

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

Daniel R. Castro
Plaintiff

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v.

CIVIL ACTION NO: 10CA695

ENTREPRENEUR MEDIA, INC.
Defendant

**CASTRO’S RESPONSE TO EMI’S PARTIAL MOTION
TO DISMISS “CONSTITUTIONALITY CLAIMS” UNDER RULE 12(b)(6)**

Now Comes Plaintiff, Daniel R. Castro (“Castro”) and files this Response to Entrepreneur Media Inc’s (“EMI”) Partial Motion to Dismiss Under Rule 12(b)(6) and would show unto the Court as follows. **NOTE:** This brief is intended to respond to the following sections of EMI’s motion: **Section II. B.** (alleging that Castro has not stated a proper request for declaratory judgment that the “incontestable” provisions of the Lanham Act are unconstitutional “as applied”; and **Section II. C.** (alleging that Castro has not stated a proper request for declaratory judgment that EMI’s mark is not “incontestable”).

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. See Exhibit 1.

II. THE FACTS

Under the Rule 12(b)(6) standard, the court must assume the following facts as plead in Castro’s First Amended Complaint are true, and interpret them in the light most favorable to Castro. See *Oppenheimer v. Prudential Sec.*, 94 F.3d 189, 194 (5th Cir. 1996). All of these facts can be found at para. 5.15 – 5.21; 7.5 – 7.25; 7.32 – 7.35 of First Amended Complaint.

(1) The word “entrepreneur” is a word of French origin that has existed in the public domain for hundreds of years. The Oxford English Dictionary defines “entrepreneur” as “one who undertakes an enterprise; one who owns and manages a business; a person who takes the risk of profit or loss.” The Compact Oxford English Dictionary 522 (2d ed. 1991).

(2) Castro, and authors worldwide, have been using the word “entrepreneur” in their books and articles for hundreds of years, and should be allowed the freedom to continue doing so for eternity. Every day, the Wall Street Journal, the New York Times, Forbes Magazine and Fortune Magazine use some derivation of the word “entrepreneur” in their publications.

(3) EMI does not claim that the word “entrepreneur” is a “made-up” word or “fanciful” or “inherently distinct” under the Lanham Act.

(4) Nor can EMI show conclusive evidence that the mark “ENTREPRENEUR” distinguishes its products and services from anyone else’s products and services related to entrepreneurship.

(5) Nor can EMI show that consumers associate the word “ENTREPRENEUR” *exclusively* with its magazine.

(6) Castro has never made any reference to Defendant's magazine, and has never done anything to imply that his products or services have any affiliation with ENTREPRENEUR magazine, or are sponsored by ENTREPRENEUR magazine.

(7) Moreover, Castro does not market or sell a print or online magazine of any kind. He simply writes books and articles on the subject of entrepreneurs and entrepreneurship for free distribution in print magazines, business journals, websites and online e-zines, and provides keynote presentations, seminars, workshops and boot camps for entrepreneurs.

(8) Castro does not make a dime (nor does he attempt to) from the publication of these articles.

(9) EMI has a pattern and practice of threatening, intimidating and actually suing anyone who uses the word "entrepreneur" or any derivation of that word in its marketing materials. As such, EMI specifically intends to attempt to monopolize 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.

(10) EMI has sufficient market power in this market that there is a "dangerous probability" that it will succeed in monopolizing this market.

(11) EMI's conduct is harming competition in this market, not merely a specific competitor.

III. WHAT IS THE PURPOSE OF A DECLARATORY JUDGMENT ACTION?

Congress intended the declaratory judgment procedure to be utilized to test the constitutionality of statutes. *Steefel v. Thomsson* 41 U.S. 452, 467 (1974). "The Act is remedial and is to be liberally construed to achieve its wholesome and salutary purpose." *Allstate Ins. Co.*

v. Employers Liability Assurance Corp., 445 F.2d 1278, 1280 (5th Cir. 1971). Here, Castro is using it to test the constitutionality of the “incontestable” provisions of the Lanham Act, which have never been challenged before. As stated by the Supreme Court, the only question before this court at this time should be “whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” *Id.* There is a “substantial controversy” if a judgment could serve a useful purpose of “clarifying and settling the legal relations in issue” and could “afford relief from uncertainty, insecurity, and controversy giving rise to the proceeding.” *Terminal Freight Handling Co. v. Solien*, 444 F.2d 699, 705 (8th Cir. 1971); *The New York Times Co. v. Gonzales*, 459 F.3d 160, 167 (2nd Cir. 2006)(declaratory judgment is proper where it will serve a useful purpose in clarifying or settling a dispute; where it will be the final judicial determination of the controversy; and whether it will offer relief from uncertainty). The relief sought by a declaratory judgment plaintiff is simple – a relief from uncertainty, and a declaration of its rights and responsibilities under the law as applied to the specific facts at issue. *Id.* Dismissing Castro’s request for a declaration of rights on flimsy Rule 12(b)(6) grounds will certainly not settle the controversy. EMI has offered no legal reason why this court should not issue some sort of judgment clarifying and adjudicating the rights and responsibilities of both parties. All EMI has done is present arguments on the merits as to why the Court should not issue a declaration in Castro’s favor. It is not proper for EMI to threaten to sue Castro and then ask the Court to throw out his declaratory judgment action when he comes into court seeking a declaration of the very rights that EMI threatened. Castro is entitled to “relief from uncertainty.” In this case, Castro is not seeking financial gain. Nothing in the First Amended Complaint alleges financial harm. This is simply a righteous cause that requires vindication.

EMI also forgets that it is elementary that Castro is not required to win his case on the merits at this early juncture. *See Jones v. M.L. Greninger*, 188 F.3d 322, 324 (5th Cir. 1999) (“The issue is not whether the plaintiff will ultimately prevail, but whether he is entitled to offer evidence to support his claim”) *Id.* Under the Supreme Court’s Rule 12(b)(6) standard, Castro need only submit enough statements of fact to show that his claim for relief is “plausible.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2007); *Ashcroft v. Iqbal*, 129 S.Ct. 1937, 1949 (2009). In *Twombly*, the Supreme Court recognized that Rule 12(b)(6) must be read in conjunction with Rule 8(a), which requires a “short and plain statement of the claim showing that the pleader is entitled to relief.” *Bell Atlantic Corp. v. Twombly*, 127 S.Ct. 1955, 1965-1966, n.5 (2007). The Rule 8(a)(2) standard states, “[s]pecific facts are not necessary; the [factual allegations] need only ‘give the defendant fair notice of what the ... claim is and grounds upon which it rests.’” *See Johnson v. City of Houston*, 2010 U.S. DIST. LEXIS 103626 (S.D. Tex. 2010)(citing *Erickson v. Pardus*, 551 U.S. 89, 93 (2007)).

