

**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 RESPONSE TO EMI’S MOTION TO DISMISS
CASTRO’S “UNCLEAN HANDS” DEFENSE
and
AND CASTRO’S REQUEST THAT EMI’S “INCONTESTABLE” STATUS NOT
BE APPLIED ON THE FACTS OF THIS CASE.**

I. EMI IGNORES THE NEWLY PLED FACTS

EMI acknowledges for the first time that the defense of “unclean hands” may bar the enforcement of a trademark. See p. 7 of EMI’s Motion to Dismiss. However, EMI once again completely ignores the new facts pled. In the previous Complaint, Castro asserted that EMI’s cease and desist letter was sent in “bad faith” because it violated the Sherman Antitrust Act. The Court rejected this argument, finding that EMI was entitled to protect its trademark by sending such a letter. However, there is no doctrine of law, and EMI cites none, which authorizes EMI to make misrepresentations of fact and law in its cease and desist letter for the purpose of coercing someone to turn over their valuable property rights to EMI without compensation.

The Second Amended Complaint drops all references to the Sherman Antitrust Act and recognizes EMI’s right to send letters in protection of its trademark. However, EMI’s argument suggests that it believes these arguments are still “live.” In fact, Castro now relies on the well-

established principle that says - even a single misrepresentation of fact is sufficient to bar the owner of a trademark from obtaining the injunctive relief it seeks. *See e.g., Worden v. California Fig Syrup Company*, 187 U.S. 516 (1903); *Fuddruckers, Inc., v. Doc's Brothers, Inc.*, 826 F.2d 837 (9th Cir. 1987); *Strey v. Devines, Inc.*, 217 F.2d 187 (7th Cir. 1965). EMI does not acknowledge or attempt to refute that this is the law. This Court has not yet had the opportunity to determine whether the *new* facts pled under this *new* doctrine are sufficient to raise an “unclean hands” defense, and EMI is unable to identify any language in the Court’s previous order where it did so.

The new facts are very specific and satisfy the only requirement of the law cited above. Castro identifies two very specific misrepresentations, in addition to EMI’s very coercive conduct, in the cease and desist letter. The Court’s previous ruling acknowledged that EMI may have been “guilty of unrelated conduct,” but declined to penalize EMI for it. However, the newly pled misrepresentations of fact are directly related to the rights it seeks to assert here because they were contained in the very letter sent to Castro, which forms the basis of this entire lawsuit. EMI’s right to police its trademark does not give it blanket authority to misrepresent the facts, or the law and especially does not authorize it to take someone’s property without compensation.

II. FIRST MISREPRESENTATION OF FACT AND ATTEMPTED THEFT

The relevant facts pled are at Sections 7.134 to 7.142; and 5.102 to 5.121 of the Second Amended Complaint. Although the Second Amended Complaint goes into great detail about the EMI’s misrepresentations of fact and law, they can be summarized here as follows: EMI’s letter threatened to sue Castro if he did not turn over to EMI’s his right, title and interest to the domain name: www.entrepreneurology.com – without compensation. EMI gave Castro a deadline of twenty one days to turn over these valuable property rights. See Exhibit 11 to Second Amended

Complaint. A domain name, like real estate, is a valuable property right. Apple Computers recently paid \$4.1 million for the domain name www.icloud.com. EMI said that the Anticybersquatting Consumer Protection Act (“ACPA”) required Castro to turn over this property without compensation.

EMI knew, when it sent the letter, that the USPTO had already granted Castro a federally registered trademark, Registration No. 3,663,282, in the word “EntrepreNeurology.” EMI also knew that Castro’s ownership of this registered trademark would defeat any claim it brought under the ACPA because ownership of a trademark with the same spelling gave Castro the right to register the domain name www.entrepreneurology.com. Thus, EMI’s letter to Castro misrepresented the facts and the law in an illegal attempt to coerce Castro into turning over his valuable property interest in the domain name: www.entrepreneurology.com. This constitutes both a misrepresentation and an attempted theft. The Court has yet to acknowledge and address these facts. Fortunately, the law requires the Court not only to acknowledge them, but also to presume them to be true. *See Oppenheimer v. Prudential Sec.*, 94 F.3d 189, 194 (5th Cir. 1996). EMI does not even attempt to dispute them.

