

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

DANIEL R. CASTRO,)	
Plaintiff,)	Cause No. 1-10-CV-000695-LY-AWA
)	Hon. Lee Yeakel
v.)	
)	
ENTREPRENEUR MEDIA, INC.,)	
Defendant.)	
)	
)	
ENTREPRENEUR MEDIA, INC.,)	
Counterclaimant,)	
)	
v.)	
)	
DANIEL R. CASTRO,)	
Counterdefendant.)	

DEFENDANT ENTREPRENEUR MEDIA, INC.’S
REPLY IN SUPPORT OF ITS MOTION TO DISMISS
UNDER FEDERAL RULES OF CIVIL PROCEDURE 12(B)(1) AND 12(B)(6)

I. INTRODUCTION

Castro’s opposition briefs do not provide any grounds for his claims to survive dismissal, as they rely on mistaken interpretations of the law, and the mistaken concept that the Court is required to accept as true the numerous legal conclusions that Castro pled in his Second Amended Complaint (“SAC”). The Supreme Court has established that legal conclusions and bare allegations of the elements of a claim are not accepted as true and cannot save an otherwise deficient claim. Castro’s voluminous “new, never before pled facts” are, in actuality, just legal conclusions of the most fundamental sort, including allegations that his mark is not being used in a deceptive manner, and that it is not likely to cause confusion. This need not, and should not, be accepted as true for purposes of this Motion, and thus Castro’s claims fail and should be dismissed.

Castro also misreads and misapplies the Lanham Act in seeking to overcome the Motion to Dismiss. Several of his claims are based on a defense that does not apply to him. The Lanham Act provides a defense to incontestability if the alleged infringer has used and registered its mark *prior* to the registration of the incontestable mark. Castro began use, and secured his registration, long after EMI's registrations issued and became incontestable. Therefore this defense is completely inapplicable. Castro similarly misapplies the Lanham Act's fair use defense in claiming that his trademark, ENTREPRENEUROLOGY, is a "descriptor" that he should be permitted to use in a "descriptive manner." Castro has already claimed that his trademark is a fanciful, coined mark with no meaning, so he is precluded by his own arguments from now claiming that it can be used in a fair use sense to describe anything. This defense is thus also not applicable to any of Castro's claims.

Castro's opposition briefs also fail to adequately address the numerous admissions he has made, admissions that doom his claims to dismissal. Castro admits in the SAC that he was not at all injured by EMI's purported misrepresentations, because he is an "experienced litigation attorney," and therefore was not deceived. This admission precludes him from bringing an unclean hands claim, because injury is a required element of that claim. Castro also admits in his opposition briefs that EMI's registrations are incontestable, and that he is barred from arguing that those marks are descriptive. Since he does not have any defense to the incontestable status of those registrations, despite his mistaken efforts to apply those defenses to his claims, his incontestability and descriptiveness claims must fail.

For these reasons, EMI's Motion to Dismiss should be granted, and all of Castro's claims should be dismissed. Since Castro has already had two opportunities to amend – and any further attempts to amend would be futile – the claims should be dismissed without leave to amend.

II. ARGUMENT

A. **Castro Has Not Alleged, and Cannot Allege, Any Set of Facts under which the Lanham Act Restricts Non-Deceptive Commercial Speech in Violation of the First Amendment.**

Despite the fact that this Court already dismissed an essentially identical claim, Castro continues to assert that two sections of the Lanham Act are unconstitutional as applied to the facts of this case. Specifically, Castro argues that (i) there is confusion about whether his claim is facial, and thus EMI's arguments and the Court's prior ruling do not apply since the claim is as-applied, and (ii) the claim in the SAC is new and different because he has added multiple pages of "new allegations" which must be accepted as true. *See* Castro's Response to EMI's Motion to Dismiss, First Amendment Claim (Dkt #66) ("First Am. Opp.") at 5-6. In its dismissal of Castro's previous First Amendment claim, this Court correctly recognized the nature of Castro's purported challenge (as-applied rather than facial), and rejected Castro's as-applied challenge to 15 U.S.C. §§ 1065 and 1115(b). *See* Order Granting Motion to Dismiss (Dkt #36) ("Order") at 5 ("Castro claims that portions of the Lanham Act are unconstitutional as applied . . . Specifically, Castro challenges Title 15 United States Code sections 1065 and 1115(b)."). Thus, as to Castro's first argument, there is no confusion about the nature of his claim, which the Court has already dismissed.

