

**IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

Jamie Flack, LLC,)	
a Pennsylvania LLC)	
d/b/a Rustique)	No. 3:16-CV-01679
)	
Plaintiff,)	(Judge Munley)
)	
v.)	
)	
Rustique Specialty Gifts, LLC)	
)	
Defendant.)	
)	JURY TRIAL DEMANDED
)	

**PLAINTIFF’S MEMORANDUM OF LAW IN OPPOSITION TO MOTION
TO DISMISS**

Plaintiff, Jamie Flack, LLC d/b/a Rustique ("Rustique"), by and through its undersigned counsel, hereby submits its Memorandum of Law in opposition to the Motion to Dismiss filed by Defendant, Rustique Specialty Gifts, LLC ("RSG").

I. SUMMARY

The threshold issue in a trademark dispute concerns the distinctiveness of the asserted mark. *Distinctiveness is a question of fact* and is therefore inappropriate for adjudication at the motion to dismiss stage. Part IV. A. By its motion, Defendant bypasses the distinctiveness analysis, and argues for dismissal because Plaintiff “has failed to demonstrate . . . secondary meaning.” Secondary meaning, however, becomes relevant only if the distinctiveness analysis returns a

finding that the mark is descriptive. Further, like the distinctiveness analysis, the issue of *secondary meaning* is also a question of fact and is therefore inappropriate for decision at the motion to dismiss stage. Part IV. B. Even if the issues of *distinctiveness* and *secondary meaning* were appropriate for ruling at the motion to dismiss stage, Plaintiff sufficiently met the pleading requirements by its Complaint. Parts IV. C. 1-2. Finally, Defendant improperly offers evidence and makes a series of “failure to plead” assertions. These arguments are addressed sequentially in the order presented in Defendant’s Brief. Parts IV. D-F.

II. COUNTERSTATEMENT OF FACTS

To the extent allowed by prevailing law, Plaintiff relies on its Complaint for the factual background to the exclusion of all facts and evidence offered by Defendant in support of its Motion to Dismiss.

III. STANDARD

In considering a motion to dismiss, under Fed. R. Civ. P. 12(b)(6), “federal courts require notice pleading” Ash Equip. Co. v. Rampart Hydro Servs., Inc., No. 11CV0204, 2011 WL 1831592, at *1 (W.D. Pa. May 12, 2011). Federal Rule 8(a)(2) requires only “‘a short and plain statement of the claim . . . ’ in order to ‘give the defendant fair notice of what the . . . claim is and the grounds on which it rests.’” Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555 (2007)(quoting Conley v. Gibson, 355 U.S. 41, 47, 78 S.Ct. 99, 2L.Ed.2d 80 (1957)). Therefore, the “facts

alleged in the complaint, but not the legal conclusions, must be taken as true and all reasonable inferences must be drawn in favor of plaintiff.” Ash Equip. Co., 2011 WL 1831592, at *2 (citing Ashcroft v. Iqbal, 556 U.S. 662, 677, 129 S. Ct. 1937, 1949, 173 L. Ed. 2d 868 (2009); Twombly, 550 U.S. at 555).

Under this standard, Plaintiffs' Complaint indeed avers sufficient factual allegations to withstand the instant motion. As discussed below in detail, distinctiveness, secondary meaning, and likelihood of confusion all involve questions of fact that are inappropriate for determination at a motion to dismiss.

IV. ARGUMENT

A. The Threshold Issue Is Distinctiveness of the Asserted Trademark, Which Is a Question of Fact that Is Inappropriate for Adjudication at the Motion to Dismiss Stage.

The threshold issue in this case, as in any trademark action, is whether the RUSITIQUE mark qualifies for protection under federal and state law. This, in turn, requires the Court to locate the mark along the spectrum of distinctiveness.

Thus, a threshold issue is always the mark's distinctiveness. Trade and service marks are typically classified into categories: arbitrary[, fanciful], suggestive, descriptive and generic. [. . .] An arbitrary mark is one which bears “no logical or suggestive relation to the actual characteristics” of the service; a suggestive mark suggests rather than describes the characteristics of the services. [. . .] Arbitrary and suggestive marks are inherently distinctive and entitled to protection without proof of secondary meaning. In contrast, descriptive marks, which describe a characteristic of the service, require proof of secondary meaning for protection. Generic marks,

which function as the common descriptive name of a service class, are entitled to no protection at all.

