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UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

CAESARS WORLD, INC., a Florida corporation,

Plaintiff,

v.

MARCEL JULY, an individual; and OCTAVIUS TOWER LLC, a Nevada limited liability company,

Defendants.

CASE NO.: 2:11-CV00536-GMN-PAL

PLAINTIFF CAESARS WORLD, INC.'S MOTION FOR PARTIAL DISMISSAL OF DEFENDANT MARCEL JULY'S COUNTERCLAIMS PURSUANT TO FED. R. CIV. P. 12(B)(6)

Pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure, Plaintiff Caesars World, Inc. ("Caesars"), by and through its undersigned counsel, hereby moves this Court to dismiss Defendant Marcel July's ("July") counterclaim for trademark dilution under the Trademark Dilution Revision Act of 2006 ("TDRA"), 15 U.S.C. § 1125(c). This Motion for

Partial Dismissal of Defendant Marcel July's Counterclaims Pursuant to Fed. R. Civ. P. 12(B)(6) (the "Motion") is based upon the pleadings and records on file herein, the Memorandum of Points and Authorities set forth below, and the oral argument of counsel presented to this Court, if any.

I. INTRODUCTION

July claims to own rights in the trademark OCTAVIUS TOWER for use in connection with a band, a website, and equipment rental services. He responded to Caesars' declaratory judgment complaint in this action with counterclaims for, *inter alia*, trademark dilution under the TDRA. The TDRA requires that a mark be "famous" before it qualifies for protection from dilution under the statute. For a mark to meet this standard, it must be a "household name" to all consumers across the United States. July has failed to state a plausible claim that his mark meets this standard. Accordingly, July's dilution claim should be dismissed for failure to state a claim upon which relief may be granted.

II. FACTUAL AND PROCEDURAL BACKGROUND

Caesars, through affiliates, owns and operates the world famous Caesars Palace hotel and casino. Dkt. 1, ¶ 10; Dkt. 15, ¶ 6. On July 19, 2007, Caesars announced its plans for a $1 billion expansion of Caesars Palace, the centerpiece of which was the building of a new hotel tower branded OCTAVIUS TOWER. Dkt. 1, ¶ 14; Dkt. 15, ¶ 8. Caesars has operated luxury villas in its Octavius Tower for nearly two years, and completion of the remainder of the tower is underway. Dkt. 1, ¶ 16.

July claims to have used the OCTAVIUS TOWER mark since 1992 in connection with a "hard rock" band, a website, and an equipment rental business. Dkt 15, ¶¶ 68, 71. With regard to his band, July claims that he performed in Europe from 1993 to 1996, and then ceased performing anywhere for seven years. Dkt. 15, ¶ 74 and Ex. C. July claims that his OCTAVIUS TOWER band first performed in the United States in 2003, but he identifies only the following seven concerts that the band has ever performed in the United States – with the last performance coming nearly two years ago:

- Mr. D'z Route 66 Diner in Kingman, Arizona on May 3, 2003;
- Rick's Halloween Bash at the Grand Canyon, Arizona on October 29, 2005;
- Gloria's Lounge in Visalia, CA on April 22, 2006;
- Chris' Event Center in Las Vegas, Nevada on February 4, 2006;
- Tailspin in Las Vegas, Nevada on April 6, 2006; and
- Punta Gorda, Florida on May 10, 2008 and June 24, 2009.

Id. at ¶ 77.

July provides no information regarding the size of the foregoing venues, but the venues appear to be small, local venues. July makes no allegation regarding the scope of any advertising regarding these concerts or the number of people who attended the concerts, and he admits that the band is not presently performing. Dkt. 15, ¶ 78.

With regard to website services, July alleges that he initially designed the site in 1993 and that it was uploaded to the Internet in Germany by a German web server company at the domain name <http://octaviustower.plexiglas-verarbeitung.com>. Dkt. 15, ¶ 73. From 1996 to 2003, July alleges that "Octavius Tower LLC" maintained the website promoting concerts and streaming videos of performances. *Id.* at ¶ 75. With the exception of two concert posters and a photo from the concert at Mr. D'z in Arizona in 2003, the website is devoted to July's alleged band performances under the name "Octavius Tower" and other band performances in Europe prior to 2007. *See* Dkt. 15, Ex. B3. July does not allege that the site was promoted to consumers in the United States or that consumers in the United States have accessed the site, nor has July provided any traffic data regarding the site.

