

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

DANIEL R. CASTRO,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. A 10 CA 695 LY
)	
ENTREPRENEUR MEDIA, INC.,)	
)	
Defendant.)	
)	

**DEFENDANT ENTREPRENEUR MEDIA, INC.'S PARTIAL MOTION TO DISMISS
UNDER FEDERAL RULE OF CIVIL PROCEDURE 12(B)(6)**

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5 C. Wright & A. Miller, *Federal Practice and Procedure* (3d ed. 2004)2

I. INTRODUCTION

While Plaintiff Daniel Castro’s (“Castro”) First Amended Complaint (“FAC”) is full of accusations and vitriol, it lacks cognizable claims for relief under the law. Castro claims that the federal trademark statute, the Lanham Act, is unconstitutional, simply because he doesn’t agree with the limited exclusivity for trademark rights that the Act provides. He also claims that Defendant Entrepreneur Media, Inc.’s (“EMI”) federal trademark registrations are not incontestable, again simply because he does not agree with that concept. Castro also alleges repeatedly that EMI violated the antitrust laws by asserting its trademark rights against him and others, despite the fact that EMI is simply doing what trademark law requires, namely, being ever diligent in protecting its marks from would-be infringers. These accusations, however, misconstrue applicable antitrust laws, as EMI’s conduct is deemed to be petitioning the government, which is immune from antitrust scrutiny. Castro also asserts affirmative defenses which have (and can have) no factual support, and accuses EMI of reverse domain name hijacking, even though Castro never lost possession of his domain names.

In sum, most of Castro’s claims are fundamentally misguided and are not even cognizable claims for relief. These claims should be dismissed without leave to amend as no amount of amendment will create a claim for which Castro can gain relief.

II. ARGUMENT

A. Standard for Motion to Dismiss

Federal Rule of Civil Procedure 12(b)(6) authorizes dismissal of a complaint for “failure to state a claim upon which relief can be granted.” Fed. R. Civ. P. 12(b)(6). A plaintiff must plead specific facts, not mere conclusory allegations, to avoid dismissal for failure to state a claim. *Collins v. Morgan Stanley Dean Witter*, 224 F.3d 496, 498 (5th Cir. 2000). “Factual allegations must be enough to raise a right to relief above the speculation level, on the

assumption that all allegations in the complaint are true (even if doubtful in fact).” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007) (quoting 5 C. Wright & A. Miller, *Federal Practice and Procedure* § 1216, pp. 235-26 (3d ed. 2004) (“[T]he pleading must contain something more...than...a statement of facts that merely create a suspicion [of] a legally cognizable right of action.”)).

The Court can dismiss a complaint without providing leave to amend, based on undue delay, bad faith, dilatory motive by the movant, repeated failure to cure deficiencies by prior amendments, undue prejudice to the other party, and the futility of the proposed amendments. *In re Southmark Corp.*, 88 F.3d 311, 314 (5th Cir. 1996) (citing *Foman v. Davis*, 371 U.S. 178, 182 (1962)); *see also Martin’s Herend Imports, Inc. v. Diamond & Gem Trading USA*, 195 F.3d 765, 771 (5th Cir. 1999) (finding district court acted within its discretion when dismissing a motion to amend that is frivolous or futile). “Futility” means that an amended complaint would still fail to state a claim upon which relief could be granted, regardless of the number of times amended. *Stripling v. Jordan Prod. Co., LLC*, 234 F.3d 863, 873 (5th Cir. 2000).

B. Castro’s Claim for a Declaration that the Lanham Act is Unconstitutional is Meritless and Misconstrues the Law

In Section VII.A of the FAC, Castro makes the misguided claim that the Lanham Act (15 U.S.C. § 1065) is unconstitutional, because its incontestability provisions would permit the “kidnap[ping of] a commonly used word from the English lexicon,” namely, the word “entrepreneur.” FAC ¶ 7.6. Castro’s entire argument misconprehends and misstates what the Lanham Act, and its incontestability provisions, govern: use of a word *as a trademark*, namely, as a word that has achieved “secondary meaning” which identifies the source of goods and/or services with which it is used (*e.g.*, “Time” used to identify a magazine rather than referring to hours and minutes). Contrary to Castro’s arguments, the Lanham Act does not limit the use of

common English words when those words are used in their descriptive or dictionary sense and not used in a trademark sense. In fact, the Lanham Act recognizes the distinction between use of a word in its dictionary sense and as a trademark, when it states that:

Such conclusive evidence of the right to use the registered mark [as is granted to incontestable registrations] shall be subject to . . . the following defenses or defects: . . . (4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, . . . of a term or device 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). Thus, Castro is free to make fair use of the word “entrepreneur” in its descriptive or dictionary sense as freely and often as he wants (*e.g.*, “My name is Daniel Castro and I am an author and entrepreneur”; “Please come visit my boot camp and learn how to be a more effective entrepreneur”). It is when Castro uses that term as part of his trademark that the Lanham Act may apply. The Lanham Act in no way affects Castro’s First Amendment rights; it only affects his business decision to use trademarks that may infringe others’ legitimate intellectual property rights. Indeed, the courts have recognized that the Lanham Act and the First Amendment co-exist, and that the protections of the Lanham Act against consumer confusion do not intrude on First Amendment rights. *See, e.g., Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 672 (5th Cir. 2000) (“Like fraudulent speech, speech that misleads or creates confusion is not protected under the First Amendment.”); *Mattel, Inc. v. MCA Records*, 296 F.3d 894 (9th Cir. 2002) (“Limited to this core purpose – avoiding confusion in the marketplace – a trademark owner’s property rights play well with the First Amendment.”). Since Castro has failed to show that the protections afforded under the Lanham Act are in any way violative of the First Amendment (or for that matter, of any other provision of the Constitution), his first claim (Claim A, ¶¶ 7.1-7.9) should be dismissed without leave to amend.

C. EMI's Registrations Are Incontestable Per the Patent and Trademark Office and the Ninth Circuit

In Section VII.B, Castro next requests a declaration that EMI's registrations are not incontestable under the Lanham Act, because (1) Castro is the "senior user" of his ENTREPRENEUROLOGY marks, and (2) EMI's ENTREPRENEUR mark is "generic."¹ FAC ¶¶ 7.10-7.17. Castro misconstrues the meaning of incontestability and ignores the undisputed fact that both the United States Patent and Trademark Office ("USPTO") and the Ninth Circuit have determined that EMI's registrations are in fact incontestable.

A registration reaches incontestable status when "such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce," there is no adverse finding or pending proceeding against the registration, and a Declaration of Incontestability is filed with the USPTO. 15 U.S.C. § 1065. The USPTO accepted Declarations of Incontestability for EMI's ENTREPRENEUR mark: for Registration No. 1,453,968 on December 14, 1992; for Registration No. 2,263,883 on February 25, 2005; and for Registration No. 2,502,032 on October 10, 2007. This means that EMI and its ENTREPRENEUR marks satisfied all of the statutory requirements for incontestability. Accordingly, EMI's federal registrations for its ENTREPRENEUR marks have been incontestable for 18 years, 5 years and 3 years, respectively. Castro's alleged senior rights to his marks are irrelevant to this inquiry, and have no bearing on whether EMI's registrations are incontestable.

In addition, the Ninth Circuit determined that EMI's registrations in Classes 9 and 16 are incontestable and not generic. *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1139, 1141

¹ Castro also argues that EMI's marks are not incontestable because of EMI's violation of the antitrust laws. FAC ¶¶ 7.18-7.20. These arguments are addressed in Section D below.

n.2, 1142 n.4, 1143 (9th Cir. 2002) (cited in the FAC at ¶ 7.35). In response to that determination, Castro merely asserts that the ENTREPRENEUR marks are generic without providing any basis in fact for such a characterization. FAC ¶ 7.17. Accordingly, it is indisputable that EMI's registrations are incontestable and are not generic. Castro has not, and cannot, allege any set of facts that contradicts these facts. Therefore his request for a declaration that EMI's registrations be deemed non-incontestable (Claim B, ¶¶ 7.10-7.21) should be rejected without leave to amend.

D. Castro's Claims of Antitrust Violations Cannot Stand Because Protecting Trademark Rights is Not an Anticompetitive Act

Castro's FAC contains various allegations of antitrust violations, as well as a separate claim for relief declaring a violation of the antitrust laws. FAC ¶¶ 7.47-7.53 (Section G). Castro, however, fails to state a claim that EMI's "pattern of threats and lawsuits" to enforce its trademark ENTREPRENEUR amounts to attempted monopolization.