The Fifth Circuit has already held that the Declaratory Judgment Act is especially applicable in situations where the owner of intellectual property rights continues to send “bullying” letters threatening litigation, and the victim of those letters simply wants to know its rights. *Vantage Trailer, Inc. v. Beall Corporation*, 567 F.3d 745, 751 (5th Cir. 2009). With the power of the Declaratory Judgment Act, it is not necessary, or advisable, for the recipient of bullying letters to wait around to see if the owner of a trademark will actually sue. *Surefoot, LC v. Sure Foot Corporation*, 531 F.3d 1236, 1245 (10th Cir. 2008). Moreover, even though the party that would normally be the defendant has filed the declaratory judgment action, it is the party that owns the intellectual property in question that has the burden of proof to show infringement. *Under Sea Industries, Inc. v. Dacor Corp.*, 833 F.2d 1551, 1557 (Fed. Cir. 1987).

IV. THE PURPOSE AND HISTORY OF THE LANHAM ACT

In order for the court to determine whether Castro has stated “plausible claim” for which there is a legal remedy, it must understand basic trademark law and First Amendment law. Therefore, Castro requests the court’s indulgence as he provides the essential hornbook law on both of these important topics. The first thing a law student learns in *The Law of Trademarks* is that the Lanham Act does not protect trademarks or the owners of those marks. It protects the public. It was designed to protect the public from confusion and deception about the source of specific goods and services. *See James Burrough Limited v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976)(“The trademark laws exist not to protect trademarks, but, as above indicated, to protect the consuming public from confusion, concomitantly protecting the trademark owner’s right to a non-confused public.”). 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] 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.”)

Moreover, granting anyone a monopoly on the use of a common word that is incapable of identifying a single, exclusive source of a particular good or service, violates both the First Amendment and Antitrust laws. *Homemakers Home and Health and Health Care Service, v. Chicago Home For the Friendless*, 484 F.2d 625, 628 (7th Cir. 1973)(finding that trademarking the word “homemakers,” when there was no proof of secondary meaning, would grant an illegal monopoly on the use of a common noun and would be an infringement on Free Speech); *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 214 (2000)(“*Competition is deterred*, not merely by a successful suit, but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness seems to us not to be worth the candle.”); *Peaceable Planet, Inc. v. Ty, Inc.*, 362 F.3d 986, 988 (7th Cir. 2004)(“If the first firm to produce an all-bran cereal could obtain immediate protection, and thus prevent all other producers of all-bran cereal from describing their product as all-bran, it would be *difficult for competitors* to gain a foothold in the market. *They would be as if speechless.*”)(emphasis added).

Humans have tried to brand their goods and services with a variety of “marks” over the last several thousand years. The body of trademark jurisprudence has put them into five categories, some of which are entitled to protection, some of which are not. *Two Pesos v. Taco Cabana*, 505 U.S. 763, 768 (1992)(1) fanciful or inherently distinct; (2) generic; (3) arbitrary; (4) descriptive; and (5) suggestive.

(1) **Those that are “inherently distinct,” or “fanciful”** – such as Nike, Exxon, Kodak. *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 464 (4th Cir. 1996). These marks are typically words or designs that never existed before. *Id.* They were coined by the makers of certain products or services specifically to identify themselves as the single, exclusive providers of those services. *Id.* They serve the same historical purpose of the ancient Coat of Arms that barons used to identify themselves as the owners of certain castles, horses, cattle, knights and land. In Texas, cowboys used literal “brands” to identify themselves as the owners of certain horses and cattle. These marks are so unique and distinguishable that there can be no confusion about the source of the goods or services in question. The purpose of the Lanham Act is clearly served by granting protection to these marks. *Id.* The undisputed facts show that Castro’s marks “EntrepreneurOlogy” and “Entrepreneur.Ology” are such marks.

(2) **Those that are generic:** On the opposite end of the spectrum are those marks that are “generic.” A mark that is generic is legally incapable of identifying the provider of a good or service because the consuming public simply does not associate it with a single exclusive provider of any good or service. *See Hunt Master Inc. v. Crab House*, 240 F.3d 251, 255 (4th Cir. 2001); *H. Marvin Ginn Corp., International Ass'n of Fire Chiefs*, 728 F.2d 987 (Fed. Cir. 1986)(“A generic term ... can never be registered as a trademark because such term is “merely descriptive within the meaning of 2(e)(1) and is incapable of acquiring *de jure* distinctiveness under 2(f)”). Examples of marks that started out serving the purposes of the Lanham Act but became generic due to popular use are: (1) thermos; (2) cellophane; (3) aspirin (4) yo-yo; (5) escalator; (6) cola; (7) murphy bed; and (9) pilates. *See Murphy Door Bd Co. v. Interior Sleep Sys.*, 874 F. 2d 95, 100 (2d Cir. 1989); *Donald F. Duncan, Inc. v. Royal Tops Mfg. Co.*, 343 F.2d 655, (7th Cir. 1965); *King-Seeley Thermos Co. v. Aladdin Industries*, 321 F.2d 577 (2d Cir. 1963); *Dixi Cola Labs v. Coca Cola Co.*, 117 F.2d 352 (4th Cir. 1941); *DuPont Cellophane Co. v.*

Waxed Products, 85 F.2d 75 (2d Cir. 1936); *Haughton Elevator C. v. Seeberger*, 85 U.S.P.Q. 80 (TTAB 1950); *Bayer Co. v. United Drug Co.*, 272 Fed. 505 (S.D.N.Y. 1921); *Pilates, Inc. v. Current Concepts, Inc.*, 120 F. Supp. 2d 286 (S.D. N.Y. 2000).

To determine whether a mark either *started out* as generic or became generic through common usage, courts typically look to whether there is a common dictionary definition of the term, how often the term is used in every day language - as shown by newspapers, websites, books and other print media. See *In re ReedElsevier Properties, Inc.*, 77 U.S.P.Q.2D 1649, 1653(2005)(finding LAWYER.COM to be generic). Castro has pled sufficient facts to show that the word “entrepreneur” has a common dictionary meaning, that it is of French origin, that it is several hundred years old, and that this common noun is used daily by many major newspapers and magazines. See para. 5.15-5.21 and para. 7.8 of First Amended Complaint.