With regard to equipment rental, July alleges that from 1996 through 2003, Octavius Tower LLC provided "entertainment services which included renting sound systems, stages, lighting, and laser-light equipment." *Id.* at ¶ 76. July makes no allegation that he offered any of these services in the United States. He attached two contracts as Exhibit E to his Counterclaim to show his use of the mark, but both are from Europe. *Id.* at Ex. E.

On March 8, 2011, July, through counsel, sent a cease and desist letter to Caesars in which he demanded that Caesars cease using its OCTAVIUS TOWER mark "in any manner whatsoever." Dkt. 1, ¶ 41; Dkt. 15, ¶ 24. In a response letter sent on March 21, 2011, Caesars

denied any infringement. Dkt. 1, ¶ 42; Dkt. 15, ¶ 24. In a reply dated March 23, 2011, July's counsel demanded once again that Caesars cease and desist using the OCTAVIUS TOWER mark. Dkt. 1, ¶ 43; Dkt. 15, ¶ 24. Caesars filed the instant action seeking a declaratory judgment that its mark does not infringe July's mark and seeking cancellation of July's registrations for non-use, abandonment and fraud on the Patent and Trademark Office. July filed counterclaims for trademark infringement and dilution under the federal Lanham Act on May 19, 2011. Dkt. 15.

III. ARGUMENT

A. APPLICABLE LEGAL STANDARD.

Caesars is entitled to dismissal under Rule 12(b)(6) on the basis that July fails to plead a plausible dilution claim. "To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). The determination of whether a complaint states a plausible claim for relief must be based only on well-pleaded factual allegations. In reviewing a complaint, the court is not required to accept the plaintiff's legal conclusions as true. *Id.* at 1949-50. "Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice." *Id.*; *see also Twombly*, 550 U.S. at 545 ("[A] plaintiff's obligation to provide the 'grounds' of his 'entitle[ment] to relief' requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do . . . .") (quoting *Papasan v. Allain*, 478 U.S. 265, 286 (1986)). A complaint fails to state a claim for relief "where the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct." *Iqbal*, 129 S. Ct. at 1950. "[W]hen the claims in a complaint have not crossed the line from conceivable to plausible, Plaintiffs complaint must be dismissed." *Slaughter v. Am. Arbitration Assoc.*, No. 2:10-CV-01437-KJD-GWF, 2011 WL 2174403, at 2 (D.Nev. June 2, 2011).

B. JULY HAS FAILED TO STATE A VALID CLAIM FOR TRADEMARK DILUTION.

Relief under the federal dilution statute is available to a trademark owner if it establishes that: (1) its mark is famous; (2) the infringer is making commercial use of the mark; (3) the

infringer's use began after the owner's mark became famous; and (4) the infringer's use dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services. *See* 15 U.S.C. § 1125(c); *World Mkt. Ctr. Venture, LLC v. Strickland*, No. 2:08-cv-00968-RLH-RJJ, 2011 WL 573757, at *5 (D. Nev. Feb. 14, 2011).

Accepting as true for purposes of this Motion that July owns trademark rights in the OCTAVIUS TOWER mark, he has failed to state a plausible claim that his mark is famous. Fame in the dilution context is interpreted exceptionally narrowly. *Thane Int'l, Inc., v. Trek Bicycle Corp.*, 305 F.3d 894, 905 (9th Cir. 2002). "Dilution is a cause of action invented and reserved for a select class of marks—those marks with such powerful consumer associations that even non-competing uses can impinge their value." *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 875 (9th Cir. 1999). "[T]o meet the famousness element of protection under the dilution statutes a mark must be truly prominent and renowned." *Id.* (quoting *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 46 (1st Cir.1998) (internal quotations omitted)). Such fame must be "broad-based" to the general consuming public across the United States. *Thane*, 305 F.3d at 905; 1125 U.S.C. § 1125(c)(2) ("[A] mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."). "Put another way, . . . the mark must be a household name." *Thane*, 305 F.3d at 905.