The most salient fact, which the Court should acknowledge, is that EMI has *now* tacitly acknowledged that it operated in bad faith by making this false representation and this coercive demand in its letter. Despite the strongly worded language in its letter, EMI’s counsel of record in this case recently sent Castro an email representing that EMI did not intend to even file a claim under the ACPA. See Exhibit 2 attached hereto. How can EMI go from sending a very belligerent, deceptive, and coercive cease and desist letter, demanding that Castro turn over his valuable property right to it *within 21 days* to suddenly acknowledging that EMI has no rights under the ACPA at all? Castro responded to opposing counsel’s email by requesting that EMI sign

a full release of any and all possible claims under the ACPA and acknowledging Castro's right to own his domain name. Castro explained that without such a release, there was nothing to stop EMI from filing a claim against Castro later on its home turf in California. Castro also explained the well-established law that a threatening letter is sufficient to create a "case or controversy" and give the Court the subject matter jurisdiction it needs to resolve the dispute. See *Vantage Trailer, Inc. v. Beall Corporation*, 567 F.3d 745, 751 (5th Cir. 2009). A true and correct copy of Castro's email is attached as Exhibit 2.

If EMI truly intends to *never sue* Castro under the ACPA, then there is no reason it would not sign such a release. The fact that EMI has refused to sign such a release confirms that it is playing "fast and loose" with the judicial system in trying to lure Castro into dropping his request for a declaration of rights under the ACPA so it can sue him later on its own turf.

On the other hand, if EMI truly intends *never to sue* Castro under the ACPA, then this is a tacit admission that EMI misrepresented the facts and the law in an illegal attempt to coerce Castro into turning over his valuable property right to EMI without compensation. EMI has failed in its burden to explain why these new facts are insufficient to state an "unclean hands" defense under the well-established law that a single misrepresentation is sufficient to not only raise the defense, but to actually bar the enforcement of EMI's trademark. See case law cited in Section I of this pleading.

III. SECOND MISREPRESENTATION OF FACT AND ATTEMPTED THEFT

EMI's letter also misrepresented the Ninth Circuit's opinion in *Smith v. EMI* by claiming that the Ninth Circuit had already ruled in its favor on nearly identical facts. However, the truth is that the Ninth Circuit actually held, "EMI cannot have the exclusive right to use the word 'entrepreneur' in any mark identifying a printed publication addressing subjects related to

entrepreneurship.” *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1143 (9th Cir. 2002). This false representation was also designed to coerce Castro into turning over his valuable property right to EMI without compensation.

Moreover, the facts of the instant case are dramatically different from the facts of the *EMI v. Smith* case because Castro is only using a Registered Trademark that he actually owns, and which is “inherently distinct” under TAMP 1209.01, and 1209.01(a). The defendant in *EMI v. Smith* had no such protection. Thus, EMI has failed in its burden to explain why these new facts are insufficient to state an “unclean hands” defense under the well-established law that a single misrepresentation is sufficient to not only raise the defense, but to actually bar the enforcement of EMI’s trademark. See case law cited in Section I of this pleading. For all of these reasons, the motion to be dismissed must be denied.

IV. DECLARATION THAT EMI’S TRADEMARK IS NOT “INCONTESTABLE” ON THE FACTS OF THIS CASE.

Next, EMI claims that Castro has not pled any new facts in support of his request for a judicial declaration that EMI’s trademark is not “incontestable” on the facts of this case. As a preliminary matter, Castro wishes to address some language in the Court’s previous order. The language in the Court’s previous 12(b)(6) order indicates that the Court believed Castro was denying that the USPTO had granted EMI “incontestable” status, and that he was denying that the Ninth Circuit acknowledged it. However, this is not the case. Castro has always acknowledged both. But, it is important for the Court to understand that EMI can retain its “incontestable” status in general, but still have it not apply on the facts of this case. Even the Ninth Circuit agrees that this is the law. See *Pyrodyne Corp. v. Pyrotronics*, 847 F.2d 13198, 1402 (9th Cir. 1988)(equitable defenses can be used to stop the enforcement of so called “incontestable” trademarks). Indeed, the Lanham Act itself expressly provides that a defendant may raise equitable defenses to the

application of the plaintiff's "incontestable" status. See 15 U.S.C. 1115(b)(9). Therefore, the applicability of EMI's "incontestable" status must be determined on a case by case basis. This necessarily requires a fact intensive inquiry, which cannot be decided in a 12(b)(6) context. See *Tellabs, Inc. v. Makor Issue & Rights, Ltd.*, 551 U.S. 308, 322-23(2007). Even EMI agrees with this elementary principle of law. See p. 5 of EMI's Response to Castro's 12(b)(6).