Laurel Capital Grp., Inc. v. BT Fin. Corp., 45 F. Supp. 2d 469, 481 (W.D. Pa. 1999) (citing and quoting A.J. Canfield Co. v. Honickman, 808 F.2d 291, 296 (3d Cir. 1986); 2 McCarthy on Trademarks and Unfair Competition § 11:4 (4th ed.)).

In A.J. Canfield Co., the Third Circuit noted: “Courts and commentators have recognized the difficulties of distinguishing between suggestive, descriptive, and generic marks.” A.J. Canfield Co., 808 F.2d at 296. Further, “[w]hile at times the appropriate characterization of a mark may seem self-evident and unnecessary of clarification through the presentation of evidence, the Fifth Circuit has cautioned against ‘leaping too quickly to any conclusion before a *full* presentation of the evidence.’” Adventure Plus Enterprises, Inc. v. Gold Suit, Inc., No. 3-06-CV-2032-BD, 2008 WL 3171647, at *2 (N.D. Tex. July 29, 2008)(emphasis added by district court)(quoting Union National Bank of Texas, Laredo v. Union National Bank of Texas, Austin, 909 F.2d 839, 847 (5th Cir.1990)).

Importantly, the Third Circuit has stated that “a designation's level of inherent distinctiveness is a question of fact.” A.J. Canfield Co., 808 F.2d at 307 n.24. As such, determining a mark’s distinctiveness is inappropriate at the motion to dismiss stage. Ash Equip. Co., 2011 WL 1831592, at *6 (“given the juncture of the legal proceedings, this Court cannot as a matter of law, dismiss Plaintiffs’

cybersquatting cause of action because the threshold issue . . . turns on the level of inherent distinctiveness which is a question of fact.”).

It is not uncommon for courts in other districts to deny motions to dismiss on the basis that distinctiveness is a question of fact. See A.V.E.L.A., Inc. v. Est. of Marilyn Monroe, LLC, 131 F. Supp. 3d 196, 212-13 (S.D.N.Y. September 18, 2015)(denying motion to dismiss and noting that distinctiveness and/or acquisition of secondary meaning, being fact intensive, generally should not be resolved on a motion to dismiss); Sec. Works!, Inc. v. Sec. World Intern., Inc., 94-6625-CIV-MARCUS, 1994 WL 806086, at *9 (S.D. Fla. Nov. 14, 1994)(“of whether a particular mark is descriptive and the issue of whether it has acquired secondary meaning are issues of fact. [internal citation omitted] As such, they are inappropriate for resolution on a motion to dismiss.”).

Indeed, even after a record is developed through discovery, motions for summary judgment are denied because the distinctiveness issue is very fact intensive. The “Third Circuit has expressly stated that ‘the characterization of a mark is a factual issue for the jury.’” Buying For The Home, LLC v. Humble Abode, LLC, 459 F. Supp. 2d 310, 319 (D.N.J. Oct. 20, 2006)(quoting Ford Motor Co. v. Summit Motor Prods., 930 F.2d 277, 292 n. 18 (3d Cir.1991)); Guardian Life Ins. Co. of Am. v. Am. Guardian Life Assur. Co., 943 F. Supp. 509, 523 n. 10 (E.D. Pa. 1996) (noting that distinctiveness is a question of fact not appropriate for

summary judgment determination) (abrogated on other grounds by A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc., 237 F.3d 198 (3d Cir. 2000); KatiRoll Co., Inc. v. Kati Junction, Inc., 2015 WL 5671881 at *6 (S.D.N.Y. Sept. 25, 2015) (noting, upon its denial of motion for summary judgment, that issues of fact existed with respect to the strength (distinctiveness) of plaintiff's mark and as to other factors of the likelihood of confusion standard).

At present, Defendant ignores the threshold question of distinctiveness and blindly asserts - at the pleading stage - that the mark is descriptive. Defendant is asking the Court to deprive Plaintiff of its opportunity to conduct discovery and present evidence concerning the distinctiveness of the mark – so Defendant can premise its motion to dismiss on the issue of secondary meaning.¹ As discussed above, the mark must be found to be descriptive after “receiving evidence and hearing arguments.” Ash Equip. Co., 2011 WL 1831592, at *6 (reasoning that receiving evidence and hearing arguments is a necessary predicate to enable evaluation of the question of fact - threshold issue - of distinctiveness) (quoting A.J. Canfield Co., 808 F.2d at 294); 2 McCarthy on Trademarks § 11:70 n.2 (“Characterization is a factual issue for the jury.”).