The TDRA instructs that courts may consider the following non-exclusive list of factors in determining whether a mark has the requisite level of fame to be protectable under the Act:

> (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
> (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
> (iii) The extent of actual recognition of the mark.
> (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. § 1125(c)(2)(A).

July has failed to state a plausible claim that his OCTAVIUS TOWER mark is a household name in the United States. The band has only performed seven concerts in the United States spread out over a six year period in small isolated cities far removed from one another

geographically. The band has not performed anywhere in the United States in nearly two years. There are no allegations of any advertising or promotion of the band other than a few concert posters with no allegations regarding the geographic area of distribution of the posters or the number of posters distributed. There are no allegations regarding the revenues of the band, and no other allegations that would plausibly support broad based consumer recognition across the United States.

With regard to his website, there is no allegation that anyone from the United States has ever accessed the website or that it has ever been advertised or promoted to anyone in the United States. With regard to his equipment rental business, July does not allege that he has ever offered these services in the United States, and the exhibits he attached to his counterclaim support use in Europe, not the United States.

Based on the foregoing facts, July has failed to plead a plausible claim that his mark is famous. If such well known marks as AVERY DENISON,[1] FUN SHIP,[2] TREK[3] and the University of Texas Longhorn logo[4] do not qualify as famous, July's mark certainly does not. Federal courts have not been reticent about dismissing dilution claims under Fed. R. Civ. P. 12(b)(6) where, as here, the plaintiff's claim of fame is not plausible. *See Planet Coffee Roasters, Inc. v. Dam*, No. SACV 09-00571-MLG, 2009 WL 2486457, at *3 (Aug. 12, 2009 C.D. Cal.) (dismissing dilution claim on grounds that plaintiff failed to plead "facially plausible" claim that PLANET COFFEE mark is famous); *Heller Inc. v. Design Within Reach, Inc.*, No. 09 Civ. 1909 (JGK), 2009 WL 2486054, at *4 (Aug. 14, 2009 S.D.N.Y.) (dismissing dilution claim on grounds that plaintiff failed to plead sufficient facts to establish that its mark is famous, despite pleading $1 million in annual sales of product); *Field of Screams, LLC v. Olney Boys and Gils Community Sports Ass'n*, DKC 10-0327, 2011 WL 890501, at * 9 (March 14, 2011 D. Md.) (dismissing dilution claim on grounds that "Plaintiff has failed to plead sufficient facts to support

[1] *Avery Dennison*, 189 F.3d 868.

[2] *Carnival Corp. v. SeaEscape Casino Cruises, Inc.*, 74 F. Supp. 2d 1261 (S.D. Fla. 1999).

[3] *Thane*, 305 F.3d at 905.

[4] *Board of Regents, Univ. of Tex. Sys. v. KST Elec., Ltd.*, 550 F. Supp. 2d 657, 678 (W.D. Tex. 2008).

the plausible inference that "Field of Screams" is a nationally famous mark."). Caesars respectfully submits that July's dilution claim should likewise be dismissed.

IV. CAESARS SHOULD BE AWARDED RECOVERY OF ITS FEES AND COSTS

The Lanham Act provides for the award of fees and costs to the prevailing party in "exceptional cases." 15 U.S.C. § 1117(a). The law regarding the types of marks that qualify for protection under the TDRA is clear, and it is clear that July's mark comes nowhere close to qualifying for protection under the Act. Caesars has been put to time and expense in defending the claim, both in connection with this Motion and July's pending motion for preliminary injunction. Caesars respectfully submits that, to prevent future litigants before this Court from filing similarly frivolous claims of trademark dilution, the Court should find this to be an exceptional case and award Caesars recovery of the reasonable costs and fees incurred in connection with this Motion.

V. CONCLUSION

For the foregoing reasons, Caesars respectfully submits that this Motion should be granted.

DATED this 13th day of June, 2011.

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CERTIFICATE OF SERVICE

Pursuant to Fed. R. Civ. P. 5(b), I certify that on the 13th day of June, 2011, I caused the document entitled **PLAINTIFF CAESARS WORLD, INC.'S MOTION FOR PARTIAL DISMISSAL OF DEFENDANT MARCEL JULY'S COUNTERCLAIMS PURSUANT TO FED. R. CIV. P. 12(B)(6),** to be served as follows:

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DATED this 13th day of June, 2011.

/s/ James D. Boyle
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