This is why Castro has articulated this claim as a request for a declaration that the "incontestable" status does not apply "On the Facts of *This Case*." There are several newly pled facts which explain why EMI's "incontestable" status should not be applied on the facts of this case. None of these facts were ever pled in the *EMI v. Smith* case, and Smith never asked the court NOT to apply the "incontestable" status to the facts of his case. If he had, there would have been a discussion of those facts in the trial court's ruling on summary judgment and the Ninth Circuit's subsequent opinion. There is no such discussion because no facts were pled and no evidence was submitted to give the court a "hook" to hang its hat on. As a result, both courts simply acknowledged EMI's "incontestable" status and moved on. However, because Castro has pled very specific and detailed facts, this Court must both acknowledge them and presume them to be true. See *Oppenheimer v. Prudential*, 94 F.3d 189, 191 (5th Cir. 1996).

Rather than meet those facts head on, EMI chose to ignore them and ask the Court to simply defer to the Ninth Circuit's opinion, which did not have the facts present here to contend with. Each of the reasons Castro articulated stands alone as a separate, independent and alternative reason why the "incontestable" status should not be applied here. Therefore, the elimination of one of these reasons does not negate the other independent and alternative reasons.

The first independent reason why EMI's "incontestable" status should not be applied to the facts of this case is because of EMI's false representations and illegal attempts to take Castro's

property without compensation. Even the Ninth Circuit, which EMI relies on, agrees that equitable defenses (such as these) present a viable reason not to apply “incontestable” status on the facts of this case. *See Pyrodyne Corp. v. Pyrotronics*, 847 F.2d 13198, 1402 (9th Cir. 1988)(equitable defenses can be used to stop the enforcement of so called “incontestable” trademarks). In *Pyrodyne*, the Ninth Circuit held that the trial court committed error by failing to acknowledge that equitable defenses could prevent the applicability of the “incontestable” status on the facts of that case, stating, “The district court’s ruling was explicitly based on its finding that equitable defenses were unavailable to Pyrodyne. We hold that equitable defenses should be considered in an action to enforce an incontestable mark.” *Id.* Castro respectfully requests that, in the interest of time and judicial economy, this Court not make the same mistake the lower court in *Pyrodyne* made. Otherwise, the parties will simply be back here in a few years presenting the same facts and evidence that the jury should have heard the first time. Castro now turns to those facts.

In his previous complaint, Castro did not ask the court not to apply EMI’s “incontestable” status based solely on its false representations and coercive conduct. But this time he does. See Section 7.214 of Second Amended Complaint. Moreover, this claim is based on well-established law, which EMI fails to refute. *See Pyrodyne Corp. v. Pyrotronics*, 847 F.2d 13198, 1402 (9th Cir. 1988)(equitable defenses can be used to stop the enforcement of so called “incontestable” trademarks). This time, the facts have been pled in very specific detail as to why EMI’s misrepresentations constitute “bad faith.” See Sections 7.134 to 7.142; and 5.102 to 5.121 of the Second Amended Complaint, which are incorporated herein by reference. Smith did not have the benefit of these facts to rely on in *EMI v. Smith*. EMI fails to explain why these facts are not sufficient to state a proper defense to “incontestability” under *Pyrodyne*, as well as the case law cited at Section I of this pleading. But at least EMI finally acknowledges the elementary principle

that equitable defenses can bar the applicability of “incontestable” status if the right facts exist. See p. 7 of EMI’s motion to dismiss. This Court must now presume the facts Castro pled to be true, and acknowledge that he has paid the price of admission into court. Because the merits largely rely on a fact intensive inquiry, the rest is for the jury to decide.

A second and independent reason why EMI’s “incontestable” status should not be applied on the facts of this case is because Castro is the “senior user” of his “inherently distinct” federally registered trademark. EMI argues as though Castro created this defense out of thin air. But, in fact, this defense was created by the Lanham Act itself. See 15 U.S.C. 1115(b)(6).

In the Court’s previous ruling, the Court did not acknowledge that Castro was the senior user of his own federally registered trademark, and did not presume it to be true. It simply ruled that Castro’s claim had “no merit.” This time, Castro has added a new fact – the fact that the USPTO acknowledged that Castro’s mark is “inherently distinct.” See Sections 7.12 to 7.25 of Second Amended Complaint, which are incorporated herein by reference. The fact that Castro is the senior user of his own federally registered trademark coupled with the fact that this mark is “inherently distinct” brings Castro squarely within the application of Section 1115(b)(6). EMI has yet to explain why not. The legislature recognized this situation might come up and gave Castro protection under Section 1115(b)(6) of the Lanham Act.