As to his second argument, Castro has not alleged any new facts in the SAC that would change the Court's prior analysis. Instead, Castro has simply alleged extensive legal analysis in an attempt to get around that prior ruling. As this Court recognized, the Lanham Act does not prohibit or limit the use of words in a non-trademark sense, and only regulates commercial speech that is misleading or deceptive, as deceptive speech is not entitled to First Amendment protection. *See* Order at 5-7; *see also Central Hudson Gas & Electric Corp. v. Public Serv. Comm'n of New York*, 447 U.S. 557, 566 (1980) ("For commercial speech to come within [the

First Amendment], it at least must concern lawful activity and not be misleading.”). Thus, the Lanham Act will only act as a restriction on speech where such speech is misleading or deceptive, i.e., likely to cause confusion. In the SAC, Castro agrees, acknowledging that “[i]t is true that the First Amendment does not protect commercial speech that is deliberately deceptive, false or misleading.” Yet Castro proceeds to argue that “the undisputed facts show that this type of speech is not at issue here.” SAC ¶ 7.191 (internal cites omitted).

There are two problems with this argument. **First**, while the *facts* pled in Castro’s complaint are entitled to a presumption of truth for the purposes of this motion, *legal conclusions* are not. On a motion to dismiss, the court is “not bound to accept as true a legal conclusion couched as factual allegation.” *Ashcroft v. Iqbal*, ___ U.S. ___, 129 S. Ct. 1937, 1949 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2007)). The only new materials that Castro has added in his SAC are several pages of legal citations and conclusions, which Castro argues are “factual allegations” that the Court must accept as true for this motion.¹ For example, Castro argues in his opposition that he has alleged the following “facts”: that his mark is not being used in a deceptive manner, and that it is not likely to cause confusion. First Am. Opp. at 7 (referencing SAC ¶¶ 7.53-7.63, 7.136-7.140, 7.191). Whether use is deceptive and whether there is a likelihood of confusion are legal conclusions, not facts. If the law required such allegations to be accepted as true, then no motion to dismiss would ever succeed –

¹ Castro makes a related argument that EMI is essentially seeking summary judgment rather than a 12(b)(6) dismissal because EMI is seeking dismissal on the merits rather than based solely on the sufficiency of the factual allegations. First Am. Opp. at 1-4. Castro once again relies solely on *Jones v. Greninger*, 188 F.3d 322 (5th Cir. 1999) to support this proposition, even though he previously made this identical argument in opposition to EMI’s earlier motion to dismiss, and EMI pointed out in its reply that this case did not stand for that proposition and in fact never even mentions any standard for a motion to dismiss. Reply in Support of Motion to Dismiss (Dkt #33) at 12. This position is both unsupported by any case law and is meritless. Claims are dismissed under Rule 12(b)(6) for failure to state a claim, an inquiry that is not limited to factual allegations.

a plaintiff could allege, in a breach of contract complaint, that “the contract was breached” without alleging a single fact about how it was breached, and the defendant would not be able to seek dismissal of this claim for failure to state a claim because the “factual allegation” of the breach would have to be accepted as true. This argument, moreover, runs afoul of the Supreme Court’s directive that a formulaic recitation of elements and legal conclusions are not entitled to the presumption of truth and thus are not sufficient to plead a cognizable claim. *Iqbal*, 129 S. Ct. at 1949. Accordingly, Castro’s additional materials in the SAC are not entitled to a presumption of truth and do not rescue his First Amendment claim from dismissal.

Second, Castro’s entire opposition argument is circular and misses the point of EMI’s argument for dismissal. Castro’s argument essentially is: “My trademark is commercial speech that is not deceptive, so it would be unconstitutional to apply the Lanham Act because my commercial speech is protected by the First Amendment (because it is not deceptive).” This argument completely ignores the one key element that is the entire basis for EMI’s infringement claims: is Castro’s commercial speech deceptive? If it is deceptive, then the First Amendment does not apply. If it is not deceptive, then the Lanham Act does not apply, and any constitutional inquiry is moot. There is thus **no factual scenario** under which both (a) Castro’s speech is entitled to First Amendment protection, and (b) the Lanham Act applies and restricts Castro’s speech. Since Castro cannot allege any facts under which he would be entitled to relief on his First Amendment claim, this claim is properly dismissed under Rule 12(b)(6).

