

**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 MOTION
TO DISMISS CASTRO’S REQUEST THAT EMI’S TRADEMARK BE
CANCELLED BECAUES IT IS “MERELY DESCRIPTIVE”
and
TO DIMSISS CASTRO’S REQUEST FOR A DECLARATION OF RIGHTS
UNDER ACPA**

**I. THE REQUEST FOR CANCELLATION BASED ON
“DESCRIPTIVENESS” WAS PLED IN THE ALTERNATIVE**

First, this is a new claim, and it is supported by new facts. See Sections 5.48 to 5.84 of Second Amended Complaint. EMI is unable to identify anywhere in the previous pleading where Castro pled this claim and is unable to identify any language in the Court’s previous order ruling on it. EMI fails to acknowledge these new facts and, therefore, fails in its burden to explain why they are insufficient to support this new claim.

Castro fully acknowledges that, at this time, EMI has “incontestable” status on its trademark. Castro also acknowledges that, because of this, he is not able to present any evidence to the jury showing that the word “entrepreneur” for a magazine about entrepreneurs is merely descriptive. EMI argues as though Castro has never acknowledged these facts.

But, if Castro is successful in obtaining a ruling that EMI’s “incontestable” status should not be applied on the facts of this case (for any of the reasons pled) then Castro is entitled to present

evidence to the jury that EMI is merely using the word “entrepreneur” in its descriptive sense. EMI does not dispute this fact.

That’s why Castro was forced to plead, in the alternative, that EMI’s trademark should be cancelled on the basis that it is merely descriptive. To use an old Star Trek analogy, the Enterprise must be ready to fire its weapons as soon as the Klingon’s shield comes down. If Castro succeeds in removing the “incontestability” shield, this victory would be meaningless if he did not already have this claim pled in the alternative. EMI would simply object every time Castro tries to submit evidence on this issue by claiming the evidence is not supported by the pleadings.

That’s why Section 7.212 of the Second Amended Complaint specifically states, “*In the event that* this Court or the Fifth Circuit rules that the “incontestable” provisions of the Lanham Act are unconstitutional as applied, Castro seeks a judicial declaration from this court that the mark ‘entrepreneur’ is merely descriptive, and lacks ‘secondary meaning’ and should therefore, be cancelled.” Because EMI doesn’t recognize that this claim was pled in the alternative, it does not even acknowledge the new facts pled in support of it, and does not try to explain why the facts pled are insufficient. Instead, EMI argues issues of law entirely on the merits.

The new facts pled in support of this claim are at Sections 5.45 to 5.84 of the Second Amended Complaint and are incorporated herein by reference. However, those facts are summarized as follows:

The original Examining Attorney rejected EMI’s application for the word “entrepreneur” 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”).

The Examining Attorney suggested that EMI attempt to prove that the mark had obtained “acquired distinction” or “secondary meaning” under Section 2 (f). *Id.* Because this was legally impossible, EMI took advantage of a loophole provided by 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.* EMI admits that, rather than submit the required evidence, all it did was submit an affidavit of ownership for the past five years. See pages 3, 4 of EMI’s Reply to Castro’s Response to Rule 12(b)(6) Motion.

The entire record in the U.S. Patent and Trademark office is devoid of any evidence that the relevant consuming public automatically associates the word “entrepreneur” exclusively with one, single provider of any goods or services. After ten months of litigation, EMI has yet to deny this fact. Moreover, this Court is required to presume this fact to be true. *See Oppenheimer v. Prudential Sec.*, 94 F.3d 189, 194 (5th Cir. 1996).

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. See Exhibit 12 to Second Amended Complaint. The Court must also presume the existence of these other 152 trademarks to be true. *Id.*

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). 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). *See 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).

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 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).

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, k672 (5th Cir. 2000).¹ Because of the wealth of case law that exists on this issue, EMI does not deny that it will lose its trademark if Castro is able to present evidence to the jury that the relevant consuming public does not automatically associate the word “entrepreneur” exclusively with the single producer of a magazine. Instead, EMI ignores both the *newly pled* facts and the fact that the *new* claim was pled in the alternative.

