

**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
FIRST AMENDMENT CLAIM**

I. EMI IS USING RULE 12(b)(6) AS A MOTION FOR SUMMARY JUDGMENT

A classic Rule 12(b)(6) motion attacks the pleadings based on lack of factual allegations and argues that the facts alleged are not sufficient to state a claim. *See e.g., Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2007); *Ashcroft v. Iqbal*, 129 S.Ct. 1937, 1949 (2009). Indeed, in its previous Rule 12(b)(6) motion, EMI did exactly that. However, this time, EMI completely ignores the new facts pled, and goes straight to the merits of each claim pled. This is the first indication that EMI would prefer to ignore the facts and talk about the law instead. This effectively makes its motion a summary judgment motion rather than a 12(b)(6) motion.

The second indication that EMI is using Rule 12(b)(6) as a motion for summary judgment is the fact that it repeatedly refers to Castro’s “arguments” rather than the insufficiency of the facts pled. To compound the problem, EMI refers to facts pled in the *previous* complaint, which are no longer true. Because the market is constantly changing, and due to feedback from Castro’s peers, Castro is no longer using the name “EntrepreNeurology,” or “Entrepreneur.Ology” or “EntrepreneurOlogy” to market any kind of seminars, workshops, boot camps. Indeed, the current

Complaint specifically states, “As of the time of this writing, the sole and exclusive use of the registered trademark ‘EntrepreNeurology’ is for a private, by invitation only, online discussion group.” See Complaint, Section 5.4. EMI ignores this fact completely. The Court, however, must both acknowledge this fact and presume it to be true. See *Oppenheimer v. Prudential Sec.*, 94 F.3d 189, 194 (5th Cir. 1996).

This fact alone is critical and largely dispositive because now there is no overlap between what Castro is doing and what EMI is doing. EMI uses a 300 hundred year old noun invented by the French (“entrepreneur”) primarily to sell a magazine, and occasionally to promote an entrepreneurial workshop. In contrast, Castro uses what the USPTO has designated an “inherently distinct” word (“EntrepreNeurology”) solely and exclusively to promote a free, online discussion group. Castro has indeed given many keynote presentations around the country over the years as a result of his first book, but all of that was before he trademarked the word “EntrepreNeurology.” Castro’s first book was published in 2005. The USPO granted him a trademark on the word “EntrepreNeurology” in August 2009. It is undisputed that Castro has never conducted a single seminar or workshop or given a single keynote speech under the name “EntrepreNeurology,” and this fact must be presumed true. Castro did test market a boot camp for entrepreneurs under the name “EntrepreNeurology” and then “Entrepreneur.Ology” for a while, but that experiment is now over. Castro never actually conducted a single seminar, workshop, or boot camp under the name “EntrepreNeurology” or “Entrepreneur.Ology” or “EntrepreneurOlogy.” Therefore, it remains undisputed that the only actual use of the word “EntrepreNeurology” is for a private, by invitation only, online discussion group. This is not new. Castro started this discussion group more than two years ago – before he obtained the registered trademark.

Instead of acknowledging this fact and meeting it head on, EMI argues as though it is still dealing with the old facts. EMI ignores not only the historical use of the word “EntrepreNeurology,” but all other new facts pled as well, and goes straight to the merits. This is ironic because EMI has already acknowledged that it is not proper to use a Rule 12(b)(6) motion to make an argument on the merits. See EMI’s Response to Castro’s Rule 12(b)(6) motion at pages 1 and 5.

II. THE PURPOSE OF THIS LAWSUIT

The primary reason Castro filed this lawsuit was to determine whether the USPTO properly granted him a registered trademark in the inherently distinct word “EntrepreNeurology,” and whether Castro has the legal right to own the domain name “www.EntrepreNeurology.com.” Castro is not seeking damages, only a declaration of law. This is the very reason the Declaratory Judgments Act was passed. EMI’s conduct makes a mockery of the judicial system and the Declaratory Judgments Act because, on the one hand, it claims that it had the right to send a cease and desist letter dictating to Castro what his rights are, and at the same time, it attempts to deny Castro access to the courts when he seeks a judicial declaration of what his rights *really* are. For this Court to tell Castro he has no right to seek a declaration of law on this issue is to play into EMI’s hand and give its own Constitutionally granted Article III power to EMI to dictate other’s rights. It is elementary that when a potential defendant receives a very real threat of litigation, that person is entitled to come into court and seek a declaration of his rights. See *Vantage Trailer, Inc. v. Beall Corporation*, 567 F.3d 745, 751 (5th Cir. 2009).