B. Castro Has Again Failed to State a Claim for Unclean Hands.

Castro’s unclean hands claim is a transparent attempt to recast his antitrust claim (which the Court rejected and Castro has now abandoned) as unclean hands. In his First Amended Complaint, Castro never mentioned that there were any “misrepresentations of fact and law” in the cease-and-desist letter that EMI sent in September 2010. Instead, Castro based his antitrust

and unclean hands claims on the mere fact that EMI sent the letter at all. Since the Court rejected this argument, Castro now, for the first time, claims that the letter contains misrepresentations.² See Order at 10 (recognizing that EMI's efforts to protect its trademark rights is not improper conduct); Castro's Response to EMI's Motion to Dismiss, Unclean Hands and Incontestable Status Claims (Dkt #65) ("Unclean Hands Opp.") at 1. This recycled claim still fails and must be dismissed.

As a threshold matter, the equitable doctrine of unclean hands only applies when the party asserting the doctrine has been injured by the inequitable conduct of the opposing party. *Positive Black Talk Inc. v. Cash Money Records Inc.*, 394 F.3d 357, 379 (5th Cir. 2004) (denying unclean hands defense for lack of injury); *Petro Franchise Sys., LLC v. All Am. Props, Inc.*, 607 F. Supp. 2d 781, 799 (W.D. Tex. 2009) (For unclean hands to apply, "[a]t the minimum, [the] conduct must have injured [the party seeking relief]"). Nowhere in Castro's complaint does he allege that he was injured by EMI's conduct in sending the cease-and-desist letter. See SAC ¶¶ 5.101-5.121, 7.129-7.143. Indeed, to the contrary, Castro admits that, since he is an "experienced litigation attorney," he "spotted" EMI's purported deception and was thus not affected by the alleged false representations. SAC ¶ 5.90. Since an unclean hands defense requires that the party seeking relief have suffered an injury, and Castro has not alleged any

² Each of the cases cited by Castro for the proposition that "even a single misrepresentation of fact is sufficient to bar the owner of a trademark from obtaining the injunctive relief it seeks" is either (1) factually inapposite, see *Worden v. California Fig Syrup Co.*, 187 U.S. 516, 528-34 (1903) (unclean hands applies where plaintiff makes a material misrepresentation about the nature of its goods); *Strey v. Devines, Inc.*, 217 F.2d 187, 190 (7th Cir. 1965) ("It is well established that a court of equity may deny relief for infringement of a trade-mark where plaintiff misrepresents *the nature of his product.*") (emphasis added), or (2) requires that the alleged misrepresentation be related to the equity sought by the party (which requirement, as shown above, Castro does not meet), see *Fuddruckers, Inc. v. Doc's Brothers, Inc.*, 826 F.2d 837, 847 (9th Cir. 1987) ("To prevail, the defendant must demonstrate that the plaintiff's conduct is inequitable and that the conduct relates to the subject matter of its claims.").

injury resulting from EMI's conduct, he has failed to state a claim upon which relief can be granted.³

Castro's unclean hands claim is premised on two purported misrepresentations: (1) EMI's cease-and-desist letter alleged a violation of the Anticybersquatting Consumer Protection Act ("ACPA") in spite of the fact that no reasonable litigant could expect to prevail on the merits of such claim, and (2) EMI misrepresented the holding of *EMI v. Smith*. Unclean Hands Opp. at 2-5. As discussed above, the Court is not required to accept as true Castro's *legal conclusion* that EMI's statements were "misrepresentations," *Iqbal*, 129 S. Ct. at 1949, and indeed, there was nothing false or misleading about those statements. Instead, Castro has simply misstated the applicable law and the contents of the letter.

First, Castro's "no reasonable litigant" contention is based on the repeated assertion that his ownership of a federal registration would bar EMI's ACPA claim. Unclean Hands Opp. at 3 (federal registration "would defeat any claim brought under the ACPA," and "gave Castro the right to register the domain name"). Under the ACPA, however, "the trademark or other intellectual property rights of the person, if any, in the domain name" is merely a "factor" "in determining whether a person has a bad faith intent . . .," not an absolute bar as Castro asserts. 15 USC § 1125(d)(1)(B)(i)(I).⁴ Thus, there was nothing false about EMI's assertion that Castro's registration and use of his domain name may violate the ACPA, since Castro's registration is not determinative. Similarly, EMI's demand that Castro cease use of the domain

³ Castro failed to meet this pleading requirement in spite of the fact that this Court directed the parties to the *Petro Franchise Systems* case in its discussion of the equitable unclean hands doctrine in its previous order. See Order at 12. This offers further proof that any further amendment by Castro would be futile, and this Court should dismiss his claims without granting leave to amend.