¹ As the Third Circuit observed of word marks: “[E]vidence of secondary meaning is not even relevant if the term is arbitrary, suggestive or generic. 2 McCarthy on Trademarks §11:4 citing A.J. Canfield Co., 808 F.2d at 297 (3d Cir. 1986)).

For these reasons, because the threshold issue of placing the RUSTIQUE mark into a distinctiveness category (fanciful, arbitrary, suggestive, descriptive, generic) is a question of fact that is inappropriate for adjudication at the pleadings stage, Defendant's motion to dismiss should be denied.

B. Even if Plaintiff Stipulated to the *Fact* of Descriptiveness, Secondary Meaning Is a Question of Fact that Is Inappropriate for Adjudication at the Motion to Dismiss Stage.

Defendant's motion must be denied because secondary meaning is also a question of fact that is inappropriate for determination by a motion to dismiss. As discussed above, secondary meaning is only required for protection of marks that are found to be descriptive. A.J. Canfield Co., 808 F.2d at 296. Secondary meaning is also a question of fact. E.T. Browne Drug Co. v. Cococare Prod., Inc., 538 F.3d 185, 192 (3d Cir. 2008)(citing Dranoff–Perlstein Assocs. v. Sklar, 967 F.2d 852, 862 (3d Cir.1992)). Being a question of fact, secondary meaning generally should not be resolved on a motion to dismiss. A.V.E.L.A., Inc., 131 F. Supp. 3d at 213; Kaplan, Inc. v. Yun, 16 F. Supp. 3d 341, 348-49 (S.D.N.Y. 2014)(holding that issue of whether mark had obtained secondary meaning was a question of fact that could not be determined on a motion to dismiss); CourtAlert.com, Inc. v. e-Law, LLC, No. 12 Civ. 2473(DAB), 2013 WL 4754819, at *6 (S.D.N.Y. Aug. 26, 2013) (determining whether mark had secondary meaning presented a question of fact that could not be decided on

a motion to dismiss); In re Conn. Mobilecom, Inc., No. 02 Civ. 02519(WHP), 2003 WL 23021959, at *10 (S.D.N.Y. Dec. 23, 2003) (“the issue of whether a trade name has acquired secondary meaning is a question of fact and therefore not appropriately decided on a motion to dismiss”). For these reasons, because the matter of secondary meaning is a question of fact that is inappropriate for adjudication at the pleadings stage, Defendant’s motion to dismiss should be denied.

C. Plaintiff Adequately Pleaded Factual Matter That Goes Well Beyond What Is Required of the Liberal Pleading Standard.

1. Plaintiff Factually Pleaded Distinctiveness of the RUSTIQUE Mark

A suggestive mark is inherently distinctive. A.J. Canfield Co., 808 F.2d at 296. Tests for suggestiveness evaluate whether imagination, thought, or perception, or any type of multi-stage reasoning is required to associate the goods / services with the mark. Dranoff-Perlstein Associates v. Sklar, 967 F.2d 852, 857–58 (3d Cir. 1992); 2 McCarthy on Trademarks § 11:67; 4 Callmann on Unfair Comp., Tr. & Mono. § 18:15 (4th Ed.); ABA Model Jury Instructions, *Copyright, Trademark and Trade Dress Litigation* § 2.3.5 (2008).

Specifically, Plaintiff factually alleges:

Rustique has used the Rustique Mark in connection with the sale of gifts, home décor products, paints and painting equipment, furniture, and furnishings. Rustique also has used the Rustique Mark in connection with the rendering of various services including, but not limited to retail store services featuring the goods of others, promoting

the products of others, conducting educational workshops relating to home décor and furniture refinishing, providing information in the field of home décor and furniture finishing, providing entertainment in the nature of shopping events that include wine and refreshments, making custom ordered furnishings /wall-hangings for others, and rental of furniture.

(Complaint ¶ 8) In the context of distinctiveness, at this stage, accepting the pleadings as true, including all reasonable inferences, the Court must find that the mark is suggestive in the minds of consumers. This is because multi-stage reasoning is required to make an association between RUSTIQUE and Plaintiff's pleaded goods and services. For example, consider "providing entertainment in the nature of shopping events that include wine and refreshments." Plaintiff submits that significant reasoning, imagination, thought, or perception is required to draw the association between RUSTIQUE and such pleaded services. Field of Screams, LLC v. Olney Boys & Girls Cmty. Sports Ass'n, No. CIV.A. DKC 10-0327, 2011 WL 890501, at *6 (D. Md. Mar. 14, 2011) (denying motion to dismiss finding the pleaded facts support suggestiveness after analyzing the various meanings of the asserted mark to elucidate a plausible multi-stage reasoning process associating the mark with the services).