The test is whether Castro has pled sufficient facts to *seek a declaration of law* under the Declaratory Judgment Act – not whether he has pled sufficient facts to win. 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.* Even EMI acknowledges that Castro does not have to prove that he wins on the merits at this early juncture. See EMI’s Response to Castro’s Rule 12(b)(6) motion at pages 1 and 5. Yet, its Rule 12(b)(6) motion addresses only the merits, making it, effectively a premature motion for summary judgment. Although the Supreme Court’s rulings in *Twombly* and *Iqbal* make it easier to dispose of frivolous cases for lack of sufficient facts, nothing in those two opinions authorizes or encourages the lower courts to use Rule 12(b)(6) to issue a ruling on the merits at this early juncture. This Court itself made it clear to counsel for the parties at the Pretrial Conference in June 2011 that it would prefer to allow this case to be resolved on the merits rather than on technicalities. This is sound policy and it follows Fifth Circuit precedent. See *Tapp v. Shaw Environmental, Inc.*, 401 Fed. Appx. 930 (5th Cir. 2010)(citing *Krupski v. Costa Crocier S.p.A.*, 130 S.Ct. 2485, 2488 (2010)(explaining that the Court favors disposition on the merits).

III. POLICY CONCERNS

Because this case has such strong precedential value, it is now being watched by the entire community of intellectual property attorneys and law professors throughout the country. Numerous business magazines, including Bloomberg’s Business Week, have published major articles about this case, a few of which are attached for the court’s convenience jointly as Exhibit 1. It would serve the intellectual property community more if the Court were to wait until discovery is complete and the parties file cross-motions for summary judgment before it issues a ruling on the merits. That way the Court can further establish itself as having great expertise and sound judgment in the area of intellectual property law, and the Fifth Circuit can have a better record upon which to evaluate the Court’s decision. To rule simply that Castro has not pled sufficient facts to enable him *to seek a declaration of law* serves no one, and undermines the very

purpose of the Declaratory Judgments Act. Moreover, it will not dispose of this case at all because EMI has filed counterclaims that must be tried as well. All of the rights Castro seeks to have adjudicated will only come up again as affirmative defenses to EMI's claims and will have to be dealt with on the merits at some point.

IV. THE FIRST AMENDMENT CLAIM

Rather than meet the facts head on, EMI continues to argue that the Lanham Act should be declared *constitutional* – a truism that is not even before the Court. Nowhere in any of Castro's complaints has he ever sought to have the entire Lanham Act declared unconstitutional. Castro seeks only a ruling that two very narrow subsections of the Lanham Act are unconstitutional "as applied" to the very specific facts of this case. See Second Amended Complaint at Section 7.158. Castro's Complaint now spells out each of those facts in great detail and provides undisputed evidence to support those facts. Therefore, these facts cannot be ignored. The two subsections that are at issue are: 15 U.S.C. §1065 and 15 U.S.C. 1115(b). Section 1065 is the statute that allows a trademark to become "incontestable" without a showing that the mark 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.

Castro seeks a judicial declaration that these two subsections are unconstitutional "as applied" on the facts of this case because EMI is using them offensively as a "sword" to prevent others from using the word "entrepreneur" as a trademark and as a way to describe their goods and services. EMI's offensive use of these two subsections is *itself a fact* pled in the Complaint that must be taken as true. See Second Amended Complaint at Sections 7.187

and 7.205, and 7.215. EMI's claims that it is using these two subsections as a defensive weapon only creates a factual dispute, which precludes dismissal on 12(b)(6) grounds. *See Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 322-23 (2007). EMI itself agrees that if there is a factual dispute, dismissal on 12(b)(6) grounds is not proper. See EMI's Response to Castro's Rule 12(b)(6) motion, at p. 5 ("the court cannot decide disputed facts issues").

EMI also ignores the essential elements of an "as applied" First Amendment challenge. Whereas a classic 12(b)(6) motion would normally attack the factual sufficiency of each of the "strict scrutiny" elements of a First Amendment claim, EMI ignores each of the elements, as well as the facts and documents supporting each element, which have now been thoroughly pled in the Complaint. Instead, EMI focuses only on one single legal issue, (again, converting a 12(b)(6) motion into a motion for summary judgment). The *only* legal argument EMI makes is that there is no "protected speech" at issue.