⁴ It is possible that Castro is confusing the ACPA with the federal dilution statute. The dilution statute does provide that a federal registration is a "complete bar" to a dilution claim. 15 U.S.C. § 1125(c)(6). The ACPA contains no such language, however.

name was not based solely on a violation of the ACPA, but also on “trademark infringement, dilution, unfair competition, deceptive acts and practices, and misappropriation . . .” *See* SAC, Exh. 11 (EMI’s demand letter). This is not a false statement; it is EMI’s belief, as evidenced by its counterclaims in this lawsuit, that Castro’s trademark and domain name infringe EMI’s rights. Thus, as there was nothing false or misleading about the statements in EMI’s letter, no misrepresentation occurred.

Second, Castro claims that “EMI misrepresented the Ninth Circuit’s opinion in *EMI v. Smith* by claiming that the Ninth Circuit had already ruled in its favor on a case with similar facts.” Such a characterization of EMI’s reference to the Ninth Circuit’s decision in its demand letter is plainly wrong. EMI stated in its letter that “a Federal Court recently ruled that ‘the mark ENTREPRENEUR is a strong, distinctive mark, deserving of significant protection,’ which ruling was upheld by the Ninth Circuit.” *See* SAC, Exh. 11. There is nothing in that letter to even suggest that the Ninth Circuit’s ruling involved a case “with similar facts” to the subject suit. In fact, the reference in that letter to the Ninth Circuit’s decision is fully supported by the court decisions (also attached to that letter) and therefore, contrary to Castro’s assertion, contains no misrepresentations. *See Entrepreneur Media, Inc. v. Smith*, No. CV 98-3607 FMC (CTx), 2004 U.S. Dist. LEXIS 24078, at *9-10, 13 (C.D. Cal. June 23, 2004); *Entrepreneur Media, Inc. v. Smith*, 101 Fed. Appx. 212, 2004 U.S. App. LEXIS 11567 (9th Cir. 2004).

Once again, Castro has failed to plead any *facts* to support his *legal conclusion* that EMI included misrepresentations in its demand letter. And once again, the Court is not required to accept as true Castro’s misplaced and inaccurate legal conclusion that the statements in EMI’s letter included misrepresentations. Accordingly, since Castro has failed to allege any facts to support the required elements of an unconscionable act or injury, his unclean hands claim should

be dismissed.

C. Castro Misconstrues the Defenses Available to Incontestability.

In his opposition, Castro admits that EMI's federal registrations are incontestable. Unclean Hands Opp. at 5 ("Castro has always acknowledged [that the USPTO had granted EMI 'incontestable' status]"). His argument is based entirely on the premise that this status can be nullified by certain defenses. This is generally true, as the Lanham Act sets forth nine different circumstances under which the conclusive evidence provided by incontestable status can be rebutted. 15 U.S.C. § 1115(b)(1)-(9). Castro's subsequent arguments, however, do not fall under any of those recognized defenses.

First, Castro completely misconstrues the statute in arguing that, because he is the "senior user" of his trademark, he can assert the defense found at 15 U.S.C. § 1115(b)(6). Unclean Hands Opp. at 8-9. That section provides that a federal registration that **pre-dates** the incontestable registration can act as a defense to the incontestable status. 15 U.S.C. § 1115(b)(6) ("That the mark whose use is charged as an infringement was registered and used prior to the registration under this Act . . . of the registered mark of the registrant"). Castro's registration did not issue until August 2009, and Castro's first use of his ENTREPRENEUROLOGY mark was January 2009. SAC ¶ 5.6, Exh. 1. EMI's incontestable registrations were registered in 1987, 1999 and 2001, with first use dates of 1978, 1992 and 1991, respectively. *See* Answer and Counterclaims (Dkt #38) at 14-15. Clearly, Castro's registration and use are not prior to the registration and first use dates of EMI's registered marks, as required by § 1115(b)(6). Accordingly, this defense is not available to Castro.⁵

⁵ Castro also erroneously argues that he can use the § 1115(b)(6) defense because his mark is inherently distinctive. Unclean Hands Opp. at 8. Section 1115(b)(6) contains no reference to inherent distinctiveness, so this argument is baseless.

Second, Castro argues that he can overcome the incontestable status of EMI's registrations based on his "unclean hands" claim. Unclean Hands Opp. at 6-7. Unclean hands is not one of the enumerated equitable defenses in § 1115(b)(9). The Fifth Circuit, moreover, has limited the applicability of unclean hands to an incontestability challenge, stating that only when "the origin or source of goods distributed under the subject mark is misrepresented" can unclean hands be asserted as a defense to incontestable status under § 1115(b)(3). *Exxon Corp. v. Oxxford Clothes*, 109 F.3d 1070, 1079 n.11 (5th Cir. 1997).⁶ Castro's unfounded unclean hands allegations do not have anything to do with any alleged misrepresentation by EMI of the origin or source of its goods/services, so Castro cannot take advantage of the unclean hands defense under § 1115(b)(3).