1. Legal Standard for Attempted Monopolization

To state a claim for attempted monopolization under Section 2 of the Sherman Act, Castro must adequately allege: "(1) that the defendant has engaged in predatory or anticompetitive conduct with (2) a specific intent to monopolize and (3) a dangerous probability of achieving monopoly power." *Spectrum Sports, Inc. v. McQuillan*, 506 U.S. 447, 456 (1993). "The conduct requirement is arguably the single most important aspect of [the attempted monopolization] offense." *Northeastern Tel. Co. v. Am. Tel. & Telegraph Co.*, 651 F.2d 76, 85 (2d Cir. 1981); *see also Taylor Publ'g Co. v. Jostens, Inc.*, 216 F.3d 465, 474 (5th Cir. 2000) (same). Exclusionary conduct is "conduct, other than competition on the merits or restraints reasonably 'necessary' to competition on the merits, that reasonably appears capable of making a significant contribution to creating or maintaining monopoly power." *Taylor Publ'g*, 216 F.3d at

475. In general, petitioning the government – including through litigation – is immune from antitrust scrutiny – and cannot amount to the requisite exclusionary conduct to support an attempted monopolization claim. *Eastern R.R. Presidents Conf. v. Noerr Motor Freight, Inc.*, 365 U.S. 127, 135 (1961) (“[N]o violation of the [Sherman] Act can be predicated upon mere attempts to influence the passage or enforcement of laws.”). Likewise, the right to threaten suit is protected under *Noerr* as concomitant to the litigation process. *Coastal States Mktg, Inc. v. Hunt*, 694 F.2d 1358, 1367 (5th Cir. 1983) (“Given that petitioning immunity protects . . . litigation, it would be absurd to hold that it does not protect those acts reasonably and normally attendant upon effective litigation.”). Litigation that is a sham, however, would fall outside the protection of the *Noerr* immunity. *Cal. Motor Transp. Co. v. Trucking Unlimited*, 404 U.S. 508, 515-16 (1972). A sham lawsuit is “objectively baseless in the sense that no reasonable litigant could realistically expect success on the merits.” *Prof'l Real Estate Investors v. Columbia Pictures Indus.*, 508 U.S. 49, 60 (1993) (“*PRE*”).

To satisfy the second element of specific intent, there must be “something more than an intent to compete vigorously.” *Spectrum Sports*, 506 U.S. at 459. Finally, to satisfy the third element, there must be a dangerous probability of monopoly of a relevant market based on actions, specific intent and “present proximity to completed monopoly” at the time of the alleged exclusionary conduct. 3B Phillip E. Areeda & Herbert Hovenkamp, *Antitrust Law* ¶ 807a (3d ed. 2008); *see also Spectrum Sports*, 506 U.S. at 456. Inherent in this requirement is an allegation of a plausible antitrust market in which competition is threatened to be harmed. *Spectrum Sports*, 506 U.S. at 459 (“[D]emonstrating the dangerous probability of monopolization in an attempt case also requires inquiry into the relevant product and geographic market and the defendant’s economic power in that market.”).

2. Castro Has Not, and Cannot, Plead Attempted Monopolization

Castro has failed to allege the required elements of attempted monopolization at all, and thus his antitrust claim must fail. First, and most importantly, Castro does not allege that EMI has engaged in any exclusionary or anticompetitive conduct under the antitrust laws. Plaintiff principally alleges that EMI has engaged in a “pattern of threats and lawsuits” to enforce its trademark ENTREPRENEUR. Under *Noerr* and *PRE*, EMI’s use of the legal process to enforce its registered trademarks is not exclusionary conduct, and in fact EMI has an obligation under trademark law to monitor and protect its trademarks. *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 265 (5th Cir. 1980) (narrowing of protection of mark where plaintiff failed to be vigilant in protecting its rights in the mark).

Indeed, the Supreme Court in *PRE* held specifically that enforcing legitimate intellectual property rights through litigation is conduct immune from prosecution under the antitrust laws. *PRE*, 508 U.S. at 65-66 (finding copyright owner’s suit to enforce its intellectual property rights immune from charge of attempted monopolization under *Noerr*). EMI’s alleged pattern of lawsuits to protect its intellectual property cannot form the basis of a claim under Section 2 of the Sherman Act. Castro, moreover, does not allege that EMI’s conduct constitutes sham litigation excepted from *Noerr* immunity. Nowhere does Castro allege (nor can he allege) that EMI’s actions to enforce its trademark are “objectively baseless” or that no reasonable litigant in EMI’s position could realistically expect to prevail in the alleged lawsuits. Nor does he allege (nor can he allege) that EMI has been anything other than successful in taking legal action to protect its trademark. *See* 1 Areeda & Hovenkamp ¶ 205c (“As a general proposition, a successful judicial action cannot be a ‘sham,’ regardless of the plaintiff’s motive.”) Indeed, Castro cites *EMI, Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002), a decision in which the Ninth Circuit recognized the validity of EMI’s mark and found infringement of that mark on facts

similar to those here. *Id.* at 1152-53 (finding that use of “Entrepreneur Illustrated” as a magazine title by a publisher named “EntrepreneurPR,” which also operated a website with the URL *www.entrepreneurpr.com*, infringed EMI’s ENTREPRENEUR marks).