The following magazine titles and website domains have been held to be generic because the title itself identified the type of information contained in the magazine or website. These are, therefore, not protected by the Lanham Act: *CES Publishing Corp. v. St. Regis Publications*, 531 F.2d 11(2d Cir. 1975)(CONSUMER ELECTRONICS, generic for magazine about consumer electronics); *Reese Publishing Co. v. Hampton Int’l Communications*, 620 F.2d 7 (2d Cir. 1980) (VIDEO BUYER’S GUIDE, generic for a magazine that was a guide for buyers of videotapes); *Walker-Davis Publications v. Penton*, 509 F.Supp. 430 (E.D. Pa. 1981)(ENERGY MANAGEMENT, generic for magazine about energy management); *In re Rodale, Inc.* 80 U.S.P.Q.2d 1696 (TTAB 2006)(NUTRITION BULLETIN, generic for providing information about diet and health on a website); *In re 1800mattress.com, IP, LLC*, 586 F.3d 1359 (Fed. Cir. 2009)(MATTRESS.COM, generic for online retail store services in the field of mattresses, beds and bedding); *In re Hotels.com L.P.* 573 F3d 1300 (Fed. Cir. 2009)(HOTELS.COM, generic for providing information for others about temporary lodging, travel agency and services); *In re*

Reed Elsevier Properties, Inc. 482 F. 3d 1376 (Fed. Cir. 2007)(LAWYERS.COM, generic for online interactive database information exchange in the fields of law, legal news and legal services). How much more is ENTREPRENEUR generic for a magazine providing information about entrepreneurs and entrepreneurship to entrepreneurs. How much more is ENTREPRENEUR.COM generic for a website providing information about entrepreneurs and entrepreneurship to entrepreneurs? Clearly, Castro has pled sufficient facts under Rule 12(b)(6) and Rule 8(a)(2) to put EMI on notice that he intends to show that the noun “entrepreneur” is generic at trial.

(3) **Those that are Arbitrary:** These marks are typically common nouns that are not being used in their common, everyday form or purpose. Their use appears to be “arbitrary” because they are not related to the product or service being sold. *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183 (5th Cir. 1980) (“A word may be generic of some things and not of others: ‘ivory’ is generic of elephant tusks but arbitrary as applied to soap.”). The word “Apple” is generic when used to describe a fruit, but “arbitrary” when used to brand a computer. *See Peaceable Planet, Inc. v. TY, Inc.* 362 F.3d 986, 992 (7th Cir. 2004). EMI does not claim the word “entrepreneur” is protected because it is “arbitrarily” attached to a magazine about some unrelated subject matter. EMI cannot deny that Entrepreneur magazine is, and always has been, about entrepreneurs and entrepreneurship.

(4) **Those that are Descriptive:** These marks can consist of common, everyday words that actually describe the goods or services being offered. Because of the concern about giving anyone a monopoly on the use of a common noun or adjective, these marks are not protected unless the owner of the mark can prove that the mark has attained “secondary meaning” (something different from its ordinary dictionary definition), sometimes referred to as “acquired distinctiveness.” See 15 U.S.C. 1052(e)(a trademark is not entitled to registration if - “when

used on or in connection with the goods of the applicant is merely descriptive”); *Investacorp, Inc. v. Arabian Investment Banking, Corp.*, 931 F.2d 1519, 1522 (11th Cir. 1991)(“Because a descriptive service mark is not inherently distinctive, it may be protected only if it acquires a secondary meaning”); *Two Pesos v. Taco Cabana*, 112 S. Ct. 2753, 2757(1992)(“Marks which are merely descriptive of a product are not inherently distinctive. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected”).

The Fifth Circuit has explained that, “[M]arks that describe a product, ‘do not inherently identify a particular source, and hence cannot be protected’ unless they acquire distinctiveness through secondary meaning. Such secondary meaning is achieved when, ‘in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.” *Sugar Busters, LLC v. Brennan*, 177 F.3d 258, 268 (5th Cir. 1999). In short, if the noun serves to identify the types of goods and services being offered, instead of identifying the *single, exclusive source* of those goods, it does not serve the fundamental purpose of the Lanham Act, and is, therefore, not protected. *Id.* If a mark has not acquired secondary meaning, it is legally impossible for a competing similar or identical mark to cause confusion. *Perini Corp. v. Perini Construction, Inc.*, 915 F.2d 121, 125 (4th Cir. 1990)(“If a mark has not acquired secondary meaning, the purchaser will not make an association with a particular producer and thus *will not be misled by an identical or similar mark*”)(emphasis added).

The Seventh Circuit has recognized the First Amendment problems of granting anyone a monopoly on the use of a common word that is “merely descriptive,” stating, “A descriptive mark is bad for two reasons: First, because it does not advise the public that the article comes from a single source; and second, that if so, since the word is descriptive of the goods, the protection of the word as a trademark would be an *infringement upon common speech*, which in

the use of the word, likewise is descriptive.” *E.F. Drew & Co., v. Pam Industries, Inc.*, 299 F.2d 777, 779 (7th Cir. 1962); see also *Homemakers Home and Health and Health Care Service, v. Chicago Home For the Friendless*, 484 F.2d 625, 628 (7th Cir. 1973)(finding that trademarking the word “homemakers,” when there was no proof of secondary meaning, would grant an illegal monopoly on the use of a common noun and would be an infringement on Free Speech).

Judge Posner put it best when he said:

If a generic word could be trademarked by the producer of one brand of the product denoted by the word, and thus (upon proof of likely confusion) barred its use by producers of competing brands, the producer who trademarked it would have a *competitive advantage* that bore no relation to the relative efficiency. Competitors would have difficulty informing consumer that they *were competitors*, because they would be unable, without elaborate and possibly confusing paraphrase, to give the name of the product they were selling. *Door Systems, Inc. Pro Line Door Systems*, 83 F.3d 169, 171 (7th Cir. 1996)(“emphasis added).

The Fifth Circuit is equally committed to engaging in First Amendment analysis where trademarks are concerned, stating, “[T]his court has already been committed to exercising sensitivity for First Amendment interests where trademark violations are asserted.” *Westchester Media v. PRL USA Holdings, Inc.* 214 F.3d 658, 672 (5th Cir. 2000).

Similarly, the Seventh Circuit has held, “Moreover, monopoly rights in a single common word, as opposed to combinations of different words, involve a much more substantial infringement upon common speech.” *Homemakers Home and Health and Health Care Service, v. Chicago Home For the Friendless*, 484 F.2d 625, 628 (7th Cir. 1973).

