

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

**Daniel R. Castro
Plaintiff**

v.

**ENTREPRENEUR MEDIA, INC.
Defendant**

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CIVIL ACTION NO: 10CA695

**CASTRO’S MOTION TO FILE SEPARATE RESPONSES TO EMI’s PARTIAL
MOTION TO DISMISS UNDER RULE 12(b)(6)**

Now Comes Plaintiff, Daniel R. Castro (“Castro”) and files this Motion To File Separate Responses to Entrepreneur Media Inc’s (“EMI”) Partial Motion to Dismiss Under Rule 12(b)(6) and would show unto the Court as follows.

I. NATURE OF THE CASE

This is a trademark dispute. The plaintiff, Daniel R. Castro (“Castro”) is the owner of three marks: (1) “EntrepreNeurology”; (2) “Entrepreneur.Ology;” and (3) “EntrepreneurOlogy.” Castro is an attorney who owns several companies, an award-winning author and speaker, and also operates a *passive* website at www.EntrepreneurOlogy.com. Castro does not publish a magazine. The Defendant, EMI, owns the mark “entrepreneur” and publishes a magazine and operates an *interactive* website at www.Entrepreneur.com. Castro filed this declaratory judgment action in response to a letter from EMI threatening a lawsuit if he did not “cease and desist” from using the word “EntrepreneurOlogy” and ordering him to immediately turn over the title of his registered domain name: www.EntrepreneurOlogy.com.

II. THE NEED TO BIFURCATE THE RESPONSES

EMI moved to dismiss eight separate causes of action. Although EMI couched its motion as a Rule 12(b)(6) motion, the motion is more akin to a motion for summary judgment because it

consists almost entirely of argument on the merits, which is improper under the Rule 12(b)(6) standard. *See Jones v. M.L. Greninger*, 188 F.3d 322, 324 (5th Cir. 1999). In order for this court to determine whether Castro has stated a cognizable claim under each separate cause of action, it is necessary to understand what the law requires as to each claim. This is not the run of the mill trademark case. It involves a very complex interaction of Constitutional Law, Antitrust Law, Trademark Law and the Anticybersquatting Consumer Protection Act. Most law schools dedicate an entire semester to each one of these areas of law. Millions of pages of scholarly treatises and judicial opinions have been written on each one of these areas of law. It is not physically possible for Castro to explain to the court how each of these doctrines applies on the facts of this case in one single brief of ten pages or less.¹

If EMI wanted to argue simply that “Castro has pled insufficient facts” under each cause of action, it could have done so in just a few pages. This would have enabled Castro to simply identify the paragraph numbers in his complaint where the facts supporting each cause of action could be found – making the court’s job much easier.

However, EMI did not do that. Instead, EMI chose to make many substantive arguments on each cause of action and attempted to persuade the court why Castro should not prevail on the merits. EMI needed fifteen (15) pages to do that. Castro did not oppose EMI’s motion to extend page length. More importantly, EMI left out many significant facts and established doctrines of law that show clearly why EMI cannot prevail on the merits. This put Castro in a precarious position because if he does not point out how and where EMI had misguided the court, it was possible that the court might have made an ill-informed, and, indeed, an incorrect decision. The problem is – it is physically impossible to address each and every one of EMI’s legal arguments (and omissions) on all eight causes of action in one single ten (10) page brief. By the time

¹ The complaint itself is 27 pages long, and it only provides a “short plain statement” of each claim as required by the Supreme Court in *Bell Atlantic Corp. v. Twombly*, 127 S.Ct. 1955, 1965-1966, n.5 (2007).

Castro explained the dispute, and set forth the facts, there would be *less than one page* for each of his eight (8) causes of action. Technically, Castro is entitled to file eight (8) separate responses because EMI has effectively filed eight (8) separate Rule 12(b)(6) motions (one for each cause of action). However, out of an abundance of caution, Castro thought it the better part of valor to seek leave of court first.² Accordingly, Castro respectfully submits the following reasons why he should be entitled to *five* file separate responses to EMI's motion.³

III. WHY IS THIS CASE SO IMPORTANT TO THIS COURT'S JURISPRUDENCE?

Regardless of who wins or loses, this case will be appealed to the Fifth Circuit and the U.S. Supreme Court. It is that important. This is the first time the "incontestable" provisions of the Lanham Act have been challenged on Free Speech grounds. These provisions are unconstitutional as applied to the facts of this case because they have a "chilling effect" on free speech and because EMI has never been required to prove that the consuming public associates the word "entrepreneur" with the publisher of a magazine, or that it even serves the public good by preventing confusion or deception - as required by law. *See Aloe Cream Labs v. Milson, Inc.*, 423 F.2d 845, 849 (5th Cir. 1970)(requiring proof that the consuming public associates the mark "with a single thing coming from a single source").