Third, Castro argues that he can take advantage of the fair use defense found in § 1115(b)(4). The defense provides that "the use of the [mark] charged to be an infringement is a use, otherwise than as a mark, . . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party" 15 U.S.C. § 1115(b)(4). This section applies "only in actions involving descriptive terms" to "prevent[] a markholder from 'appropriating a descriptive term for his exclusive use and so prevent others from accurately describing a characteristic of their goods.'" *Sugar Busters LLC v. Brennan*, 177 F.3d 258, 270-71 (5th Cir. 1999) (quoting *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1185

⁶ The only authority Castro cites in support of his unclean hands claim being an available defense to incontestability is *Pyrodyne Corp. v. Pyrotronics Corp.*, 847 F.2d 1398, 1402 (9th Cir. 1988). *Pyrodyne* simply holds that some equitable defenses are available in defending an infringement action, even when an incontestable registration is involved. It says nothing about unclean hands being an appropriate equitable defense to challenge the incontestable status of a registration under § 1115(b)(9), and indeed the case did not even involve an unclean hands defense, as the defendant was only asserting laches and estoppel. *Id.* at 1401-02. Castro thus has cited no authority to support his claim that unclean hands can be used to challenge incontestability, and his position is prohibited by the Fifth Circuit's holding in *Exxon*.

(5th Cir. 1980)). Castro's trademark, however, is ENTREPRENEUROLOGY, which, according to Castro, is a coined term used by him as a fanciful trademark to identify his services. SAC ¶ 7.185. It is *not* a term which has a dictionary meaning and thus cannot be used to describe a type or the characteristics of particular goods or services. As such his trademark ENTREPRENEUROLOGY cannot qualify for the fair use defense under § 1115(b)(4).

Finally, Castro seeks to challenge the incontestable status of EMI's registration through the genericness provision of § 1064(3) of the Lanham Act. That section permits the cancellation of a registration "if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered." 15 U.S.C. § 1064(3). As discussed below in Section E, Castro's claim that EMI's mark is generic fails and should be dismissed, so this defense is also inapplicable.

Castro has admitted that EMI's registrations are incontestable, and thus he has no basis to challenge that status in this action. Accordingly, his claim seeking a declaration that those registrations are not incontestable should be dismissed.

D. "Entrepreneur" Does Not State the General Name of EMI's Products, and the Ninth Circuit Has Already Determined That it is Not Generic.

Castro's only substantive argument to support his genericness claim is that there is a "*huge split* in the Circuits as to when a word has become generic when it comes to magazines." Castro's Response to EMI's Motion to Dismiss, Descriptive Use and Genericness Claims (Dkt #69) ("Genericness Opp.") at 5. Not only is this a mischaracterization of the law on this issue, and setting aside the fact that the decisions of other circuit cases are not binding on this Court, those other circuit decisions do not affect the analysis here, because the Fifth Circuit has already clearly spoken on the subject of genericness. The Fifth Circuit has expressly held that a mark is only generic if it "refers to 'a particular genus or class of which an individual article or service is

but a member.’’ *Soweco*, 617 F.2d at 1183. EMI’s ENTREPRENEUR magazine title does not refer to a particular genus or class, like “magazine” or “monthly” or “guide.” Nor is it the name of a trade or industry, or the name of a class of magazines. It therefore is not generic and does not fall within the unusual category of magazine titles that may be deemed generic.

Looking to other circuits, the Second Circuit did find the title CONSUMER ELECTRONICS MONTHLY to be generic. However, that holding was based on unusual facts, involving a trade magazine directed to industry personnel. *See CES Publ’g Co. v. St. Regis Publ’ns*, 531 F.2d 11 (2d Cir. 1975). Indeed, the Second Circuit noted this difference, observing that “periodicals must depend principally on their titles to convey their character. Courts have been reluctant to find a magazine title generic, perhaps in part because the magazines in such cases were not literally the class the title designated but were about that class.” *Id.* at 14. The court then went on to distinguish the facts of the case before it, noting that “[t]hese decisions did not present, however, the case of the trade magazine, whose title may be a word which names not only the class of goods but a class of magazines devoted to displaying and discussing those goods.” *Id.*