There is a great deal of confusion and inconsistent rulings among courts over whether a mark is “generic” or “descriptive.” See *In re Merrill Lynch, Pierce, Fenner and Smith, Inc.*, 828 F.2d 1567, 1569 (Fed. Cir. 1987)(“Whether a term is classified as ‘generic’ or as ‘merely descriptive’ is not easy to discern when the term sits at the fuzzy boundary between these classifications”). The legal distinction between the two is huge. A generic mark is legally *incapable of ever*

attaining “secondary meaning” and can never be protected. *See In re Reed*, 77 U.S.P.Q 2d 1658, (TTAB 2005)(holding that because LAWYERS.COM was generic it was not possible for it to attain the status of “acquired distinction”), *aff’d* 482 F. 3d 1376 (Fed. Cir. 2007); *Investacorp v. Arabian Investment Banking Corp.*, 931 F.2d 1519, 1522 (11th Cir. 1991)(“A generic term is typically incapable of achieving service mark protection because it has no distinctiveness”); *Boston Beer Co. v. The Boston Beer Co.*, 9 F.3d 175, 180 (1st Cir. 1993)(“At one end of the spectrum there are generic terms that have passed into common usage to identify a product, such as aspirin, and can never be protected.”). This principle of law is firm - despite the fact that the owner may have spent \$17 million and thirty years trying to market, advertise and brand the generic term. *See Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119 (1938)(“shredded wheat” will always be “shredded wheat”). Likewise, an “entrepreneur” will always, and only, be an “entrepreneur.”

A descriptive mark can also lose its protection if it *becomes generic* over time through common every day usage, especially if *the owner of the mark itself* uses it in its common, ordinary, everyday sense. *See Ty, Inc. v. Jones Group, Inc.* 98 F. Supp. 2d 988, 994 (N.D. Ill. 2000); *Loglan Institute v. The Logical Language Group, Inc.*, 962 F.2d 1038, 1041 (Fed. Cir. 1992); *DuPont Cellophane Co., Inc. v. Waxed Prods. Co., Inc.*, 85 F.2d 75, 80 (2d Cir. 1936); *800 Spirits, Inc. v. Liquor By Wire, Inc.*, 14 F. Supp. 2d 675, 679 (D.N.J. 1998); *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 59 F.3d 902, 906-07 (9th Cir. 1995); *Birtcher Electro Med. Sys., Inc. v. Beacon Labs., Inc.*, 738 F. Supp. 417 (D. Colo. 1990); *Turtle Wax, Inc. v. Blue Coral, Inc.*, 1987 TTAB LEXIS 75, 2 U.S.P.Q.2D (BNA) 1534 (T.T.A.B. 1987). When the word becomes generic, it is subject to cancellation. *Id*; *see also*, 15 USC 1064(c). EMI cannot deny that it uses the noun “entrepreneur” (and derivations thereof), in its

ordinary, common sense, in its own articles in its magazine and website - and has done so for many years; in fact, from the very beginning.

(5) **Those that are Suggestive:** These are typically used to “suggest” a particular quality of the product or service without describing it per se. Examples include: (1) Playboy – to suggest a certain lifestyle. *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 464 (4th Cir. 1996); (2) Penguin on an air-conditioner to suggest “coolness” of temperature, *Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters*, 280 F.3d 619, 636 (6th Cir. 2002). EMI does not claim that its mark is protected because it is “suggestive.”

V. HOW DOES A “MARK” GET REGISTERED AS A TRADEMARK?

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. There are also many strategic practice manuals that explain how to get a mark registered as a trademark that would not ordinarily survive scrutiny. See McCarthy *on Trademark and Unfair Competition*, Section 19:7 (current edition). The Trademark Trial and Appeal Board (“TTAB”) itself has expressed great concern over the inconsistent decisions made by the thousands of Examining Attorneys who are the “foot-soldiers” in the trenches daily “examining” and processing the trademark applications.¹ See *In re Rodab, Inc.* 80 U.S.P.Q. 2D 1696, 1700 (2006); *In re Lighthouse, Inc.*, 82 U.S.P.Q. 2d 1471 (TTAB 2007); *In re Software Publisher Ass'n*, 2003 TTAB LEXIS 167 (TTAB 2003).

On the Patent & Trademark Office’s website, it takes about 10 minutes to submit the very short application for a registered trademark. It is so easy that any lay person can do it. When the

¹ The TTAB is the administrative law court that hears appeals whenever an Examining Attorney denies a trademark application. TTAB rulings are binding unless they are overturned on appeal by a federal district court. TTAB rulings are typically reported in the U.S. Patent Quarterly. See e.g., __ USPQ2d __. TTAB rulings are entitled to “great weight” because these courts are specialized trademark courts and have a great deal of expertise in trademark law. See *Murphy Door Bed Co. v. Interior Sleep Systems, Inc.*, 874 F.2d 95, 101 (2nd Cir. 1989)

application is submitted, an Examining Attorney is assigned to the case and the case is given a serial number. There are thousands of Examining Attorneys all over the U.S. with varying degrees of experience, education and expertise. The Examining Attorney assigned to the case is the “gatekeeper” who decides what marks get published for comment and opposition and which ones finally attain the status of a “registered” trademark. If the mark is “generic,” the Examining Attorney is required to reject the mark under 15 U.S.C. 1052 (e). If the mark is “descriptive,” the Examining Attorney can either reject the application or suggest that the applicant submit proof that the mark has obtained “secondary meaning” (or “acquired distinctiveness”). The burden of proving that a common descriptive word has acquired secondary meaning is “substantial” and requires a “high degree of proof.” See *Test Masters Educational Services, Inc. v. Singh*, 428 F.3d 559, 567 (5th Cir. 2005). After examining the evidence, it is up to the Examining Attorney’s discretion as to whether to allow the mark to be published for comment and opposition and whether the mark finally becomes protected under the Lanham Act. If it is “protectable,” the mark receives an official Registration Number and the owner is sent a very official-looking document as shown in Exhibit 2. If the mark is rejected, the applicant can appeal to the TTAB.

It is very common to have inconsistent decisions by various Examining Attorneys on applications with very similar facts. See e.g. *In re Lighthouse, Incl.* 82 U.S.P.Q. 2D 1471 (TTAB 2007); *In re Rodab, Inc.*, 80 U.S.P.Q. 2d 1696, 1700 (TTAB 2006); *In re Software Publishers Ass’n*, 2003 TTAB LEXIS 167 (TTAB 2003). Because of this problem, it is well-settled law that the decision of one Examining Attorney on an application with similar facts is not binding on another Examining Attorney, and it is especially not binding on the TTAB or any court. *In re Nett Designs, Inc.*, 236 F.3d 1339, 1342 (Fed. Cir. 2001).

VI. 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 court 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 “inherently distinct” (like Exxon, Nike or Kodak).² EMI also does not claim that the word is a “made-up” word that it coined. 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 3 (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

² 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 4.

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 5. 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.