EMI has not, because it cannot, deny that Castro’s trademark is “inherently distinct” because it falls squarely within the language of Trademark Manual of Examining Procedure (“TMEP”) Section 1209.01(a). This Court cannot ignore this fact, and must presume it to be true. *See Oppenheimer, Id.*

According to the USPTO Trademark Manual of Examining Procedure 1209.01,

Fanciful, arbitrary, and suggestive marks, often referred to as “inherently distinctive” marks, are registrable on the Principal Register *without proof of acquired distinctiveness*. See TMEP §1209.01(a)(emphasis added).

Section 1115(b)(6) was designed to protect the exact kind of trademark at issue here. Castro is not merely a “senior user.” He is the senior “owner” of a federally registered trademark that has been deemed “inherently distinct.” EMI has yet to respond to this issue. Moreover, EMI did not oppose Castro’s application for a trademark when it was first filed more than two years ago. It was only nine months after Castro filed this lawsuit that EMI decided to challenge that trademark.

Again, this defense does not rob EMI of its “incontestable” status forever as a general matter of law. It simply recognizes that in some cases, the defendant may actually be the senior user of his own “inherently distinct” federally registered trademark. This is one of those cases. EMI offers no alternative interpretation of Section 1115(b)(6).

This marks perhaps the first time in history that the user of a common noun which is approximately 300 years old challenges the senior user of an “inherently distinct” mark that has been federally registered as a trademark.

Because EMI concedes that Castro is the senior user of his own federally registered trademark, the only question becomes how to interpret Section 1115(b)(6). However, EMI concedes that a ruling on the merits is not proper at this time. See pages 1 and 5 of EMI’s Response to Castro’s 12(b)(6) motion. EMI does not even cite any legal authority to support its argument “on the merits.” EMI cannot even muster more than two sentences in support of its argument. EMI simply says, “This argument cannot stand.” EMI is simply asking the Court to take its word for it – that this section does not mean what Castro says it means. However, Castro’s reading of Section 1115(b) is as valid as EMI’s. Indeed, EMI failed in its burden to identify and explain why the facts Castro pled are insufficient to raise the “senior user” defense under Section

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1115(b)(6). Castro has at least provided very specific facts and a thorough explanation of why Section 1115(b)(6) protects him.

Next, EMI argues that it is legally entitled to use its “incontestable” status as a “sword” and not merely as a “shield.” However, EMI misinterprets Castro’s “sword/shield” analogy. This statement of fact was merely given in support of his argument that “incontestable” status is not universal and does not apply in all cases to all defendants. Its applicability must be determined on a case by case basis. As previously stated, even the Ninth Circuit agrees with this elementary principle of law. *See Pyrodyne, Id.* EMI also acknowledges that on the right set of facts, its “incontestable” status does not apply. See page 7 of EMI’s Motion to Dismiss. The “sword/shield” analogy is not a separate claim that can be dismissed.

Next, EMI responds to a non-existent issue – the notion that Castro’s mark is a “design mark.” Castro has never claimed that his mark is a design mark. In fact, the opposite is true. In the Second Amended Complaint, Castro states over and over that his mark is a “standard character mark” (otherwise known as a “word mark”). See Sections 5.14 to 5.25; and 7.216 of Second Amended Complaint. It is unclear why EMI argues the “design mark” issue. It is well-established law that when the USPTO grants an applicant a “standard character mark” this gives him great leeway in choosing whatever font, size, color, design he chooses for his word “EntrepreNeurology.” The USPTO Trademark Manual of Examining Procedure 807.03(e) states, “When the applicant submits a standard character, the mark shown in the drawing does not necessarily have to appear in the same font style, size or color as the mark shown in the specimen of use.” At any rate, Castro has never stated that his mark is a “design mark” because it is not. Therefore, EMI’s argument on this point is moot.