Subsequent courts have recognized these unusual facts and distinguished the Second Circuit’s holding in *CES Publishing* from cases involving more traditional magazines with titles that do not denote a class of magazines. *See, e.g., Salt Water Sportsman, Inc. v. B.A.S.S., Inc.*, No. 87-1144-Z, 1987 U.S. Dist. LEXIS 5249, at *8-10 (D. Mass. June 8, 1987) (finding magazine title SALT WATER SPORTSMAN descriptive rather than generic and noting that “[t]he trade magazine cases constitute a limited exception to the general rule that magazine titles will not be found to be generic.”); *Am. Assoc. for Advancement of Sci. v. Hearst Corp.*, 498 F. Supp. 244, 256 (D.D.C. 1980) (finding magazine title SCIENCE to be descriptive rather than

generic and noting that the “[*CES Publ’g*] case was atypical of cases involving magazine titles”); *cf. Reese Publ’g Co. v. Hampton Int’l Comms., Inc.*, 620 F.2d 7 (2d Cir. 1980) (finding magazine title VIDEO BUYER’S GUIDE generic because it met the requirement in *CES Publishing* that the name not only be a class of goods but also a class of magazines). Thus, there is no circuit split on this issue, but instead a refined approach for specific types of magazine titles.

To the extent that this Court looks outside the Fifth Circuit for persuasive authority, it should prefer the reasoning of a circuit court that specifically considered whether EMI’s mark was generic as to EMI’s goods and services, rather than circuit cases with inapposite facts. *See Smith*, 279 F.3d at 1141 n.2 (“‘ENTREPRENEUR’ does not state the general name of EMI’s product—a magazine—and therefore does not fit within the generic category.”). Of note, the Ninth Circuit considered, *and declined to follow*, the Second Circuit case relied upon by Castro. *See id.* (providing *CES Publ’g* as a negative citation).

In addition, EMI owns three ENTREPRENEUR trademarks, which cover printed publications, a website, and educational services. Castro completely ignores the latter two uses in his genericness argument, and instead focuses solely on the ENTREPRENEUR mark as used in connection with printed publications. Therefore his genericness claim must be dismissed as to EMI’s use of the ENTREPRENEUR trademark as a website and for educational services as well.

Since Castro has not, and cannot, allege any facts showing that the ENTREPRENEUR trademark is used to identify a class of magazines under Fifth Circuit law, this Court should dismiss his cancellation claim based on genericness for failure to state a claim upon which relief can be granted.

E. Castro’s Request for a Declaration That He Be Permitted to Use “Entrepreneur” and “Entrepreneurology” in a Non-Trademark Sense Should Be Dismissed.

Castro’s SAC seeks a declaration that Castro be permitted to use both the word

“entrepreneur” and the mark ENTREPRENEUROLOGY “merely to describe his goods and services.” SAC ¶ 7.67. Castro now admits in his opposition, however, that the Court “understandably dismissed [the ‘entrepreneur’ claim] for lack of case or controversy.” Genericness Opp. at 2. Since Castro has conceded that this portion of his claim was already properly dismissed, it should be dismissed again.

The second portion of this claim is simply nonsensical, as Castro is asking this Court to declare the impossible. There is no way that Castro’s trademark ENTREPRENEUROLOGY, which Castro claims is a coined term and hence a fanciful mark, can be used as a “descriptor.” It is a word that has no meaning other than as a trademark. This would be like PepsiCo arguing that, should it lose its trademark rights, it could still describe its soda as “pepsi” (e.g., “Our sodas are refreshing and pepsi”), or Nike seeking to describe its shoes as “nike” (e.g., “Our shoes are light, durable, and nike.”). These words have no meaning that can describe the goods; they serve only as source identifiers since they are not real words. Castro has already admitted that his mark is a fanciful trademark that he created, so he cannot now transform it into a “descriptor” simply by calling it so. SAC ¶¶ 5.7-5.9, 5.110, 7.8, 7.12-7.25. Since this claim seeks a declaration that cannot occur, it should be dismissed for failing to state a claim.

F. Castro Cannot Attack EMI’s Registrations as Descriptive.

Castro admits that EMI’s registrations are incontestable and for that reason Castro is barred from arguing that EMI’s marks are descriptive. Castro’s Response to EMI’s Motion to Dismiss, Descriptiveness and ACPA Claims (Dkt #68) (“ACPA Opp.”) at 1. In his opposition to EMI’s motion to dismiss his request for cancellation on descriptiveness grounds, Castro’s only argument is that his claim was pled in the alternative, in the event that he can prove that EMI’s registrations are not incontestable. Since Castro’s purported defenses to incontestability fail for the reasons stated in Sections C, D and E above, he will necessarily fail in his efforts to prove in

the alternative that EMI's registrations are not incontestable, with the result that his descriptiveness claim should therefore fail as well, and should be dismissed.

