

**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

MOTION FOR LEAVE TO SUBSTITUTE EXHIBIT

Now Comes Daniel R. Castro, and files this Motion For Leave to Substitute Exhibit, and would show unto the Court as follows:

On May 25, 2011, Castro filed a Motion For Leave to File Second Amended Complaint. The proposed Second Amended Complaint was attached to the motion as Exhibit 1.

The proposed Second Amended Complaint inadvertently contains an incorrect statement, and Castro wishes to substitute the proposed Second Amended Complaint with a corrected Second Amended Complaint.

Castro is simply seeking to fulfill his duty of candor before the court to make sure there are no incorrect statements in the Second Amended Complaint.

I. THE NEED FOR CORRECTION

In his Second Amended Complaint, Castro stated that in the case of *Entrepreneur Media, Inc. v. Smith*, 2004 U.S. Dist. LEXIS 2408 (June 23, 2004, U.S. District Court Central District of California), Scott Smith did not plead that the word “entrepreneur” was generic, and therefore, did not qualify as a trademark under the Lanham Act.

However, upon closer examination of Smith's last live pleading, it appears that Smith did make a cursory mention of the fact that the noun "entrepreneur" was generic. However, nothing in this pleading asks the court to cancel EMI's trademark on that basis. Attached to this motion is Smith's last live pleading for the court's convenience. See Exhibit 1. The reference to "genericness" is at paragraph 45 of the attached pleading.

Ultimately, EMI moved for summary judgment on its infringement claims against Smith and prevailed. In Smith's appeal of the summary judgment to the Ninth Circuit, he abandoned his "genericness" defense by not raising it as one of the appeal points and by not presenting any argument on the issue or identifying any evidence in the trial court record on the issue of genericness of the noun "entrepreneur."

It is elementary law that any issues not raised on appeal are waived. See Fed. R. App. P. 28(a)(4) *Zuccarello v. EXXON*, 756 F.2d 402, 407-408 (5th Cir. 1985)(issues not presented to the court of appeals in the appellate briefs are waived for failure to comply with Rule 28(a)(4)); and *McGruder v. Necaise*, 733 F.2d 1146, 1148 (5th Cir. 1984 ("We will not consider issues not briefed.")).

Smith's appellate brief attached hereto as Exhibit 2 demonstrates that he never provided any briefing on the issue of "genericness" issue on appeal¹ and never identified any evidence in the record below in support of "genericness." Therefore, the Ninth Circuit did not have pending before it any arguments or evidence from the record below to support an opinion (either way) on the issue of genericness.

¹ Smith's appellate brief briefly mentions in the "summary of argument" that the trial court ignored his generic argument, but he never goes on to provide any briefing explaining why the noun "entrepreneur" is generic, or why the court erred in ignoring it. He also did not identify any evidence in the trial court's record showing that the word was generic. According to the Fifth Circuit precedent cited above, this constitutes waiver.

Nevertheless, in defiance of these elementary principles of law, (“We will not consider issues not briefed”), the Ninth Circuit opined on an issue that was not before it. In a footnote, the Ninth Circuit rendered an illegal advisory opinion stating that it thought the noun “entrepreneur” was not generic. *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002). The Ninth Circuit did not have any facts upon which to render this opinion.

For example, the Ninth Circuit did not consider the fact that the noun “entrepreneur” was generic long before EMI started using it. It did not consider that the noun “entrepreneur” is a word of French origin that is several hundred years old. It did not consider that EMI has never presented any evidence to the USPTO that the relevant market of consumers does not automatically associate the word “entrepreneur” exclusively with the provider of any specific product or service as required by the Lanham Act.

In creating the Lanham Act, 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.”)

In its Reply to Castro's Response to EMI's Rule 12(b)(6) Motion, EMI has admitted that it submitted nothing more than an affidavit of “continued use” to the USPTO - without any evidence that the relevant consuming public associates the word “entrepreneur” with the publisher of a magazine. See pages 3, 4 of EMI's Reply to Castro's Response to Rule 12(b)(6) Motion. As it stands now, there is still no evidence anywhere in the USPTO's archives that the relevant consuming public associates the word “entrepreneur” exclusively with a single provider of any specific good or service. EMI is incapable of denying this fact.

Indeed, it is legally impossible for EMI to prove that the relevant consuming public associates the word “entrepreneur” exclusively with a single provider of any specific good or service because the USPTO has issued at least 152 separate trademarks to various owners of trademarks using some variation of the word “entrepreneur” in the

trademark. The Ninth Circuit did not consider that the USPTO has issued 152 separate trademarks to various owners with some variation of the word “entrepreneur” in them.

EMI has a habit of representing to this court and the public that the Ninth Circuit actually ruled that the consuming public associates the “entrepreneur” exclusively with one single provider of a specific good or service. See page 2 of EMI’s Reply to Castro’s Response to Rule 129b)(6) Motion. However, the Ninth Circuit itself ruled that the issue of “secondary meaning” was irrelevant on the facts of the Smith case, stating:

This distinction *has little relevance here*, however, because the incontestable status of EMI’s mark serves as conclusive proof that the mark has “secondary meaning.” Smith cannot, therefore, defend on the ground that EMI’s mark is descriptive and without secondary meaning, and thus entitled to no trademark protection at al. *EMI v. Smith*, 279 F.3d 1135, 1142, n. 3 (9th Cir. 2002)(emphasis added).