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 6. 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 4. It is elementary that in 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.” 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 7. 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 5. 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 3-5 (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. 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 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 there were no facts in evidence (in favor of either party) at the trial court level, on the issue of "genericness." Therefore, the trial court, in granting summary judgment did not make a specific ruling on the issue of genericness. See Order granting Summary Judgment in favor of EMI, attached as Exhibit 8. On appeal from the order granting summary judgment, the Ninth Circuit had no evidence or facts in the record on the issue of "genericness" to rely on. Nor did the Court analyze the fact that the word was a 300-year-old French noun that has been around long before EMI or Chase Revel ever existed. 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 *Smith*, the Court did not conduct any legal analysis or attempt to apply the well-established test for determining "genericness" in support of this comment. The Court also did not analyze whether the noun was legally capable of serving to identify any single, exclusive

source of goods or services - as required by law. *Two Pesos*, at 2757. 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 on "genericness" 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 attempted to pull the wool over this court's eyes by representing it as the holding of the court. The average consumer does not know what the difference between "dicta" and an actual holding of the court. EMI has also used this ill-founded footnote repeatedly by citing it in hundreds of threatening letters sent to persons who are innocently using the word "entrepreneur" (or some derivation thereof) to market their goods and services. The average consumer does not know what constitutes a valid trademark, much less whether one is truly "incontestable." Therefore, most of these innocent victims simply roll over and gave EMI what it wants – no competition.

VII. WHY ARE THE "INCONTESTABLE" PROVISIONS OF THE LANHAM ACT UNCONSTITUTIONAL?

It is unclear whether EMI made a mistake or whether it intentionally attempted to deceive the Court, but in its Motion to Dismiss, EMI actually states that Castro wants a declaration that the *entire* Lanham Act is unconstitutional. See heading of Section B, at page 2 of EMI's Motion.

Castro made it very clear in his complaint that there are *only two small provisions* of the Lanham Act that are unconstitutional “as applied” to the facts of this case.³ See para. 7.1 – 7.9 of First Amended Complaint. Section 1065 is the statute that allows a trademark to become “incontestable” without a showing that the mark ever had or continues to have “secondary meaning.” or that it continues to serve the public good by designating a single, exclusive source of the goods or services at issue. Section 1115(b) is the section that prohibits the defendant in an infringement action from submitting evidence that the mark lacks “secondary meaning” or that consumers simply do not associate that mark with a single, exclusive provider of the goods or services at issue.

EMI’s motion to dismiss this claim cannot be taken seriously because it was based on its belief that Castro was seeking to invalidate the entire Lanham Act. Castro agrees that the First Amendment does not protect all speech (i.e. fraudulent speech, or speech that is intended to deceive or confuse). However, if the facts are to be taken as true, as they must, none of that kind of prohibited speech is at issue here. At present, the undisputed facts show that Castro has never attempted to use the mark Entrepreneur.Ology or EntrepreneurOlogy to deceive or confuse the public, or to imply that they had the sponsorship of or affiliation with Entrepreneur magazine. See para. 5.19; and 7.40 of First Amended Complaint. Castro has simply used them to designate himself as the single, exclusive provider of his own unique *literary* goods and *literary* services (which do not include a magazine or an interactive website). The undisputed facts also show that Castro’s two marks are “inherently distinct” words coined by Castro himself, which are very different from EMI’s common, every day “generic” noun. As such, they are not legally capable of causing confusion. See *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U.S. 118, 139-40 (1905)(holding that the defendant’s name and trademark “were not intended or likely to

³ In order to narrow the issues, on this same date, Castro has filed a Notice of Dismissal voluntarily dismissing his “facial” constitutional challenge of those two sections and will proceed only with his “as applied” challenge.

deceive” because the defendant used the hyphenated name "Remington-Sholes Company" in a way "that “clearly differentiated” its products from the plaintiff’s brand "Remington Standard Typewriter Company”); *Brown Chemical Co. v. Meyer*, 139 U.S. 540, 544-45 (“Not only do defendants' bottles differ in size and shape from those of the plaintiff, but their labels and cartons are so dissimilar in color, design and detail that no intelligent person would be likely to purchase either under the impression that he was purchasing the other”).

What confuses the consuming public is when they receive a letter from Latham & Watkins threatening a lawsuit for using the word “entrepreneur” in the operation of their business. See Exhibit 1. The average citizen would not understand that they are free to use the word in some ways, but not in others. This has a definite “chilling effect” on free speech. Indeed most, if not all, of the innocent victims that have received EMI’s “cease and desist” letters have simply caved in for inability to fight the very expensive legal battle with a corporate giant.

On page 3 of its Motion, EMI says “Castro is free to make fair use of the word” in a few select contexts.⁴ This demonstrates that EMI has made itself the self-appointed gatekeeper of who can and can’t use the word “entrepreneur” and how and in what context. The Fifth Circuit has expressed great concern about allowing a trademark owner to appoint itself the “gatekeeper” of a common noun, and dictate who can and can’t use that common noun that the gatekeeper did not create, and when, how and in what context. See *Westchester Media Company v. PRL USA Holdings*, 214 F.3d 658, 673 (5th Cir. 2000)(“Second, and also unique to this case, is PRL's claim to police use of the "Polo" mark by the publisher of USPA's official magazine”). Similarly, the Fourth Circuit has stated, “It is important that trademarks not be ‘transformed from rights against

⁴ This statement is a judicial admission that Castro is at least entitled to a judicial declaration by this court that he can use the word “entrepreneur” in a literary context. This brings some “relief from uncertainty” but not enough. It is a shame that EMI forced an average consumer to file this action and take up the court’s time simply to obtain a judicial declaration of that very basic right. EMI’s motion has proved the opposite of what it set out to prove. EMI has conceded that Castro is entitled to the relief he seeks regarding the literary use of the word “entrepreneur.” See para. 7.29 of the First Amended Complaint. Castro is, therefore, entitled to a judicial declaration in his favor on that particular cause of action. See para. 7.29 of First Amended Complaint.

unfair competition to rights to control language.” *CPC International v. Skippy Incorporated*, 214 F.3d 456, 462 (4th Cir. 2000)(quoting Stanford Law Professor, Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1710-11 (1999).