This case is also important because no one has ever challenged EMI's trademark on the ground that the word "entrepreneur" is generic. No one has submitted evidence that this is a common noun of French origin that is several hundred years old. EMI does not deny that even a mark that has attained "incontestable" status can be cancelled as a matter of law because it is generic. See 15 U.S.C. 1064(c); and 1119 (giving federal district courts the right to cancel any trademark). Because of the impact of this court's ruling on the body of trademark jurisprudence

² EMI would not agree to allow Castro to file separate responses.

³ Castro has consolidated the issues so that each of the eight causes of action can be addressed in five responses.

and First Amendment law, this court's opinion will likely be discussed in every Trademark Law classroom in every law school across the U.S. for years to come.⁴

Although it only takes a few lines of space for EMI to claim "our trademark is valid and incontestable" and "the Ninth Circuit said so," it takes *many more pages* to show why EMI is misrepresenting the facts and the law to the court. Below are just a few of the facts and legal doctrines that EMI omitted. These are submitted for the sole purpose of demonstrating how impossible it is to fit these critical arguments into the limited amount of "white space" in one single ten page brief.

IV. HOW DID EMI OBTAIN A TRADEMARK ON A COMMON NOUN THAT HAD BEEN IN THE PUBLIC DOMAIN FOR APPROXIMATELY 300 YEARS?

EMI failed to inform the court that it has never been required to prove to the U.S. Patent & Trademark Office, or any federal district that the consuming public automatically associates the word "entrepreneur" with the publisher of a particular magazine or website. EMI does not claim that this common noun is not "inherently distinct" (like Exxon, Nike or Kodak).⁵ EMI also does not deny that the word "entrepreneur" is a common noun that it did not create. Congress determined that the only "marks" that would receive protection in the Lanham Act were marks that were capable of effectively identifying the maker of a specific good or service as the *single, exclusive source* of that good or service. *See Aloe Cream Labs v. Milson, Inc.*, 423 F.2d 845, 849 (5th Cir. 1970)(requiring proof that the consuming public associates the mark "with a single thing coming from a single source"); *Department of Parks & Recreation v. Bazaar Del Mundo, Inc.*, 448 F.3d 1118, 1128 (9th Cir. 2006)(holding that "the chief inquiry [for secondary meaning]

⁴ Castro has already received numerous emails and phone calls from all across the U.S., including calls from trademark attorneys, antitrust attorneys, news reporters, and a professor from Stanford Law School who teaches trademark law. The Texas Lawyer has already published an article about it. A local TV station, KXAN, has already interviewed Castro about it.

⁵ An application under Section 2(f) is an admission that the mark is not "inherently distinct." *See In re Reed, Elsevier Properties, Inc.*, 77 U.S.P.Q.2D 1649, 1651 (TTAB 2005); *Yamaha International Corp. v. Hoshino Gakki Co.*, 840 F.2d 1571 (Fed. Cir. 1988). The attached Registration No. 1,453,968 shows very clearly that EMI's mark was granted under Section 2(f). See Exhibit 1.

is directed towards the consumer's attitude about the mark in question: does it denote to him a single thing coming from a single source"). In order for a mark to receive the protection of the Lanham Act, there must be an automatic, instinctive association in the minds of the consuming public that the mark designates a single, exclusive provider of the product or service (even if they can't identify the maker by name). *Id.*; see also *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 380 (7th Cir. 1976); *General Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 418 (6th Cir. 2006). *Two Pesos v. Taco Cabana*, 505 U.S. 763, 768 (1992). If the mark in question is not capable of distinguishing a particular good or service as being provided by a single, exclusive source, it is illegal to grant the owner of that mark a monopoly on the use of the word. See *Teflora, Inc. v. Florists Transworld Delivery Ass'n*, 217 U.S.P.Q.2d 1081, 1083 (TTAB 1981)("Because the term Easter basket is the common descriptive name for a bouquet in a basket for Easter, it cannot be a trademark subject to monopolization by FTD under the federal trademark laws or at common law.")

How then did EMI obtain a registered trademark on this word? EMI took advantage of a loophole in the Lanham Act. The original Examining Attorney rejected EMI's application because it was a common noun and was "merely descriptive" of EMI's products and services in violation of 15 U.S.C. 1052 (e). See Exhibit 2 (Notifying EMI that, "Registration is refused on the Principal Register because the mark, when applied to the goods, is considered to be merely descriptive thereof"). The Examining Attorney suggested that EMI attempt to prove that the mark had obtained "secondary meaning" under Section 2 (f). *Id.* As an alternative, the Examining Attorney mentioned that EMI could take advantage of Trademark Rule 2.41(b), which allows the owner of a previously registered "same mark" to piggy back on that previous mark. 37 CFR 2.41(b). *Id.* This is the loophole that EMI took advantage of. As a result, EMI has never been required to submit any evidence (to any federal agency or judicial body) that the

consuming public had come to associate the word “entrepreneur” with the publisher of a magazine.