EMI has failed in its burden to explain why the new facts pled are insufficient to support this claim. Moreover, the event triggering this claim has not yet happened. Therefore, disposition on the merits is not proper at this time.

¹ Castro respectfully requests that the Court keep the above four cases in mind while determining whether Castro has pled sufficient facts to show a “chilling effect” on his protected commercial speech. Castro’s First Amendment claim is not as novel as EMI would lead the Court to believe.

II. THE ACPA CLAIM PRESENTS A LIVE “CASE OR CONTROVERSY” THAT REQUIRES A RULING ON THE MERITS

EMI fails in its duty of candor to the Court (again) by failing to acknowledge the well-established law that a letter threatening a lawsuit 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).

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. See Exhibit 11 to Second Amended Complaint. EMI gave Castro a deadline of twenty one days to turn over these valuable property rights. 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 even misrepresented the law and the facts by telling Castro that the Anticybersquatting Consumer Protection Act (“ACPA”) *required him* to turn over his valuable property rights without compensation. *Id.* After ten months, EMI has yet to deny this misrepresentation. Even if it had, this Court must presume that the misrepresentation pled actually occurred. *See Oppenheimer v. Prudential Sec.*, 94 F.3d 189, 194 (5th Cir. 1996).

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 Anticybersquatting Consumer Protection Act (“ACPA”) 15 U.S.C. 1125(d) because ownership of a trademark with the same spelling gave Castro the right to register the domain name www.entrepreneurology.com. Therefore, for EMI to demand that Castro turn over this valuable property right by misrepresenting the facts and the law is coercion and attempted theft of property.

Despite this belligerent, deceptive and very coercive letter, EMI suddenly wants Castro (and this Court) to take its word for it when it says - “never mind.” Unfortunately, there is no legal authority that permits this Court to dismiss Castro’s declaratory judgment action once the letter threatening litigation is sent – and EMI cites none. If the law allowed this, plaintiffs throughout the United States would simply “take back their threats” every time the defendant filed his declaratory judgment claim and simply move to dismiss the claim for lack of “case or controversy.” This would free the plaintiff to re-file in a more friendly jurisdiction. This is exactly what EMI intends to do here.

When EMI’s counsel first sent Castro an email indicating that EMI did not intend to sue him under the ACPA, Castro made a most logical request. “Sign a full release of this claim and acknowledge that Castro does have a legal right to own his domain name.” See Exhibit 1 attached hereto. EMI refused.² There can only be one reason for EMI’s refusal. It is playing “fast and loose” with this Court’s jurisprudence and the Declaratory Judgment Act. For this Court to dismiss Castro’s claim would be to play into EMI’s hand and would encourage plaintiffs throughout the U.S. to abuse the judicial process in the same manner. The Fifth Circuit’s opinion in *Vantage Trailer* gives this confirms that there is a sufficient “case or controversy” to proceed. EMI cites no case law to the contrary. It would have been very easy for EMI to sign a full release of this claim – and would have saved the Court’s time and resources. Instead, EMI has forced a ruling on the merits. Therefore, its motion to dismiss for lack of “justiciable controversy” must be denied.

III. CONCLUSION

² Not only did EMI refuse, but its counterclaims still currently ask the Court for a declaration that Castro can’t own this domain name. See p. 29 of EMI Answer and Counterclaims. EMI cites no authority for this claim, but the claim is there nonetheless. This fact alone confirms that EMI thinks there is a “justiciable controversy” over the domain name.

For all of the foregoing reasons, Castro respectfully requests that EMI's motion to dismiss be, in all things, denied.

Respectfully submitted,
CASTRO & BAKER, LLP

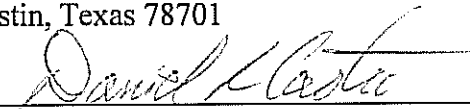
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CERTIFICATE OF SERVICE

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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Daniel R. Castro

Aug 1, 2011
Date

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**Daniel R. Castro
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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