In its Reply to Castro’s Response to Rule 12(b)(6) Motion, EMI argued that the Ninth Circuit’s ruling on the relative weakness or strength of its mark was actually a ruling on the issue of “secondary meaning.” But the Ninth Circuit actually ruled that the issue of “secondary meaning” was irrelevant. See first line of the above quote. EMI is very well aware that the relative weakness or strength of a mark is a totally separate and distinct legal issue from the issue of whether the consuming public associates the mark exclusively with a single provider of a specific good or service. *Miss World, Ltd. v. Miss America Pageants, Inc.*, 856 F.2d 1445, 1449 (9th Cir. 1988)(“incontestable status does not alone establish a strong mark”).

The quote from the Ninth Circuit in the *Smith* case above makes it clear that, because EMI’s mark had “incontestable” status, the court was required to presume that the mark had “secondary meaning.” *Id.* But if Scott Smith had preserved the issue of

genericness and presented the Ninth Circuit with a trial record that thoroughly fleshed out the facts on genericness, the Ninth Circuit could have cancelled the trademark regardless of its presumed “secondary meaning” and “incontestable” status. An “incontestable” mark that becomes generic may be cancelled at any time pursuant to 15 U.S.C. §1064(3).

But the Ninth Circuit did not have before it any briefing or any evidence on the issue of genericness. The Ninth Circuit also did not have any evidence of the fact that EMI only obtained its trademark by taking advantage of a loophole in the Lanham Act, and not by proving that the consuming public associates the word “entrepreneur” exclusively with one, single provider of any particular goods or services.

In its footnote, the Ninth Circuit also did not analyze any of the well-known six factors for determining whether a word is “generic.” See McCarthy on Trademarks and Unfair Competition, 12:1 (4th ed. 1997)(and cases cited therein).

The Ninth Circuit also did not consider the fact that EMI constantly uses the term “entrepreneur” in its ordinary, generic sense multiple times in its own magazine (and has done so for 30 years), and that this fact alone is grounds for cancelling the trademark. See *Ty, Inc. v. Jones Group, Inc.*, 98 F.Supp.2d 988, 994(N.D. Ill. 2000)(trademark owner’s own use of the word was “generic”); *Loglan Institute v. The Logical Language Group, Inc.*, 98 F. 2d 1038, 1041 (Fed. Cir. 1992)(trademark owner’s own use of the word was “generic”); *Self Realization Fellowship Church v. Ananada Church of Self-Realization*, 59 F.3d 902, 906-07 (9th Cir. 1995)(trademark owner’s own use of the word was “generic”).

It also did not consider Justice Stevens well-known dissent in *Park-N-Fly* expounding on the absurd result of enforcing a trademark that did not qualify for

trademark protection to begin with. See *Park 'N Fly v. Dollar Park and Fly*, 469 U.S. 189, 210, 213, 214 (1985)(J. Stevens, dissenting).

It also did not consider the well-known Supreme Court holding in *Kellogg v. NABISCO*, explaining that 30 years of marketing and advertising and \$17 million dollars spent cannot save a common noun from being declared “generic.” See *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119 (1938)(“Shredded wheat” will always be “shredded wheat” despite the fact that the trademark owner unwisely spent \$17 million and thirty years trying to market, advertise and brand the generic term.)

Scott Smith also did not present the Ninth Circuit with Judge Learned Hand’s very well-known opinion in the *Bayer Aspirin* case, in which he stated:

The single question, as I view it, in all these cases, is merely one of fact: What do the buyers understand by the word for whose use the parties are contending? If they understand by it only the kinds of goods sold, then, I take it, it makes no difference whatever what efforts the plaintiff has made to get them to understand different. He has failed.
Bayer Co. v. United Drug Co., 272 F. 404, 509 (D.C.N.Y. 1921).

Despite the above very elementary law, EMI has been trying to impress this court with the amount of time and money it spent marketing its brand – under the mistaken belief that time and money can save a word that started out generic from being declared generic once again.

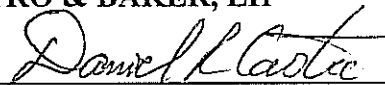
More significantly, EMI has been improperly using the Ninth Circuit’s opinion as a sword, and sending out hundreds of letters to entrepreneurs throughout the country falsely representing that the Ninth Circuit has already ruled that the word “entrepreneur” is a valid trademark. Indeed, it sent one of these “cease and desist” letters to Castro in September of 2011. It is only because Castro is an experienced litigation attorney that he was able to spot EMI’s deception and bring it to this court’s attention.

Based on the above clarified facts, Castro seeks leave to substitute Exhibit 1 of his Motion For Leave to File Second Amended Complaint (including all exhibits thereto) to correct an inadvertent statement of fact and to comply with his duty of candor before the court.

CERTIFICATE OF CONFERENCE

Castro sought the agreement of opposing counsel to substitute the corrected version of his proposed Second Amended Complaint via email, but opposing counsel never responded. EMI's counsel, did however, respond to other emails not related Castro's request for agreement to this motion.

Respectfully submitted,
CASTRO & BAKER, LIP

By: 

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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 June 2, 2011:

William G. Barber
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**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:
A:10-CA-695-LY

**ORDER GRANTING CASTRO'S MOTION TO SUBSTITUTE EXHIBIT 1 TO
HIS MOTION FOR LEAVE TO FILE SECOND AMENDED COMPLAINT**

Before the Court is Plaintiff's Motion to Substitute Exhibit 1 to Castro's Motion For Leave to File Second Amended Complaint (including all exhibits thereto).

The Court having considered the motion, is of the opinion that the Motion should be granted.

ACCORDINGLY, IT IS ORDERED that the Clerk of the Court is hereby ordered to substitute Castro's corrected Second Amended Complaint (and all exhibits thereto) for the original version of Castro's Second Amended Complaint.

Signed and executed this ____ day of December 2010.

The Honorable Lee Yeakel