As it turns out, the former owner of the mark “entrepreneur” was a company called Chase Revel, Inc. (founded by a gentleman named Chase Revel). With no rhyme or reason or explanation, Chase Revel had obtained a trademark registration for the mark “entrepreneur” back on January 19, 1982 (Registration No. 1,187,239). According to the PTO website archives, the entire history of how Mr. Revel obtained this mark *has been destroyed* and is no longer available for review or analysis. See Exhibit 3. Thus, it is unclear whether the Examining Attorney who handled that file was asleep at the wheel or whether Mr. Revel ever submitted any proof of “acquired distinction” or “secondary meaning” or whether that proof (if any) was even persuasive.⁶

Nevertheless, because EMI had acquired the rights to that first trademark (Registration No. 1,187,239), Rule 2.41(b) allowed it to submit nothing more than an affidavit claiming ownership of that previous mark and a statement of continued and exclusive use for five years. EMI submitted that affidavit on January 13, 1986. See Exhibit 4. Presto, the Examining Attorney approved the publication of the mark and allowed the official registration of the mark, giving it the Registration No. 1,453,968, without any actual evidence of “secondary meaning” or “acquired distinctiveness.” See Exhibit 5. It is elementary that in dealing with a Rule 12(b)(6) motion, the court is entitled to take judicial notice of documents in the public record. See *Johnson v. City of Houston*, 2010 U.S. DIST. LEXIS 103626 (S.D. Tex. 2010)(citing *R2 Invs., LDC. v. Phillips*, 401 F.3d 638, 640, n.2 (5th Cir. 2005)).

Years later, EMI took advantage of two other sections of the Lanham Act that also do not require any proof that the mark has obtained “acquired distinction” or “secondary meaning.”

⁶ In a well-known dissenting opinion, Supreme Court Justice Stevens criticized the inner workings of the Patent and Trademark Office as a hallmark of inefficiency, misfiled or totally missing documents, inconsistent rulings, and loopholes. See *Park 'N Fly v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 212 – 213.

Those sections are 15 USC 1065; and 1115(b). Under those provisions, the owner of a mark can obtain so-called “incontestable” status by merely submitting an affidavit claiming continued, exclusive use of the mark in commerce for five years from the date of registration. *Id.* EMI submitted that affidavit on September 17, 1992. See Exhibit 6. This Section of the Lanham Act has been severely criticized because of the very fact that it does not require proof that the public associates that mark with a specific, exclusive provider of a particular good or service, and to avoid confusion. *See Park ‘N Fly v. Dollar Park and Fly*, 469 U.S. 189, 210, 213, 214 (1985)(J. Stevens, dissenting). That problem has never been more demonstrated than by the facts of the case before this court.

In the congressional hearings over the concern about granting monopoly privileges in “merely descriptive” words, Dr. Karl Pohl testified that “incontestability” could be harmonized with Antitrust Law because no mark could become “incontestable” unless its owner had already submitted sufficient evidence of “secondary meaning” to get past the Examining Attorney “gatekeeper” in the first place. *See Park ‘N Fly v. Dollar Park and Fly*, 469 U.S. 189, 210, 211 (1985). Justice Stevens disagreed vehemently, and identified the inefficiencies and problems that existed in the trademark office and the practice manuals that explained exactly how easy it was to get past these gatekeepers. *Id.* at 213, 214.

In this case, there is error upon error because there is no evidence *anywhere* that EMI (or its predecessor) has ever proved that a common, 300-year-old noun invented by the French, and which is used in its common, ordinary sense hundreds of times a day in such print journals as Forbes, the Wall Street Journal and the New York Times, has ever obtained “acquired distinction” or “secondary meaning.” The entire history from Registration No. 1,187,239 (the “prior mark”) has been mysteriously destroyed. See Exhibit 3. The history *from the current* Registration No. 1,453,968 shows clearly that the mark was granted protection under Rule

2.41(b) solely because EMI was allowed to piggy-back on the prior registration without satisfying any of the requirements of proving “acquired distinction” or “secondary meaning.” See Exhibits 1-7 (jointly).

EMI has been taking advantage of this arbitrary, illogical result ever since. In *EMI v. Smith*, the court held that, because the mark had attained “incontestable” status, the defendant Scott Smith could not submit any evidence that the noun “entrepreneur” lacked any distinction or secondary meaning. See *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1142 (9th Cir. 2002). Thus, once again, EMI was able to escape the noose. The problem was - Smith’s lawyers never challenged the constitutionality of the “incontestable” provisions of the Lanham Act on Free Speech grounds. Therefore, with no reason to NOT apply the law, the court blindly applied it and found in favor of EMI.

