress offered litigants wishing to pursue claims arising under
23 the Lanham Act.

24 Id. at 69-70. And the vast majority of Circuits have adopted that analytical approach — that is,
25 the T.B. Harms/Bassett test. See Image Software, Inc. v. Reynolds & Reynolds Co., 459 F.3d
26 1044, 1051 (10th Cir. 2006) (collecting circuit case law). Recognizing T.B. Harms’ persuasive
value, the First Circuit has remarked that there, Judge Friendly established “[t]he most
frequently cited test,” Royal, 833 F.2d at 2, “to establish the absence of federal question
jurisdiction” Cambridge Literary Properties, Ltd. v. W. Goebel Porzellanfabrik G.m.b.H.
& Co. KG., 510 F.3d 77, 96 n. 20 (1st Cir. 2007) (citation omitted).

2 Unfortunately, the First Circuit has “been reluctant to embrace the test as a reliable
3 means to establish the presence of SFQ [substantial federal question] jurisdiction” Id. While
4 neither party has identified the significance of this dictum, the Court finds that it is of no
5 moment. The short of it is that “[a]n investigation into whether a cause of action asserts a
6 ‘substantial’ federal question is relevant only for state-law causes of action containing
7 embedded federal questions.” Ortiz-Bonilla, 734 F.3d at 36. Here, however, Plaintiffs’ alleged
8 violations of the Lanham Act “constitute[] a ‘direct federal question,’” see id. The T.B.
9 Harms/Bassett rule applies here.

10 Applying the T.B. Harms/Bassett test to the complaint, the Court finds that it properly
11 invokes federal jurisdiction. Plaintiffs specifically allege trademark infringement, false
12 designation of origin, and seek cancellation of marks, all under the Lanham Act. See 15 U.S.C.
13 §§ 1117, 1119, 1125(a), 1125(c). They also request remedies provided for by the Lanham Act:
14 Treble damages, costs, attorney’s fees, permanent injunctive relief, and cancellation of the
15 Martin’s BBQ mark. See 15 U.S.C. §§ 1116, 1117(b), 1119. Consequently, Plaintiffs have pled
16 claims arising under the Lanham Act. Accord Fed. Treasury Enter. Sojuzplodoimport, 623 F.3d
17 at 71.

18 This conclusion is not upended by the fact that, before reaching Plaintiffs’ Lanham Act
19 claims, the Court will have to delve into state law to test Plaintiff’s curious legal theory:
20 Whether or not the alleged breaches of the Assignment Agreement — and the concomitant issue
21 of the validity and consequences of its “resolution” under Article 1077 of the Civil Code, P.R.
22 Laws Ann. tit. 31, § 3052 — led to a “reversion” of the assigned rights such that ownership of
23 the mark reverted to Plaintiffs. See Mercado-Salinas v. Bart Enterprises Int’l, Ltd., 852 F. Supp.
24 2d 208, 218 (D.P.R.), on reconsideration in part, 889 F. Supp. 2d 265 (D.P.R. 2012).⁴ “Although

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26 ⁴Defendant’s motion to dismiss nowhere contests this vital legal question (i.e., the issue of ownership), whose resolution is an antecedent question to the alleged Lanham Act violations. See

2 this court may be required to make a preliminary determination that the rights to the trademarks
3 have reverted to plaintiff under the license agreement, the necessity for that determination does
4 not defeat federal jurisdiction.” Foxrun Workshop, Ltd. v. Klone Mfg., Inc., 686 F.Supp. 86,
5 90 (S.D.N.Y.1988) (Leval, J.); accord Fed. Treasury Enter. Sojuzplodoimport, 623 F.3d at 71
6 (holding that “federal question jurisdiction exists not only over the infringement claims but also
7 over the antecedent issue of the validity of the assignment, an issue whose resolution may
8 depend on state . . . law”).

9 **Conclusion**

10 For the reasons stated, Defendant’s motion to dismiss is **DENIED**.

11 **IT IS SO ORDERED**

12 In San Juan, Puerto Rico, this 8th day of January, 2014.

13 *S/ Salvador E. Casellas*
14 SALVADOR E. CASELLAS
15 U.S. Senior District Judge

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Health & Body Store, LLC v. Justbrand Ltd., 480 F. App’x 136, 145 (3d Cir. 2012) (“In order to
24 succeed on a false designation of origin or unfair competition claim under the Lanham Act, a plaintiff
25 must prove . . . [the plaintiff] owns the mark” (citation omitted)); Island Software & Computer
26 Serv., Inc. v. Microsoft Corp., 413 F.3d 257, 259-60 (2d Cir.2005) (noting that ownership of the
relevant trademark is one of the “necessary elements . . . of trademark infringement under the Lanham
Act”). The Court expects a developed discussion of this issue next time around.