Next, EMI argues that Castro's right to use the word "EntrepreNeurology" as a descriptor – to describe his goods and services - is irrelevant because Castro is exclusively using this word as a trademark. However, EMI again misinterprets (or mischaracterizes) Castro's pleading. Castro's "descriptor" defense was only pled in the alternative. Section 7.67 specifically states, "In the unlikely event that Castro's trademark is invalidated, Castro seeks a judicial declaration that he may continue using the words "entrepreneur" and "entrepreneurology" merely to describe his goods and services." Castro started using the word "EntrepreNeurology" as a descriptor of his goods and services *long before* he received his federally registered trademark, and would like to continue doing so – *in the event that* his trademark is invalidated. See Sections 4.4, 5.6, 5.123, and 7.67 to 7.76 of Second Amended Complaint. EMI apparently did not notice that this claim was pled in the alternative.

More significantly, EMI itself has judicially admitted that the descriptor defense is a statutorily created defense that can prevent the application of the other party's "incontestable" status in the right set of circumstances (again, conceding that this requires a case by case analysis). In *EMI v. EYGN Ltd.*, EMI sued Ernst & Young, LLP in California over the use of the phrase "Entrepreneur of the Year." This was a "mirror image" lawsuit in response to Ernst & Young's suit filed in New York against EMI based on Ernst & Young's "incontestable" trademark in the phrase "entrepreneur of the year." In its mirror image lawsuit, EMI argued both that it had a trademark on part of that phrase and, *in the alternative*, that it had a right to use it as a descriptor of its goods and services. A true and correct copy of EMI's Original Complaint is attached hereto as Exhibit 1. EMI cited the Lanham Act itself for the proposition that the "descriptor" defense is a bar to the applicability of Ernst & Young's "incontestable" status on the facts of the case – the exact same argument Castro makes here.

EMI quoted Section 1115(b)(4) for the proposition that “incontestable” status “shall be subject to the following defenses or defects That the use of the name, term or device charged to be an infringement is a use, otherwise than as a mark ... *which is descriptive of* and used fairly and in good faith only to describe the goods or services of such a party.” 15 U.S.C. 1115(b)(4)(emphasis added).

In stark contrast to what EMI argued in that case, EMI now argues that this defense is “irrelevant.” But as EMI concedes, Castro did not make up this defense. Castro is relying on the same Section 1115(b)(6) of the Lanham Act that EMI relied on. Therefore, the only question before the Court is whether Castro has pled sufficient facts to fall within the “descriptor” defense. Those facts are contained at Sections 4.4, 5.6, 5.123, and 7.67 to 7.76 of the Second Amended Complaint. EMI has failed in its burden to explain why the facts pled are insufficient. Castro respectfully requests that this Court acknowledge those facts and presume them to be true. In any event, this claim cannot be dismissed because the triggering event has not yet occurred. Castro agrees with EMI on the fact that as long as he owns his trademark, he does not need a ruling on whether he can use the word “EntrepreNeurology” as a descriptor. That’s why this claim was pled in the alternative. Castro still owns his trademark. This claim is not triggered unless and until Castro loses that trademark.

Next, EMI argues that Castro’s “generic” defense should be dismissed. However, again, this is a statutorily created defense. 15 U.S.C 1064(3) provides that even an incontestable mark can be cancelled if it becomes generic. Moreover, EMI relied on the same statute in its lawsuit against Ernst & Young, LLP to argue why Ernst & Young’s “incontestable” status should not apply to the facts of that case. See Exhibit 1, attached hereto. Yet, now EMI claims it does not apply. Because this is a statutorily created defense, the only question before the Court at this time is whether

Castro has pled sufficient facts to pay the price of admission into court. Whether a trademark has become generic is and always has been a question of fact. *See Bath & Body Works, Inc. v. Luzier*, 76 F.3d 743, 748 (6th Cir. 1996). Therefore, by EMI's own admission, this issue cannot be resolved at the 12(b)(6) stage. See p. 5 of EMI's Response to Castro's 12(b)(6). EMI does not even acknowledge the new facts pled, and does not even attempt to explain why they are insufficient.

In his previous complaint, there were very few facts in support of the generic defense. This time, however, Castro has explained in great factual detail *why* the word "entrepreneur" is generic. This Court must both acknowledge and presume these facts to be true. These facts and the supporting case law can be found at Sections 7.95 to 7.126 of the Second Amended Complaint. A summary of those facts is as follows: (1) EMI uses the word "entrepreneur" in its common, ordinary, generic sense hundreds of times in its own magazine; (2) the word "entrepreneur" has a common dictionary meaning, and EMI uses the word in its common, ordinary sense (not in an "arbitrary" fashion to refer to some unrelated product, as required by the Lanham Act); (3) EMI has allowed 152 other trademarks using some variation of the word "entrepreneur" to be registered at the USPTO; (4) EMI has judicially admitted that the phrase "entrepreneur of the year" is generic; (5) EMI has judicially admitted that general public does not recognize that the phrase "entrepreneur of the year" as identifying any one single exclusive awards program; (6) the word "entrepreneur" started out as a generic term approximately three hundred years ago in France.