This argument fails for several reasons, the chief of which is that even commercial speech is "protected speech." EMI has never attempted to dispute this elementary principle of law because it is so well established. *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748, 759 (1976) ("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."). In the facts, Castro has acknowledged that when used as a trademark, the word "EntrepreNeurology" is commercial speech. Therefore, that issue no longer before the Court. But here is where EMI has painted itself into a corner. Commercial speech that is not "inherently deceptive" and not being used to deceive or confuse is not only protected, it is entitled to highest level of protection under the First Amendment. *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.”); *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.) EMI is unable to refute this well established doctrine of law, and indeed does not even attempt to do so.

The facts pled state that Castro’s word (even in its commercial use) is “not inherently deceptive,” not “being used” in a deceptive manner, and “not likely to cause confusion.” See Sections 5.93 to 5.116; and 7.53 to 7.63; and 7.85 to 7.92; and 7.136 to 7.140; and 7.191 of Second Amended Complaint. Indeed, the USPTO acknowledged that Castro’s word was so unique, it qualifies as “inherently distinct” in accordance with TAMP 1209.01, and 1209.01(a), and *Test Masters Educational Services, Inc. v. Test Masters Educational Services, Inc.*, 428 F.3d 559, 566 (5th Cir. 2005). The Courts agree. A coined word carries the legal status of being “inherently distinct.” *See Moseley v. V Secret Catalogue*, 537 U.S. 418, 429 (2003); *Sun Banks of Florida, Inc. v. Sun Federal Savings and Loan Corp.*, 651 F.2d 311, 314 (5th Cir. 1981); *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, n. 3 (5th Cir. 1984). For EMI to argue at this time that Castro’s mark is being used to deceive or confuse is to create a question of fact, which precludes the granting of its own motion. *See Tellabs, Inc. v. Makor Issue s& Rights, Ltd.*, 551 U.S. 308, 322-23 (2007).

EMI next argues that the two subsections at issue should be upheld (on the merits) because “on their face” they do not restrict free speech at all. This argument reveals that EMI does not understand

the basic constitutional “as applied” test. It is elementary that a law can be completely valid and legitimate “on its face,” but still be unconstitutional “as applied” to the facts at issue. *See Lassiter v. Northampton County Board of Elections*, 360 U.S. 45, 53 (1959)(“Of course a literacy test, fair on its face, may be employed to perpetuate that discrimination which the Fifteenth Amendment was designed to uproot.”)(superseded by the Voting Rights Act). It is also elementary that the two subsections at issue need not expressly restrict the protected speech in order to have a “chilling effect” on protected speech. For example, a law that requires disclosure of the names, addresses and phone numbers of contributors to a particular political campaign, can have the effect of chilling speech. As the Supreme Court stated, “Although both provisions were facially upheld, the Court acknowledged that as-applied challenges would be available if a group could show a ‘reasonable probability’ that disclosure of its contributors’ names ‘will subject them to threats, harassment, or reprisals from either Government officials or private parties.’ *Citizens United v. FEC*, 130 S. Ct. 876, 914 (2010). The most basic example of “unintended chilling” comes from *NAACP v. Alabama*, 78 S. Ct. 1163, 1171 (1958), in which the Supreme Court stated, “In the domain of these indispensable liberties, whether of speech, press, or association, the decisions of this Court recognize that abridgment of such rights, *even though unintended*, may inevitably follow from varied forms of governmental action.” *NAACP v. Alabama*, 78 S. Ct. 1163, 1171 (1958).

As Supreme Court Justice Breyer further explained, “Nonetheless, facially valid disclosure requirements can impose heavy burdens on First Amendment rights in individual cases.” *John Doe v. Sam Reed, Secretary of State*, 130 S. Ct. 2811, 2822 (2010)(citing *Buckley v. Valeo*, 424 U.S. 1, 74 (1976); *Citizens United v. FED*, 130 S.Ct. 876 (2010); *McConnell v. Federal Election Comm’n*, 540 U.S. 93, 197-98 (2003); *Brown v. Socialist Workers ’74 Campaign Comm.*, 459 U.S. 87, 93 (1982)).

Indeed, “the as-applied exemption plays a *critical role* in safeguarding First Amendment rights.” *Id.* (J. Breyer, concurring)(emphasis added).

Moreover, EMI has ignored the legion of case law in which courts, including the Fifth Circuit, have expressed strong concerns about how an improperly granted trademark (such as on the word “entrepreneur”) can have a chilling effect on “protected speech” – especially in a commercial context. 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)(emphasis added); *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 protected 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 to 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).