Smith also did not try to invalidate the trademark on the basis that the word “entrepreneur” was generic and not legally capable of designating a single, exclusive source of the goods or services at issue – as Castro does here. No evidence or arguments were submitted to the court on the issue of “genericness” and neither the lower court nor the Ninth Circuit considered any. The only issue before the Ninth Circuit was whether the trial court had properly granted summary judgment in EMI’s favor. It is established law that whether a mark is generic or not is a question of fact. See *Bath & Body Works, Inc. v. Luzier*, 76 F.3d 743, 748 (6th Cir. 1996). If either of the two parties had presented the court with evidence on this issue, the court would certainly have discussed it. But, the trial court, in granting summary judgment did not make a specific ruling on the issue of “genericness” and did not identify any facts on this issue going either way. See Order granting Summary Judgment in favor of EMI, attached as Exhibit 7. On appeal from the order granting summary judgment, the Ninth Circuit had no evidence or facts on the issue of “genericness” in the record to rely on. However, for some bizarre reason, in a footnote which is

dicta by definition, the Ninth Circuit did mention that it thought the word was not generic. *Id.* at 1141, n.2. In that same footnote, the Ninth Circuit actually cited a Second Circuit ruling that was in conflict the Ninth's Circuit's footnote on the issue of - when is the title of a magazine generic? See *CES Publishing Corp. v. St. Regis Publishing Inc.*, 531 F.2d 11, 13 (2nd Cir. 1975)(holding that "Consumer Electronics" as the name of a magazine about "consumer electronics" for consumers of electronics is generic). The difference is that the Second Circuit's ruling was an actual "holding" on a valid issue that was actually before the court. It is elementary that the Ninth Circuit's footnote does not constitute a ruling or a holding by the court. In the main body of its opinion, the Ninth Circuit *did hold*, however, that "EMI cannot have the exclusive right to use the word 'entrepreneur' in any mark identifying a printed publication addressing subjects related to entrepreneurship." *Smith*, 279 F.3d at 1143. Thus, the footnote, which is dicta, is in conflict with the actual holding of the court. Nevertheless, EMI has tried to pull the wool over this court's eyes by arguing that this footnote was an actual holding. Hopefully, the Court now sees how it is physically impossible to correct all of EMI's omissions and misstatements of law into one, single ten page brief.

EMI also does not want the court to know that if it finds the noun "entrepreneur" to be generic or, in the alternative, holds the "incontestable" provisions of the Lanham Act unconstitutional (as applied) on Free Speech grounds, it will liberate this word from the clutches of EMI and put it back in the public domain where it belongs.

Accordingly, Castro proposes to file FIVE separate responses as follows: (1) Response to EMI's Motion at Section II(B) and (C)(34 pages of argument); (2) Response to EMI's Motion at Section II(D)(10 pages of argument); (3) Response to EMI's Motion at Section II(E) and (F)(10 pages of argument); (4) Response to EMI's Motion at Section II (G) and (H)(10 pages of argument); (5) Response to EMI's Motion at Section II(I)(10 pages of argument).

V. ALTERNATIVE REQUEST FOR RELIEF

In the alternative, if the court is not inclined to grant Castro's motion, then in the alternative, Castro requests an extension of time to attempt *with great effort* to comply with the court's ruling. Castro will be leaving for the Christmas holiday on December 23rd and will not return until January 11, 2011. Accordingly, in the alternative, Castro requests until January 24, 2011 to comply with the court's ruling.

VI. EMI WILL NOT BE PREJUDICED

EMI will not be prejudiced by the page length extension because it has the opportunity to file a reply – and Castro has already agreed (via email) to give EMI as many pages as it needs and as much time as it needs (especially during the holidays). This is one of those cases where it is critical for the court to have as much information as possible because, regardless of how it rules, this case will be appealed to the Fifth Circuit and the U.S. Supreme Court. Moreover, both parties are likely to request that this court's opinion be published and used as precedent.

WHEREFORE, Castro respectfully requests that the Court grant his page length extension to allow him to file a thirty-four (34) page response to EMI's Motion to Dismiss his constitutional claims.

Respectfully Submitted,
CASTRO & BAKER, LLP

By: 

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CERTIFICATE OF CONFERENCE

The undersigned hereby certifies that he attempted to obtain the agreement of opposing counsel to this motion via email. But opposing counsel refused to cooperate.


Daniel R. Castro

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of this pleading was filed with the Clerk of the Court using CM/ECF system, which will send a notification of a Notice of Electronic Filing to the following counsel of record on December 15, 2010:

	William G. Barber Pirkey Barber, LLP 600 Congress Avenue, Suite 2120 Austin, Texas 78701
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Daniel R. Castro