Second, Castro’s allegations of EMI’s specific intent to monopolize do not rise above the speculative level. Castro baldly asserts that EMI’s September 7, 2010 letter notifying him of EMI’s rights “demonstrates bad faith and exhibits a ‘specific intent’ to use the trademark laws to minimize competition in the relevant market.” FAC ¶ 7.52. However, Castro offers no facts that plausibly suggest EMI’s ultimate motive for invoking the trademark laws is monopoly. In reality, what the Complaint describes is EMI’s vigilant protection of its intellectual property rights through legal action and the threat thereof. Without more, Castro has not “nudged [his] claim[] across the line from conceivable to plausible.” *Twombly*, 550 U.S. at 570.

Third, the FAC contains no plausible allegation that there exists a dangerous probability of monopolization. Castro alleges that EMI is “dangerously close” to monopolizing “the market that provides magazines, books, articles, websites, blogs, trade shows, workshops, seminars, boot camps, and keynote presentations on the topic of entrepreneurs and entrepreneurship.” FAC ¶¶ 7.48-7.49. EMI vigorously disputes that this states a legitimate antitrust market, but even if it were, such a “market” would be vast and competitive, including publishers of books about entrepreneurs, public speakers on the subject of innovation, and internet bloggers profiling start-up companies. This is not a universe that EMI could plausibly present a danger of monopolizing. Castro, moreover, has not identified a real market that could be monopolized, and “[i]f the market definition is meaningless, then it fails to suffice for either §2 offense.” 3B Areeda & Hovenkamp, ¶ 806a.

Even setting aside the question of market definition, Castro’s FAC still fails, because the

alleged conduct he challenges is incapable of producing a monopoly. *Id.* (“Regardless of the defendant’s power or intent, its conduct may be incapable of producing monopoly and thus unable to satisfy the attempt requirement.”). As the Supreme Court has long recognized, “a trademark confers no monopoly whatever in a proper sense, but it is merely a convenient means for facilitating the protection of one’s goodwill in trade by placing a distinguishing mark or symbol . . . upon the merchandise or the package in which it is sold.” *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 99 (1918). Indeed, the Fifth Circuit has acknowledged that trademarks are pro-competitive: “The essence of competition is the ability of competing products to obtain public recognition based on their own individual merit. A product has not won on its own merit if the real reason the public purchases it is that the public believes it is obtaining the product of another company.” *Standard Oil Co. v. Humble Oil & Refining Co.*, 363 F.2d 945, 954 (5th Cir. 1966); *see also* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 2:13 (4th ed. 2010) (“Identification of product source and quality is the essence of competition.”). Allegations that EMI may achieve a monopoly through enforcement of its trademark are therefore untenable. Accordingly, Castro cannot articulate a cognizable claim of antitrust violations. His claim for antitrust law violations (Claim G, ¶¶ 7.47-7.53) should thus be dismissed without leave to amend, and his antitrust arguments as to his other claims should be rejected.

E. Castro’s Request for Declaratory Relief of Non-Infringement Must Be Dismissed Because Castro Has Not Alleged a Cognizable Claim

Castro’s allegations in support of his request for a declaration of non-infringement in Section VII.D are based solely on arguments of First Amendment protection and fair use. In essence, Castro argues that he should not be precluded from using the word “entrepreneur” to describe his business and services. Castro’s entire argument, however, ignores the fact that he is

not trying to use the word “entrepreneur” merely in its ordinary, descriptive sense. Rather, he wants to use the trademark ENTREPRENEUROLOGY as a source identifier for his business and products, and thus these doctrines do not apply.