By expressing concerns about “competitors,” Judge Posner was clearly talking about the “chilling effect” on protected commercial speech, not on literary speech. The Fifth Circuit is equally committed to protecting commercial speech and 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). The Ninth Circuit agrees with the concerns expressed by the above courts, and specifically told EMI not to try to stop others from using the word “entrepreneur” in a commercial sense to brand their goods and services. The Court stated, “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). By choosing to use the word “identifying,” it is clear that the Ninth Circuit was talking about the commercial branding of a publication, not merely the text inside the publication.

EMI ignores the above case law, and the fact that Castro has filed an “as applied” challenge, and argues instead that the Lanham Act should be upheld because “on its face” it does not restrict the protected speech at issue. But, Castro has not pled a “facial” challenge at all, and EMI failed to present any evidence or arguments explaining why the facts pled fail to state an “as applied” challenge. Even if EMI had identified any facts showing that the two subsections at issue do not have a chilling effect on the protected speech, this would have only created a disputed issue of fact which would preclude a 12(b)(6) dismissal. The question of whether a statute has a “chilling effect” on protected speech when applied to the facts of this case is, by definition, a question of fact. *See e.g., Board of Trustees of the University of New York, v. Fox*, 492 U.S. 469 (1989)(“We think remand was correct, since further factual findings had to be made”). Moreover, EMI concedes that questions of

fact cannot be resolved at the 12(b)(6) level. See EMI Reply to Castro's 12(b)(6) motion at p. 5. Castro has pled sufficient facts, which if presumed true, demonstrate that the application of those two subsections does have a chilling effect on protected speech. See p. See Sections 5.93 to 5.116; and 7.53 to 7.63; and 7.85 to 7.92; and 7.136 to 7.140; and 7.191; and 7.184 to 7.215 of Second Amended Complaint.

If it is true that Castro's trademark use of the mark "EnterpreNeurology" is commercial speech, and if it is true that he is not using that commercial speech to deceive or confuse, then that speech is protected at the highest level of First Amendment analysis – which is "strict scrutiny." Moreover, if the Court presumes that EMI is using the "incontestable" subsections of the Lanham Act as an offensive weapon to threaten Castro's use of his own registered trademark, which it must, then clearly Castro has paid his price of admission by stating sufficient facts to obtain a declaration of law (up or down).

This marks the end of EMI's entire argument on the First Amendment. However, out of an abundance of caution, in the event that this Court is inclined to rule on the merits at this time, Castro is compelled to go further and offer the following argument on the merits.

V. THE HISTORICAL RECORD

As Justice Stevens so wisely pointed out, the foundational reason why the "incontestable" provisions of the Lanham Act are illogical and not rationally related to the legitimate governmental objective stated in the Lanham Act is because EMI should have never been granted a registered trademark to begin with. See *Park 'N Fly v. Dollar Park and Fly*, 469 U.S. 189, 210, 213, 214 (1985)(J. Stevens, dissenting). All of the salient facts explaining the comedy of errors that led to EMI's obtaining a registered trademark have now been thoroughly and specific pled in the Complaint

at Sections 5.37 to 5.121, and this time, cannot be ignored. Castro incorporates those facts herein by reference.

It is elementary that in order to obtain a federally registered trademark, the Lanham Act requires the applicant to show that the relevant consuming public automatically associates the mark exclusively with one single producer. 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 (i.e. a magazine), 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).

By its own admission, EMI has never produced tangible evidence to the U.S. Patent & Trademark Office that the consuming public automatically associates the word “entrepreneur” with the publisher of a particular magazine or website. See page 3, 4 of EMI’s Reply to Castro’s Response to Rule 12(b)(6) Motion. EMI also does not claim that this common noun is “inherently distinct” (like Exxon, Nike or Kodak). EMI also does not claim that the word is a “made-up” word that it coined.

The face of Registration Certificate No. 1,453,968 shows very clearly that EMI's trademark was granted under Section 2(f), which means that the Examining Attorney concluded that the word "entrepreneur" was "merely descriptive" in accordance with 15 U.S.C. 1052(e). See Exhibit 6 to Second Amended Complaint. 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 6 to Second Amended Complaint (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"). 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). Even though the Examining Attorney rejected the original application because the word "entrepreneur" was merely descriptive of a magazine about entrepreneurs, the two "incontestable" subsections at issue would prevent the jury from making the *exact same* finding. As Justice Stevens accurately pointed out, if the word at issue started out as "merely descriptive, it is patently absurd to presume that a mark has become "incontestable" solely due to the passage of time.