These facts are the very facts that courts are *required to analyze* in determining whether a trademark has become generic. *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”); *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 ReedElsevier Properties, Inc.*, 77 U.S.P.Q.2D 1649, 1653(2005)(finding LAWYER.COM to be generic).

Traditionally, courts consider at least six well-known factors in determining whether a word is “generic.” See McCarthy on Trademarks and Unfair Competition, 12:1 (4th ed. 1997)(and cases cited therein). For this Court to summarily rule that the word “entrepreneur” is not generic at this early juncture, without going through the same factual analysis that every court is required to go through, is to invite reversal. Moreover, even EMI admits that this Court cannot rule on the merits of the genericness issue at this time. See p. 1 and 5 of EMI’s Reply to Castro’s 12(b)(6) motion.

Rather than meet the newly pled facts head on, EMI asks this Court to cede its authority to the Ninth Circuit. There are multiple problems with this argument. The first problem is that the Ninth Circuit’s opinion in *EMI v. Smith* does not constitute collateral estoppel or *res judicata* and

therefore, cannot be applied by this court to the parties or the facts of this case. *See Pace v. Bogalusa City Sch. Bd.*, 403 F.3d 272, 290 (5th Cir. 2005)(explaining elements of collateral estoppel); and *Sapp v. Mem'l Hermann Healthcare Sys.*, 406 Fed. Appx. 866, 871 (5th Cir. 2010)(explaining elements of *res judicata*).

The second problem is that the new facts pled in the Second Amended Complaint were never pled in the *EMI v. Smith* case. Moreover, Smith never requested the trial court to cancel EMI's trademark based on genericness, and never tried to disqualify the EMI's "incontestable" status based on the facts of that case. Finally, Smith waived the genericness issue on appeal. See Section 7.124 and 7.171 of Second Amended Complaint. The court can read Smith's appellate court brief for itself. See Exhibit 10 to Second Amended Complaint. But for now, this fact must be presumed true. *See Oppenheimer, Id.*


Because the genericness issue was not even pending before the Ninth Circuit, the footnote constitutes dicta, and not the actual holding of the Court. However, if this Court is going to give any weight to that footnote, it must acknowledge the *entire* footnote. In the exact same footnote, the Ninth Circuit actually cited an opinion that was in conflict with its own dicta for the purpose of showing that there was a **split in the circuits** on the issue. In the same breath, the Ninth Circuit cited *CES Publishing Corp. v. St. Regis Publishing Inc.*, 531 F.2d 11, 13 (2nd Cir. 1975) for the proposition that "Consumer Electronics" as the name of a magazine about "consumer electronics" for *consumers of electronics* is generic. Because "genericness" is a fact issue, and because EMI acknowledges that fact issues cannot be resolved at the 12(b)(6) stage, the only question before this Court at this time is whether there are enough specific facts pled to grant Castro admission into court. EMI has failed in its burden to explain why the new facts pled are insufficient. Indeed, they are the very facts that every court is required to consider.

Finally, Castro respectfully requests that the Court keep in mind that each of his arguments for why EMI's "incontestable" status should not be applied on the facts of this case is a separate and independent reason. Therefore, if the Court finds "no merit" in only one of the reasons Castro asserted, Castro respectfully requests that EMI's still motion be denied.

V. CONCLUSION

For all of the foregoing reasons, Castro respectfully requests that EMI's motion to dismiss be, in all things, 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 August 1, 2011:

William G. Barber
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Daniel R. Castro

Aug 1, 2011
Date

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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 DENYING EMI's MOTION TO DISMISS
UNDER RULE 12(b)(6) AND RULE 12(b)(1)**

Before the Court are two motions filed by EMI. One asks the Court to dismiss certain of Castro's claims under Rule 12(b)(6). The other motion asks the Court to dismiss certain of Castro's claims under Rule 12(b)(1).

The Court having considered both motions, and all responsive pleadings, is of the opinion that both motions should be DENIED.

ACCORDINGLY, IT IS ORDERED that the EMI's Motion To Dismiss Under Rule 12(b)(6) and Rule 12(b)(1) are hereby DENIED.

Signed and executed this ____ day of August 2011.

The Honorable Lee Yeakel