EMI does not dispute that Castro has a First Amendment right to generally use the word “entrepreneur,” as does the Wall Street Journal, the New York Times and Forbes. *See* FAC ¶ 7.34. But when Castro uses that term in a commercial manner to identify his products that will cause consumer confusion, his First Amendment rights do not apply. *See Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 672 (5th Cir. 2000) (“Like fraudulent speech, speech that misleads or creates confusion is not protected under the First Amendment.”); *Mattel, Inc. v. MCA Records*, 296 F.3d 894 (9th Cir. 2002) (“Limited to this core purpose – avoiding confusion in the marketplace – a trademark owner’s property rights play well with the First Amendment.”). Castro cannot argue that his ENTREPRENEUROLOGY mark is anything but a trademark, as he filed for, and obtained, a federal trademark registration for it. FAC Exh. 1. Castro, furthermore, alleged that it is a mark. *See, e.g.*, FAC ¶¶ 5.5-5.8. Thus, Castro’s First Amendment argument fails, because any claim by EMI of infringement would involve Castro’s trademark, not his use of the word “entrepreneur” in the descriptive or dictionary sense.

Similarly, Castro’s fair use arguments should also be rejected because he is not making fair use of the word “entrepreneur” when he uses his trademark ENTREPRENEUROLOGY. The Lanham Act defines “fair use” as occurring when “use of the name, term, or device charged to be an infringement is a use, *otherwise than as a mark*, . . . of a term or device 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) (emphasis added). Thus, by definition, Castro’s use of the trademark ENTREPRENEUROLOGY is not fair use, since it is used as a mark.

Finally, Castro misapplies the doctrine of nominative fair use in arguing that it applies to his mark and thus excuses him from any claim of infringement. The nominative fair use doctrine only applies to the alleged infringer's use of the trademark owner's mark in reference to the trademark owner's products/services. See *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992) ("To be sure, this is not the classic fair use case where the defendant has used the plaintiff's mark to describe the defendant's own product. Here, the New Kids trademark is used [by the alleged infringer] to refer to the New Kids themselves"). The classic example of nominative fair use is comparative advertising, where an alleged infringer uses a competitor's mark to compare its product to the competitor's product. Castro, by contrast, argues that *his own use of his own trademark* is nominative fair use. This argument makes no sense, and misapplies this doctrine. Only if Castro were using EMI's ENTREPRENEUR marks to identify EMI's products (e.g., in comparing Castro's products to EMI's products) would the nominative fair use doctrine apply. That is not what Castro argues, however, and thus the doctrine is not applicable.

Since Castro has failed to articulate a single applicable argument for non-infringement, his claim for declaratory relief of non-infringement (Claim D, ¶¶ 7.29-7.41) must be dismissed for failing to state a claim.

F. Castro's Claims of Estoppel and Acquiescence Must Be Dismissed Because He Has Not, and Cannot, Allege the Required Elements

"Equitable estoppel requires the defendant to prove intentional deception through concealment or inaction or gross negligence amounting to constructive fraud." *Source, Inc. v. SourceOne, Inc.*, No. 05-CV-1414-G ECF , 2006 U.S. Dist. LEXIS 62401, at *24 (N.D. Tex. Aug. 16, 2006 (citing *Matter of Henderson*, 577 F.2d 997, 1001 (5th Cir. 1978))). Castro has not, and cannot, allege any set of facts that would establish intentional deception on EMI's part.

Accordingly, Castro's estoppel claim (Claim E, ¶¶ 7.42-7.44) must be dismissed with prejudice, as any potential amendment would be futile.

“[A]cquiescence involves the plaintiff's implicit or explicit assurances to the defendant which induce[] reliance by the defendant.” *Elvis Presley Enterprises, Inc. v. Capece*, 141 F.3d 188, 206 (5th Cir. 1998) (quoting *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 153 (5th Cir. 1985)). The *Elvis Presley* case presents very similar facts to this case. The defendant in *Elvis Presley* argued that the plaintiff knew of the defendant's use of the disputed mark when it was published for opposition, and then acquiesced in that use by failing to oppose the application (which then matured into a registration). 141 F.3d at 205. The Fifth Circuit rejected this argument, holding that “Other than [the plaintiff]'s silence, the Defendants identify no assurances made by [the plaintiff] to the Defendants upon which they could have relied. . . . The eight months of silence does not rise to the level of an assurance upon which the Defendants could reasonably rely or by which they could claim to have been induced into reliance.” *Id.* at 206. The same reasoning applies here. Castro's only allegation of acquiescence is EMI's silence during the time period of the publication of Castro's first trademark application in May 2009. This mere silence is insufficient to establish an “assurance” on which Castro relied. Furthermore, since Castro cannot allege any other conduct on the part of EMI that could serve as an assurance upon which he could rely, his acquiescence claim (Claim E, ¶¶ 7.42-7.44) must also be dismissed with prejudice, as any amendment would be futile.