Justice Stevens has severely criticized the two subsections of the Lanham Act at issue because of the very fact that they do 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 this case, there is error upon error because there is no evidence *anywhere* that the relevant consuming public associates the word "entrepreneur" exclusively with one, single provider of

goods and services.¹ But there is a mountain of objective evidence that the opposite is true. The USPTO has granted at least 152 trademarks to others containing the word “entrepreneur” in the. See Exhibit 14. Therefore, it is now legally impossible for EMI to show that the relevant consuming public automatically associates the word “entrepreneur” with one single producer of a magazine.

VI. EMI HAS FAILED TO MEET ITS BURDEN

EMI finally at least acknowledges that the burden is on it to demonstrate why these two subsections of the Lanham Act are constitutionality as applied. The burden is not on Castro. *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).

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.² *United States v. Playboy Entertainment Group*, 529 U.S. 803 (2000). Even though the burden is on EMI, for the Court’s convenience, Castro has pled a thorough set of very detailed facts completely supported by documents to show how the “incontestable” provisions of the Lanham Act fail strict scrutiny analysis as applied to the facts of this case, and incorporates those facts herein by reference. See Sections 5.37 to 5.121; and 7.144 to 7.208 of Second Amended Complaint.

¹ EMI commits fraud on the Court when it claims that the issue of “secondary meaning” was before the Ninth Circuit, and that the Ninth Circuit ruled in its favor on this issue. In fact, the Ninth Circuit held this issue was irrelevant. For a quote from the Ninth Circuit on this issue and further explanation, see Sections 5.65 to 5.76; and 5.78 to 5.82 of the Second Amended Complaint.

² “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.

In addition to all the factual reasons set forth in the previous Section of this pleading, Sections 1065 and 1115(b) fail “strict scrutiny” analysis for the following reasons.³ 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 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 will prevent Castro from using the word “entrepreneur” merely as a descriptor to describe his goods and services. Third, the Ninth Circuit agreed, and specifically told EMI it could not prohibit others from using this noun to brand their goods and services. *See Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1143 (9th Cir. 2002)(“EMI cannot have the exclusive right to use the word “entrepreneur” in any mark identifying a printed publication

³ They also fail “intermediate scrutiny” for the same reasons.

addressing subjects related to entrepreneurship”). Fourth, EMI obtained a registered trademark on a common noun without ever having to prove the public automatically associates it “exclusively” with the publisher of a particular magazine. Fifth, EMI obtained “incontestable” status for its trademark due solely to the passage of time, without ever having to prove the public automatically associates it with the publisher of a particular magazine. Sixth, if both of those subsections are applied here, it will prevent the jury from making the exact same finding the Examining Attorney found – that the use of the word “entrepreneur” for a magazine about entrepreneurs is “merely descriptive” and therefore, 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). As Justice Stevens explained, 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 “exclusively” 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). Justice Stevens 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). Justice Stevens was very careful in selecting his language when he uttered the phrase “hindering their use of normal language.” If these words have any meaning, they mean that application of the two “incontestable” provisions of the Lanham Act would have a “chilling effect” on protected commercial speech. The Seventh Circuit and the Fifth Circuit agree that an improperly granted trademark has a “chilling effect” on protected commercial speech. *See Westchester Media v. PRL USA Holdings, Inc.* 214 F.3d 658, 672 (5th Cir. 2000); *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).

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 the facts of 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). EMI suffers from the same fatal defect here.

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.⁴

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).

⁴ 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. Moreover, his use of the phrase, “hindering their normal use of language” is another way of saying it chills protected commercial speech.

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 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). As Justice Stevens explained, EMI is using illegally using the “incontestable” sections of the Lanham Act to suppress Castro’s use of his already legally granted, and inherently distinct, trademark “EntrepreNeurology” (in all of its forms, including EntrepreneurOlogy and Entrepreneur.Ology). For the purposes of Rule 12(b)(6), the Court must presume that Castro’s of his own federally registered trademark is

non-deceptive and not likely to be confusing. 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).

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, as they are applied on the facts of this case, 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.

VII. CONCLUSION

For all of the foregoing reasons, EMI has failed to satisfy its burden of identifying and explaining why the facts pled are insufficient to entitle Castro to some sort of declaration of law (either for or against him).

WHEREFORE, Castro respectfully requests that EMI’s Rule 12(b)(6) Motion 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:

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