“The Constitution will not tolerate such a wholesale suppression of free speech.” *Id.* The public should not be required to get EMI’s approval every time it wishes to utter the word “entrepreneur.” *Id.*

Castro was forced to file this declaratory judgment action because he is currently writing a book called ANATOMY OF THE ENTREPRENEUR’S BRAIN, and because he gives many keynote presentations on the topic of entrepreneurship, and writes many articles on entrepreneurship. Castro’s markets those *literary* goods and *literary* services under the names “Entrepreneur.Ology” and “EntrepreneurOlogy.” Upon reading EMI’s threatening letter claiming to have exclusive rights to use the noun “entrepreneur,” any reasonable citizen would have valid concerns about when, where and how it can use that word. EMI is using its trademark far beyond any purpose ever created by Congress. EMI has become the *illegal* gatekeeper for the use of that noun. There is nothing in the attached Latham & Watkins threatening letter that says, “By the way, it’s ok to keep using the word ‘entrepreneur’ in your speeches, articles, books and workshops, and it’s ok to use that word to describe your goods and services.” See Exhibit 1. The average consumer cannot afford to hire a lawyer who specializes in trademark law to file a full blown lawsuit simply to get EMI to say when, where and how they can use that noun. EMI certainly knows this. The as-of-yet undisputed facts which must be taken as true, show that it has engaged in a deliberate pattern and practice of sending these threatening letters to many innocent victims over the years. What average citizen is capable of standing up to a corporate giant represented by Latham & Watkins, especially when the letter says the mark is “incontestable” and that the Ninth Circuit upheld it. What non-lawyer can argue with that?

Even most non-trademark lawyers would have no reason to suspect that Latham & Watkins had overstated the facts and the law, and would certainly not think to challenge the unconstitutional provisions of the Lanham Act on Free Speech grounds.

VIII. ELEMENTARY FREE SPEECH ANALYSIS

The first thing the court should keep in mind is that if it finds that the word is “generic,” it can avoid the entire First Amendment analysis because EMI’s trademark will be cancelled, and Castro’s right to Free Speech will no longer be at risk of suppression by EMI. 15 U.S.C. 1064(c), and 1119(authorizing the court to cancel a trademark that is generic).

The second thing the court should keep in mind is that the burden is on the party trying to uphold the constitutionality of the statute at issue, not on the party challenging it. *See Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60, 70 (1983)(“The party seeking to uphold a restriction on commercial speech carries the burden of justifying it.”); and *Board of Trustees of the State University of New York v. Fox*, 492 U.S. 469, 480 (1989).

EMI is using the “incontestable” provisions of the Lanham Act to regulate the use of a very specific word. Under the “strict scrutiny” test, EMI must show that the restriction at issue is: (1) designed to further a “compelling” governmental interest; (2) that it is “narrowly tailored” to achieve that compelling interest; and (3) that it uses the “least restrictive” means to further that interest.⁵ *United States v. Playboy Entertainment Group*, 529 U.S. 803 (2000). The First Amendment protects not only the speaker, but also the right of the listener to hear and read the words. *See Virginia St. Board of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748, 757 (1975).

⁵ “Intermediate scrutiny” analysis only adds one additional test, which is, “Is the speech at issue protected by the First Amendment in the first place?” *See Central Hudson*, 447 U.S. at 566. This test is designed to weed out commercial speech that is inherently obscene or inherently deceptive. Here, the speech at issue, even if deemed to be purely commercial, is not “inherently deceptive” and, therefore, has the *full protection* of the First Amendment.

EMI argues that the speech at issue here is not Castro's right to call himself an entrepreneur, or to write articles and books about entrepreneurship, and give speeches and hold workshops about entrepreneurship, but rather his right to brand himself, his book, articles, keynote speeches and workshops under the marks "EntrepreneurOlogy" or "Entrepreneur.Ology."

This is an improper argument on the merits because it raises a very complex issue of whether the speech being restricted is "commercial" or "non-commercial" in nature. Regulations restricting non-commercial speech receive "strict scrutiny" analysis. *See Board of Trustees of the State University of New York v. Fox*, 492 U.S. 469, 475-485 (1989). Regulations that restrict purely commercial speech receive "intermediate scrutiny" analysis. *Central Hudson Gas & Electric Corp. v. Public Service Commission of New York*, 447, U.S. 557 (1980). The Supreme Court itself acknowledges that the line between "commercial" and "non-commercial" speech is often blurry. *Id.* at 581, n. 4. Even the Supreme Court justices themselves cannot agree on what is and what is not "commercial speech." *Id.* (three judges concurring and one dissenting).

Despite the fogginess over the conceptual differences, the U.S. Supreme Court agrees that speech by professional speakers, authors and journalists is *non-commercial* speech, and is, therefore, entitled to the full protection of the First Amendment. *See Central Hudson Gas & Electric Corp. v. Public Service Commission of New York*, 447 U.S. 557, 580, n. 2 ("Little purpose would be served by a first amendment which failed to protect newspapers, paid public speakers, political candidates with partially-economic motives and professional authors.""). With this statement, the Supreme Court confirmed that "partially-economic motives" do not transform non-commercial speech into purely free speech. It would be illogical to conclude that branding those artistic and literary endeavors under a trademark suddenly transforms Castro's trademarks into purely "commercial speech."

To make things easier on the lower courts, the Supreme Court has decided that when the literary, artistic, and commercial aspects of the speech at issue appear to be “inextricably intertwined,” the regulation at issue is still to receive “strict scrutiny” analysis. *See Riley v. National Federation of Blind, Inc.*, 487 U.S. 781, 796, (1988)(“Thus where, as here, the component parts of a single speech are ‘inextricably intertwined,’ we cannot parcel out the speech, applying one test to one phrase and another test to another phrase. Such an endeavor would be both artificial and impractical”).

Castro submits that, in accordance with *Central Hudson Gas & Electric*, his trademarks at issue here are purely literary and artistic because they are being used to brand purely “literary” and “artistic” speech. Economic motive is not the determining factor. The Supreme Court has ruled that, “The mere fact that these pamphlets are conceded to be advertisements clearly does not compel the conclusion that they are commercial speech. Similarly, the reference to a specific product does not by itself render the pamphlets commercial speech.” *Bolger v. Youngs Drug Products*, 463 U.S. 60, 66 (1983). The Court also made it clear that having an economic motive alone, “would clearly be insufficient by itself to turn the materials into commercial speech.” *Id.* at 67. However, even if this court finds that the two aspects of the speech appear to be inextricably intertwined, this court is required to apply strict scrutiny analysis. *Riley*, 487 U.S. at 796.