Plaintiff Further alleges The Rustique Mark is featured prominently in Rustique's marketing, signage and, on the company's website, shoprustique.com, and on the company's Facebook profile facebook.com/shoprustiquekingston.

(Complaint ¶ 9) The mark is prominently displayed outside the store location on

Kingston Corners. (Complaint ¶ 7, 10) The mark is a source designator to the consuming public. (Complaint ¶ 20, 23) Plaintiff has used the mark since 2014 (Complaint ¶ 18) The mark is distinctive to the public. (Complaint ¶ 22) These allegations are sufficient. See Ash Equip. Co., 2011 WL 1831592, at *5 (examining plaintiff's complaint and finding distinctiveness to be alleged on examination of similar pleaded paragraphs of the complaint).

2. Plaintiff Factually Pleaded Secondary Meaning

Plaintiff's Complaint also alleges secondary meaning. "Secondary meaning exists when the mark is interpreted by the consuming public to be not only an identification of the product or services, but also a representation of the origin of those products or services." Commerce Nat. Ins. Servs., Inc. v. Commerce Ins. Agency, Inc., 214 F.3d 432, 438 (3d Cir. 2000) (internal quotation and citation omitted). The Third Circuit has enumerated the following non-exhaustive list of factors that courts may consider in determining whether a mark has acquired secondary meaning:

- (1) the extent of sales and advertising leading to buyer association;
- (2) length of use;
- (3) exclusivity of use;
- (4) the fact of copying;
- (5) customer surveys;
- (6) customer testimony;
- (7) the use of the mark in trade journals;
- (8) the size of the company;
- (9) the number of sales;
- (10) the number of customers; and,
- (11) actual confusion.

Lorillard Techs., Inc. v. NJ Ale H., LCC, No. CIV 2:14-2044 KM, 2015 WL 1197531, at *7 (D.N.J. Mar. 13, 2015) ("At the motion to dismiss stage, this Court

need not conclusively determine that the [mark] has acquired secondary meaning.”).

Presently, it is alleged that Plaintiff is a Limited Liability Company with a principal place of business at 168 United Penn Plaza, Kingston, PA 18704. (Complaint ¶ 1). Plaintiff is the owner of a well-known store that provides various goods and services in connection with the RUSTIQUE mark. (Complaint ¶ 6) Plaintiff gained attention when it opened a location at Kingston Corners on Black Friday 2014. (Complaint ¶ 7) Plaintiff has used its mark on or in connection with various goods and services. (Complaint ¶ 8) The RUSTIQUE mark is featured prominently in marketing, signage and, on the company's website, and on the company's Facebook. (Complaint ¶¶ 9-10) Defendant copied the mark. (Complaint ¶¶ 11-12, 24) Consumers were actually confused and traveled to the wrong store thinking Defendant to be Plaintiff. (Complaint ¶ 13) Plaintiff has used the mark since 2014 (Complaint ¶ 18) The mark designator of source of high quality products and services to the consuming public, and the public and the trade use RUSTIQUE to refer to Plaintiff. (Complaint ¶¶ 20-23)

These allegations of secondary meaning are also sufficient. See Ash Equip. Co., 2011 WL 1831592, at *5 (examining specific paragraphs of the complaint -- that are similar to Rustique's Complaint -- and finding secondary meaning to be alleged).

D. Plaintiff's Response to Various "Failure to Plead" Arguments

The remaining arguments of Defendant in support of its motion concern asserted "failure to plead" deficiencies presented under the heading "*ii. The Plaintiff has failed to Demonstrate the Likelihood of Confusion*". Defendant's Brief, pp. 9-12. The assertions are isolated and individually addressed in sequential order below.

Defendants assert that Plaintiff "failed to offer factual averments demonstrating the strength of the mark." Defendant's Brief, p. 10. Under trademark law, distinctiveness and strength are often used interchangeably. 2 McCarthy on Trademarks and Unfair Competition § 11:75 (4th ed.) As such, this issue is addressed above.