G. Castro's Declaratory Relief Claim under the ACPA Fails because There Is No Case or Controversy.

Castro argues that EMI is asking the Court to "take its word for it" that it will not bring a claim against Castro under the ACPA, to trick this Court into dismissing Castro's declaratory relief claim so that EMI can "re-file in a more friendly jurisdiction." ACPA Opp. at 7. EMI does not need the Court to take its word for it, as EMI has already filed its counterclaims in this lawsuit, and did not include a claim under the ACPA. *See* Counterclaims (Dkt #38). The ACPA claim was a compulsory counterclaim, so EMI cannot re-file this claim in another jurisdiction (nor would this make any sense, since EMI has filed multiple counterclaims already in *this* jurisdiction). There is no risk of an ACPA lawsuit in this or any other jurisdiction, so Castro has no right to a declaration on this claim. His declaratory relief claim (SAC Claim VII.I at 39-42) should therefore be dismissed.⁷

H. Castro Cannot Base His Remaining Declaratory Relief Claims on EMI's Demand Letter.

Castro argues that, simply because EMI sent him a demand letter, he has the right to bring his various declaratory relief claims. Castro's Response to EMI's Motion to Dismiss, 12(b)(1) Claims (Dkt #67) ("12(b)(1) Opp.") at 1. This is not the correct legal inquiry for whether a declaratory relief claim is appropriate. Instead, courts will examine whether there is a "real and substantial [dispute], [that] admit[s] of specific relief through a decree of a conclusive character." *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007).

⁷ Castro also points to EMI's request in its counterclaims' prayer for relief for an injunction barring Castro from owning or using his domain name. ACPA Opp. at 7 fn.3. That request is based on EMI's counterclaims for infringement and dilution, not on the ACPA, so this prayer provides no support for Castro's declaratory relief claim under the ACPA.

1. Senior User

Castro argues that he needs a declaration that he is the “senior user” of his ENTREPRENEUROLOGY trademark so that he can take advantage of the defense to incontestability provided by § 1115(b)(6). 12(b)(1) Opp. at 2. As discussed in Section C above, however, Castro has misread that statute. The defense in § 1115(b)(6) applies only to a federal registration and use that pre-date the incontestable registration being asserted. Castro’s registration and use do not pre-date EMI’s incontestable registrations. Accordingly, this defense is unavailable to Castro, and there is no need for the Court to make any declaration regarding his purported priority rights. Furthermore, as EMI pointed out in its Motion to Dismiss, Castro’s declaratory relief claim asks the Court to give an advisory opinion on Castro’s seniority as to the world in general, which is improper and should be rejected. *See* Section II.H.2 at 15.

2. Standard Character Mark

Castro argues for a declaration that his standard character mark permits him to use any stylization for his ENTREPRENEUROLOGY marks. Once again, Castro misconstrues the law regarding this type of registration. Nothing in the Lanham Act, Code of Federal Regulations, or Trademark Manual of Examining Procedure gives Castro “the right” to use any stylizations. A standard character mark simply means that the applicant is “seek[ing] to register words . . . without claim to any particular font style, size, or color.” 37 C.F.R. § 2.52(a). The declaration from this Court which Castro seeks, on the other hand, would give him the unfettered right to use any stylization, without regard to the rights of others in the marketplace. Accordingly, this claim by Castro is not an appropriate use of the declaratory relief process, and should be dismissed.

Castro apparently recognized the impropriety of this claim, as he attempts to retreat from this position in his opposition, claiming that he “never asked for a global ruling on his right to use fonts, styles, designs, capitalization and colors that do not yet exist.” 12(b)(1) Opp. at 5.

This is incorrect. See SAC Claim VII.C (seeking “JUDICIAL DECLARATION THAT CASTRO’S OWNERSHIP OF THE TRADEMARK REGISTRATION NUMBER 3,663,282 AS A “STANDARD CHARACTER MARK” ALLOWS HIM TO USE ANY VARIATION OF THAT MARK WITHOUT REGARD TO ANY PARTICULAR FONT, STYLE, SIZE, CAPITALIZATION, COLOR, OR PUNCTUATION.”) (emphasis added).

3. Registration Properly Granted

Castro argues that, because EMI has challenged the validity of Castro’s registration, he is entitled to a declaration that the registration was properly granted by the PTO. There is a world of difference, however, between a request to cancel based on specific grounds of infringement and dilution (i.e., EMI’s counterclaim) and a sweeping declaration that, as to the entire world, Castro’s registration was properly granted. There are numerous grounds on which a registration can be attacked, including fraud, abandonment, descriptiveness, genericness, prior rights, functionality, infringement, and dilution. 15 U.S.C. § 1064. A declaration from this Court that Castro’s registration was properly granted would eliminate all of those grounds as to anyone and everyone, not just EMI. Such a request by Castro thus grossly exceeds the purpose and scope of declaratory relief and for that reason should be dismissed.