G. Castro's Request for a Declaration of No Unfair Competition Does Not Sufficiently State a Claim

In Section VII.F, Castro conclusively alleges that he is entitled to a declaration of no unfair competition under 15 U.S.C. § 1125 “[f]or all the reasons already stated in this Complaint.” FAC ¶ 7.46. This allegation is woefully insufficient to state a claim for declaratory

judgment of no unfair competition. An unfair competition claim under the Lanham Act contains multiple elements, including trademark validity and protection, senior rights, and a likelihood of confusion. See 15 U.S.C. § 1125(a); *Bd. of Supervisors for La. State Univ. Agric. & Mech. College v. Smack Apparel Co.*, 550 F.3d 465, 474 (5th Cir. 2008). None of these numerous elements have been adequately pled in the FAC (or pled at all), even when reading all of the factual allegations of the FAC in their entirety. Accordingly, this claim (Claim F, ¶¶ 7.45-7.46) should be dismissed, and no leave to amend should be granted. Castro has already amended his Complaint once, and failed to make any amendments to address this highly inadequate claim. He should not be given yet another chance to achieve what he could have done on his first attempt. *Southmark*, 88 F.3d at 314; *Stripling*, 234 F.3d at 873.

H. Castro’s Claim for Unclean Hands Fails Because EMI Has Not Engaged in Any Improper Conduct

The unclean hands doctrine applies “when a party seeking relief has committed an unconscionable act immediately related to the equity the party seeks in respect to the litigation.” *Petro Franchise Sys., LLC v. All Am. Props., Inc.*, 607 F. Supp. 2d 781, 799 (W.D. Tex. 2009). Castro’s only allegation is that EMI “misuse[s] the trademark laws, rising to the level of unclean hands.” As has been demonstrated above, EMI’s efforts to enforce its intellectual property rights are entirely proper, are immune from antitrust scrutiny, are considered pro-competitive, and are required to fulfill EMI’s obligations as a trademark owner under trademark law. Accordingly, Castro’s claim of unclean hands (Claim H, ¶ 7.54) fails and should be dismissed without leave to amend, as any amendment would be futile.

I. Castro’s Claims of Reverse Domain Name Hijacking Must Be Dismissed Because He Still Owns the Domain Names

In Section X, Castro asserts a claim for “reverse domain name hijacking” and seeks a “temporary and permanent injunction” against EMI barring it from violating antitrust laws (and

presumably from recovering Castro's domain name). FAC ¶¶ 10.1-10.18. The Lanham Act provides for limited remedies for reverse domain name hijacking (although it does not use that colorful nomenclature), stating that:

A domain name registrant **whose domain name has been suspended, disabled, or transferred** . . . may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.

15 U.S.C. § 1114(2)(D)(v) (emphasis added). It further provides that:

If a registrar, registry, or other registration authority [refuses to register, removes from registration, transfers, temporarily disables, or permanently cancels a domain name] based on a knowing and material misrepresentation by any other person that a domain name is identical to, confusingly similar to, or dilutive of a mark, the person making the knowing and material misrepresentation shall be liable for any damages, including costs and attorney's fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain name or the transfer of the domain name to the domain name registrant.

15 U.S.C. § 1114(2)(D)(iv). Castro's domain name has not been suspended, disabled or transferred, nor has it been removed from registration, temporarily disabled, or permanently cancelled. He still owns and uses it. See FAC ¶¶ 5.8, 5.11, 5.30, 9.11. Accordingly, he has no cognizable claim of reverse domain name hijacking. See, e.g., *Gen. Media Communs. v. Crazy Troll, LLC*, No. 06 Civ. 4051 (LAK) (FM), 2007 U.S. Dist. LEXIS 4281, at *22-23 (S.D.N.Y. Jan. 16, 2007) (“[15 U.S.C. § 1114(2)(D)(v) is inapplicable because there has been no action taken which is adverse to Crazy Troll”).

Most of Castro's hijacking claim, moreover, is based on his antitrust allegations, which are invalid for the reasons discussed above. These antitrust allegations also fail to support any purported claim for “reverse domain name hijacking.” Accordingly, this claim (Claim X, ¶¶ 10.1-10.18) should be dismissed with prejudice, as no amendment would save this claim.

III. CONCLUSION

For the foregoing reasons, EMI requests that Castro's claims addressed above be dismissed without leave to amend.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on November 15, 2010, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system which will send notification of such filing to the following:

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