Moreover, EMI forgets that even purely “commercial speech” is entitled to First Amendment protection. *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748, 759 (“speech does not lose its First Amendment protection because money is spent to project it speech likewise is protected even though it is carried in a form that is sold for profit.”). It is true that the First Amendment does not protect commercial speech that is deliberately deceptive, false or misleading. *Id.* at 771. But the undisputed facts, which must be

taken as true, show that this type of speech is not at issue here. Even if the speech at issue here were purely commercial, regulations that have the effect of suppressing honest, truthful, non-deceptive, non-coercive speech are still subject to “strict scrutiny” analysis. *See Central Hudson Gas & Electric Corp. v. Public Service Commission of New York*, 447 U.S. 557, 578 (“We have not suggested that the ‘commonsense differences’ between commercial speech and other speech justify relaxed scrutiny of restraints that suppress truthful, non-deceptive, non-coercive commercial speech.”). In other words, regulations that suppress honest, truthful speech (even if it is commercial speech) have always, and still do, receive “strict scrutiny” analysis. *Id.*

The Fifth Circuit has already ruled that any law, even in a purely commercial speech case, that has the effect of limiting the use of a common noun that is *not inherently deceptive* is an unconstitutional violation of the First Amendment. *See Piazza’s Seafood World, v. Odom*, 448 F.3d 744, 753 (5th Cir. 2006)(finding that the state’s interest in preventing deception in commercial speech was not furthered by a regulation that limited the commercial use of common nouns [“Cajun Boy” and “Cajun Delight”] that were not inherently deceptive.)

Section 1065 and 1115(b) fail “strict scrutiny” analysis for the following reasons.⁶ The regulations: (1) are NOT designed to further a “compelling” governmental interest because they protect a common noun that has never been shown to designate the single, exclusive provider of a magazine; This is antithetical to the very purpose of the Lanham Act, not in furtherance of it; (2) are NOT “narrowly tailored” to achieve that compelling interest because it has the effect of suppressing the honest, non-deceptive use of a common noun; and (3) do NOT use the “least restrictive” means to further that interest because Congress could easily have required that the owner of the mark show tangible proof that it had attained “secondary meaning” as a condition of obtaining “incontestable” status. *See Park ‘N Fly*, 469 U.S. at 219 (J. Stevens

⁶ They also fail “intermediate scrutiny” for the same reasons.

dissenting)(Congress could “simply require the owner of a merely descriptive mark to prove secondary meaning before obtaining any benefit from incontestability”).

(1) NOT DESIGNED TO FURTHER A COMPELLING GOVERNMENTAL INTEREST.

Sections 1065 and 1115(b) are not designed to further a legitimate governmental interest for the following reasons. First, the net result of giving the mark “entrepreneur” incontestable status is that it suppresses the right of the average citizen to use that word to identify their goods and services in an honest, non-deceptive manner. *See Central Hudson*, 447 U.S. at 578; *In re MJ*, 4445 U.S. at 199. Second, it illegally makes EMI the gatekeeper and allows it to dictate who can and can’t use that word and in what context. No legitimate government interest can be furthered by allowing a rogue dictator to dictate the use of a common noun. Third, EMI obtained a registered trademark on a common noun without ever having to prove the public automatically associates it with the publisher of a particular magazine. Fourth, EMI obtained “incontestable” status for its trademark without ever having to prove the public automatically associates it with the publisher of a particular magazine. Fifth, if both of those sections are applied here, it will prohibit Castro from submitting evidence that the noun does not have “secondary meaning” and is not entitled to protection.

The Lanham Act is very specific in prohibiting the registration of trademarks that are “merely descriptive” of the goods and services unless and until they have acquired “secondary meaning.” See 15 U.S.C. 1052(e)(f). The purpose of the Lanham Act is not furthered at all by allowing a common noun to achieve “incontestable” status without a showing that the public automatically associates that noun with the publisher of a particular magazine. It is also antithetical to the purpose of the Lanham Act to prohibit the introduction of evidence at trial that that noun lacks “secondary meaning.” To prohibit the introduction of evidence that the mark lacks “secondary meaning” is not only inconsistent with the purpose of the Lanham Act, but it

also results in the restriction of speech Congress never intended to restrict (i.e. the public's honest, non-deceptive use of that same noun to identify goods and services). At least one Supreme Court Judge agrees, stating: "First to permit one person to appropriate exclusively a mark which is merely the ordinary language to describe the good or services involved would obviously be detrimental to others who deal in the same good or services by *hindering their use of normal language* in association with their goods or services." *Park 'N Fly v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 215 (Justice Stevens, dissenting)(quoting from the Patent & Trademark Office's own handbook)(emphasis added).

The Supreme Court in *Park 'N Fly* dealt with whether the defendant in an infringement action could submit evidence and arguments that the words "Park 'N Fly" were "merely descriptive" of the services being offered, and therefore, not protected by the Lanham Act. The majority recognized the problems caused by the "incontestable" sections of the Lanham Act in question, but because no one had challenged their constitutionality on First Amendment grounds, the majority took the easy way out, stating, "Our responsibility, however, is not to evaluate the wisdom of the legislative determinations reflected in the statute, but instead to construe and apply the provisions that Congress enacted." *Id.* at 203. The Court interpreted Sections 1065 and 1115(b) literally and upheld the lower court's decision to prohibit the defendant from defending the infringement action on the ground that the words were "merely descriptive" and had not achieved "secondary meaning."

The dissent, however, cleared a broad path for anyone who was willing to challenge those two sections on First Amendment grounds. First, Justice Stevens pointed out that the owner of that mark had never actually submitted any evidence to the Patent and Trademark Office that its mark had acquired "secondary meaning" or that it was anything more than a phrase that described the service in question (airport parking) *Id.* Justice Stevens could have easily been

describing EMI's posture in this case. Second, Justice Stevens pointed out that it does not further the interests of the Lanham Act to give "incontestable" status to a mark that should not have been granted a registered trademark in the first place, stating: "The problem in this case arises because of petitioner's attempt to enforce as 'incontestable' a mark that Congress has plainly stated is inherently unregistrable." *Park 'N Fly Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 206 (1985). Justice Stevens also stated, "*No legislative purpose* is served by granting anyone a monopoly in the use of such a mark" (emphasis added). *Id.* Justice Stevens clearly saw that the "incontestable" provisions of the Lanham Act could never survive a "strict scrutiny" analysis under the First Amendment because those two provisions were not designed to further a compelling governmental interest, and were not narrowly tailored to achieve that interest.⁷

Further showing that these two sections would fail "strict scrutiny" analysis, Justice Stevens pointed out that the term "incontestable" is not even defined in the Act, and that the Committee Reports on the bill creating these provisions did not even attempt to explain how it furthered the purpose of the Lanham Act. *Id.* at 668. Justice Stevens stated, "No one ever suggested that *any public purpose* would be served by granting incontestable status to a mark that should never have been accepted for registration in the first instance." *Id.* at 669 (emphasis added).

Justice Stevens also pointed out that the blind application of these two provisions to prohibit the introduction of evidence that the mark lacks "secondary meaning" was not rational: "But if no proof of secondary meaning is ever presented, either to the Patent and Trademark Office or to a court, *there is simply no rational basis* for leaping to the conclusion that the passage of time has transformed an inherently defective mark into an incontestable one" (emphasis added).