4. Specific Elements of Infringement Claim

In defense of his declaratory relief claim that his marks are inherently distinctive, Castro makes the completely inaccurate statement that “[a] declaration of law that Castro’s trademark is inherently distinctive would dispose of this entire lawsuit.” 12(b)(1) Opp. at 7. Castro is mixing up the elements of a trademark infringement claim in making this statement. To prevail on an infringement claim, a plaintiff must establish two elements: the trademark is valid and protectable, and there is a likelihood of confusion between the plaintiff’s mark and the defendant’s mark. *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 235-36 (5th Cir.

2010). To establish the first element, the plaintiff must show that its mark is either inherently distinctive, or has acquired distinctiveness. *Id.* at 237. If the plaintiff’s mark is found to be not distinctive, then that finding would indeed dispose of th[e] entire lawsuit” since the mark would not be protectable.

That is not what Castro is asking for, however. Castro, the (counter)defendant in the infringement claims, seeks a declaration that his allegedly infringing mark is inherently distinctive. The distinctiveness of the defendant’s mark is in no way dispositive of anything. At most, it is simply relevant to one of the factors the fact finder will analyze in determining a likelihood of confusion.⁸ Accordingly, it is improper and unnecessary for the Court to provide a declaration on this limited and discrete issue. *See MedImmune*, 549 U.S. at 127 (declaratory relief claim must “admit of specific relief through a decree of a conclusive character.”).

Castro is similarly mistaken in his argument that his intent to deceive (about which he seeks a declaration) is not a digit of confusion, because “deception has nothing to do with infringement.” 12(b)(1) Opp. at 10. First, the defendant’s intent is expressly listed by the Fifth Circuit as a digit of confusion. *Xtreme Lashes*, 576 F.3d at 227 (“We examine the following nonexhaustive ‘digits of confusion’ in evaluating likelihood of confusion: . . . (6) defendant’s intent; . . .”); *see also Elvis Presley Enters. v. Capece*, 141 F.3d 188, 203 (5th Cir. 1998) (“intent to confuse the public” is a factor to be weighed). Second, the Lanham Act expressly states that infringement includes “use in commerce [of] any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or

⁸ Specifically, the distinctiveness of Castro’s mark could potentially be taken into account when comparing the marks to determine their similarity (which is one of the digits of confusion). *See Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221, 227 (5th Cir. 2009) (digits include “mark similarity”). Tellingly, Castro cites to no cases that hold that if a defendant’s trademark is inherently distinctive, the defendant prevails, because no such case exists.

advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, *or to deceive*” 15 U.S.C. § 1114(a) (emphasis added). This intent, however, like all of the other digits, is just one of many factors considered in an infringement claim. Therefore, because Castro’s intent by itself is *not* dispositive of “specific relief through a decree of conclusive character,” *MedImmune*, 549 U.S. at 127, such a request by Castro for declaratory relief on the issue of intent to deceive should be denied.

Finally, as to Castro’s two remaining claims for declaratory relief (i.e., seeking a finding of no likelihood of confusion and a dismissal of EMI’s cancellation proceeding), such claims are completely subsumed by EMI’s Lanham Act and common law counterclaims. The pivotal issue in both such counterclaims is the likelihood of confusion and, depending on whether such confusion and hence trademark infringement is found to exist or not, then EMI’s cancellation proceeding will either move forward or be dismissed. These two remaining claims by Castro are accordingly duplicative and unnecessary. Castro is estopped from arguing otherwise, as he has already taken the position, in his motion to dismiss EMI’s declaratory relief counterclaim, that “courts [should] dismiss declaratory judgment claims that are duplicitous [sic] of statutory and common law claims that are already pending before the court.” Castro’s Rule 12(b)(1) Motion to Dismiss EMI’s Declaratory Judgment Act Claims (Dkt #45) at 1-2.⁹ Accordingly, these two claims should also be dismissed.

III. CONCLUSION

For the foregoing reasons, EMI requests that all of Castro’s claims be dismissed without leave to amend.

Dated: August 17, 2011

Respectfully submitted,

⁹ As noted in EMI’s opposition to that motion, Castro misapplied this holding to EMI’s counterclaim, which is not duplicative of EMI’s other claims.

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CERTIFICATE OF SERVICE

I hereby certify the on August 17, 2011, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system which will send notification of such filing to the following:

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