Defendant asserts: "there are no facts alleging the price or type of goods offered for sale." Defendant's Brief, p. 10. Plaintiff's reply is that there is no such requirement that this information be pleaded. Defendant has cited no such authority in support of its assertion. Plaintiff pleaded such facts (Complaint ¶¶ 6, 8, and 11)

Defendant asserts a failure to aver "the methods the parties use to advertise their businesses and no showing has been made that the channels of trade are through the same media." Defendant's Brief, p. 10. Plaintiff's reply is that there is no such requirement that this information be pleaded. Defendant has cited no such

authority in support of its assertion. Plaintiff pleaded such facts. (Complaint ¶¶ 1-2, 6, 6, and 10-12) Additionally, consumers have mistakenly traveled to the wrong location, Defendant's store, looking for Plaintiff. (Complaint ¶ 13) At this stage, the Court can presume from the alleged fact of actual confusion² that there is overlap in advertising and sales channels.

Defendant asserts a failure to aver "that the impression of the customer, when viewing the two marks, is essentially the same." Defendant's Brief, p. 11. The test for trademark infringement is "likelihood of confusion". See Scott Paper Co., 589 F.2d at 1229. The test is not whether the marks are "essentially the same" as Defendant asserts. Further, the complaint refers to the respective marks of the parties. (Complaint ¶¶ 6, and 9-12).

Defendant argues that the Exhibits to the Complaint and the Facebook page are "insufficient to show" the marks are confusingly similar. Defendant's Brief, p. 11. Sufficiency of evidence - showing - is not the correct standard for a motion to dismiss. A.R. Nejad Enterprises, Inc. v. Home Decorators Collection, Inc., No. CIV.A. 05-044420JF, 2006 WL 891452, at *1 (E.D. Pa. Apr. 6, 2006)("At this stage, we are concerned only with the sufficiency of plaintiff's pleading.") (finding

² Defendant characterizes a specifically pleaded instance of actual confusion as a "naked assertion". Defendant's Brief, p. 10. Actual confusion is a factor used in the likelihood of confusion analysis. Scott Paper Co. v. Scott's Liquid Gold, Inc., 589 F.2d_1225, 1229 (3d Cir. 1978).

dismissal under Rule 12(b)(6) unjustifiable and acknowledging how facts are insufficiently developed at the pleading stage).

E. The Offering of Facts and Exhibits by Defendant at the Motion to Dismiss Stage Is Inappropriate.

Defendant attempts to introduce facts and evidence and make an argument that Plaintiff's mark is descriptive. Defendant's Brief, pp. 1, and 11-12. This evidence is improper at the motion to dismiss stage. In re Burlington Coat Factory Sec. Litig., 114 F.3d 1410, 1424-25 (3d Cir. 1997). In addition, as discussed above, the mark sufficiently pleaded as arbitrary or suggestive. Evidence can be developed on the distinctiveness issue during discovery, and the issue, which is a question of fact, can then be decided at summary judgment or trial.³

F. Plaintiff's Reply to the "Failure to Allege" Arguments Concerning Common Law Unfair Competition

Defendant asserts a failure to allege that Defendant has "capitalized off any confusion by the consumer." Defendant's Brief, p. 12-13. The actual confusion alleged is one instance. From this well pleaded fact, one can only presume that by using the same name, others will similarly travel to Defendant's location by mistake believing it is the location of Plaintiff. One can further presume that Defendant has capitalized and will continue to capitalize on the pleaded consumer

³ Further, assuming *arguendo*, even if the mark is descriptive, secondary meaning is properly pleaded. See Parts IV. B. and IV. C. 2 above.

recognition of Plaintiff. Further, Defendant cites no authority to support this failure to allege argument.

Defendant asserts “Plaintiff has failed to allege the Defendant offers the same or similar goods and therefore has failed to show that Defendant has been able to profit off the name of Plaintiff.” Defendant’s Brief, p. 13. Plaintiff’s reply is that there is no such requirement that this information be pleaded. Defendant has cited no such authority in support of its assertion. Plaintiff pleaded such facts (Complaint ¶¶ 6, 8, and 11).

V. CONCLUSION

For the reasons stated herein, Plaintiff respectfully requests that the Court deny the motion to dismiss. In the alternative, Plaintiff requests that, should this Court determine that the Complaint is in some regard insufficient, that leave be given to amend the Complaint accordingly.

Dated: October 5, 2016

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I electronically transmitted a full, true, and correct copy of :

1. Plaintiff’s Memorandum of Law in Opposition to Motion to Dismiss

to the Clerk of Court using the Electronic Case Filing System (the “ECF System”) for filing and transmittal of a Notice of Electronic Filing to the ECF registrants.

Dated: October 5, 2016

Respectfully submitted,

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