Justice Stevens also pointed out: "Congress enacted the Lanham Act 'to secure trademark

⁷ Judge Stevens did not specifically address the First Amendment because that issue was not before the court. But his recognition that the "incontestable" provisions could serve "no legitimate purpose" indicate he was using "strict scrutiny" analysis.

owners in the goodwill which they have built up.’ But without a showing of secondary meaning, there is no basis upon which to conclude that petitioner has built up any goodwill that is secured by the mark.” *Id.* at 599-600. Thus, the “incontestable” provisions of the Lanham Act fail the first test.

(2) NOT “NARROWLY TAILORED”

A prohibition that sweeps within its ambit both protected and unprotected speech can be held unconstitutional on that ground alone. *Ashcroft v. Free Speech Coalition*, 535 U.S. 234, 259 (2002)(“The argument, in essence, is that protected speech may be banned as a means to ban unprotected speech. This analysis turns the First Amendment upside down. The Government may not suppress lawful speech as the means to suppress unlawful speech.”); and *Board of Trustees of the State University of New York v. Fox*, 492 U.S. 469, 482-83 (“Where an overbreadth attack is successful, the state is obviously *invalid in all its applications*, since every person to whom it is applied can defend on the basis of the same overbreadth”)(emphasis added).

The Supreme Court has held that, where commercial speech is concerned, “Truthful advertising related to lawful activities is entitled to the protections of the First Amendment.” *In re R.M.J.* 455 U.S. 191, 199 (1982)(holding that truthful advertising that is not “inherently misleading” cannot be restricted). Thus, even if the court were to find that the speech at issue here is “purely commercial,” the marks EntrepreneurOlogy and Entrepreneur.Ology are not “inherently deceptive.” As such, they are entitled to the full (not limited) protection of the First Amendment.

The “incontestable” provisions of the Lanham Act are clearly not “narrowly tailored” to achieve the government’s compelling interest because it “does not provide adequate protection for truthful, non-misleading, non-coercive commercial speech.” *Central Hudson* 477 U.S. at 573 (J. Stevens, dissenting). If the application of the statute is “overly broad,” then by definition, it is

not “narrowly tailored” to achieve the government’s stated objective. *Id.* Thus, the “incontestable” provisions of the Lanham Act fail the second test.

(3) NOT THE “LEAST RESTRICTIVE” MEANS

Justice Stevens recommended that the law should be changed to “simply require the owner of a merely descriptive mark to prove secondary meaning before obtaining any benefit from incontestability.” *Park ‘N Fly*, 469 U.S. at 219. Thus, he sets forth a far “less restrictive” way to achieve the government’s stated objective. The “incontestable” provisions of the Lanham Act fail the third test. Congress could use some guidance from this court on how to create a less restrictive regulation. Castro has clearly pled enough facts under Rule 12(b)(6) and Rule 8(a)(2) to put EMI on notice that he intends to show at trial that the “incontestable” provisions of the Lanham Act are unconstitutional.

IX. WHY IS EMI’S MARK NOT “INCONTESTABLE”

EMI also requests the court to dismiss Castro’s claim, which asks the court to declare that its mark “entrepreneur” is not “incontestable.” However, EMI does not argue that Castro has pled insufficient facts as under the 12(b)(6) standard. Instead, EMI simply argues that its mark *really is* “incontestable” because the Ninth Circuit said so. Because this is an argument on the merits, the 12(b)(6) motion can be denied on this basis alone. The problem with EMI’s reliance on the Ninth Circuit is that that in *EMI v. Smith*, the defendant never argued that he was the “senior user” of his own trademark – as Castro does here. See para. 7.12 – 7.17 of First Amended Complaint. The Ninth Circuit, therefore, never had occasion to analyze and interpret 15 USC 1115(b)(6) and 1065 and apply them to a situation where the defendant *truly* is the “senior user” of the mark in question. It is irrelevant that EMI may be the “senior user” of its own mark. The question here is - who is the “senior user” as to Castro’s marks? EMI admits that Castro is. Therefore, EMI does not have “incontestable” status as to Castro’s marks. Nor can EMI claim

“incontestable” status as to the entire literary world of books, articles, keynote speeches, seminars and workshops. *See In re Merrill Lynch, Pierce, Fenner and Smith, Inc.* 828 F.2d 1567, 1568 (Fed. Cir. 1987); 259 F.3d 1346, 1353 (Fed. Cir. 2001); *Jeld-Wen, Inc. v. Dalco Industries*, 1999 U.S. App. LEXIS 29548 at *5 (8th Cir. 1999). Even the Ninth Circuit held that “EMI cannot have the exclusive right to use the word ‘entrepreneur’ in any mark identifying a printed publication addressing subjects related to entrepreneurship.” *EMI v. Smith*, 279 F.3d at 1143. Thus, Castro has pled sufficient facts to put EMI on notice how he intends to prove that its mark is not “incontestable” at trial.⁸

The second reason EMI’s reliance on the Ninth Circuit is misplaced is because the issue of whether EMI’s mark was “generic” was not even before the court. Smith never presented the court with evidence of “genericness” and the court did not consider any. EMI does not dispute that its mark can be cancelled at any time on the ground that it is generic. 15 USC 1064(c). Castro has pled sufficient facts to show why EMI’s mark should be cancelled for being generic. See para. 5.13 – 5.18; 7.5; 7.5 – 7.25; 7.32 – 7.35 of First Amended Complaint.

X. CONCLUSION

Clearly this is a cause whose time has come. Neither the Supreme Court, nor the Ninth Circuit, in *EMI v. Smith*, had an opportunity to rule on the constitutionality of the “incontestable” provisions of the Lanham Act. This court does. It would be a travesty to dismiss Castro’s claims on the flimsy grounds that he has not stated a claim for relief that can be granted. At least one Supreme Court judge thinks it can and should be granted. Castro has clearly stated a recognized claim for which a lawful remedy exists.

⁸ The Lanham Act sets forth nine different reasons why a mark can be held to not be “incontestable.” See 15 U.S.C 1115(b)(1-9). Castro set forth the other reasons why the mark “entrepreneur” is not “incontestable” in his complaint and addresses them in his separately filed briefs.

If this court wishes to avoid ruling on the constitutionality of the “incontestable” provisions of the Lanham Act, it can do so by simply finding that the common noun “entrepreneur” is generic, and therefore, not entitled to trademark protection. Castro has pled sufficient facts to put EMI on notice of why this noun is “generic.”

WHEREFORE, for all the foregoing reasons, Castro respectfully requests that the Rule 12(b)(6) motion be denied.

Respectfully Submitted,
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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:

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