

**TENTATIVE Order Regarding Motion to Dismiss**  
**Second Amended Answer and Counterclaim**

Before the Court is Plaintiff Entrepreneur Media, Inc.’s (“Entrepreneur”) motion to dismiss the second amended counterclaim of Defendants Kelly Roach, LLC d/b/a Kelly Roach International and Kelly Roach (collectively – “Defendants”) pursuant to Federal Rule of Civil Procedure 12(b)(6). Mot., ECF No. 39. Defendants filed an opposition. Opp’n, ECF No. 42. Entrepreneur filed a response. Reply, ECF No. 43.

For the following reasons, the Court **GRANTS IN PART AND DENIES IN PART** the motion.

**I. BACKGROUND**

This is a trademark infringement case. Entrepreneur has for the past forty years been a publisher of magazines and books and a provider of other products and services to businesses, business owners, and prospective business owners. Complaint, ECF No. 1, ¶ 14. Most notably, Entrepreneur publishes Entrepreneur magazine, which features articles about and interviews with business and entertainment figures. *Id.* ¶ 17. Entrepreneur is the owner of 15 federally registered trademarks that include the word “entrepreneur” (the “Asserted Marks”).<sup>1</sup> *Id.* ¶ 31.

Kelly Roach is the owner of Kelly Roach International. *Id.* ¶ 4. Defendants make frequent use of the phrase “The Unstoppable Entrepreneur.” *Id.* ¶¶ 38-43. Defendants filed an application (Serial No. 88/390522) (the “Application”) with the United States Patent and Trademark Office (“USPTO”) to register the mark “Unstoppable Entrepreneur” for use with the service “Business consultancy; Business marketing consulting services.” *Id.* ¶ 44. Entrepreneur opposed the Application on March 6, 2020, and the action remains pending before the USPTO. *Id.* ¶ 45.

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<sup>1</sup> These marks are Registration Nos. 1,453,968, 2,263,883, 2,502,032, 4,260,948, 4,345,424, 5,256,907, 4,612,937, 5,023,413, 3,470,064, 3,470,063, 4,532,577, 3,204,899, 5,052,999, 5,854,545, and 4,387,158. Compl. ¶ 31.

On September 4, 2020, Entrepreneur filed its Complaint in this lawsuit, alleging claims of trademark infringement under the Lanham Act and the common law as well as unfair competition under the Lanham Act and the common law. Id. ¶¶ 55-93. On November 25, 2020, Defendants filed an Answer and Counterclaim. Answer and Counterclaim, ECF No. 24. Defendants filed an Amended Answer and Counterclaim (“AAC”) on December 14, 2020. AAC, ECF No. 29. On February 9, 2021, the Court dismissed Defendants’ first counterclaim seeking to cancel certain Asserted Marks for being generic. First Order, ECF No. 37. On March 11, 2021, Defendants filed their Second Amended Answer and Counterclaim (“SAAC”). SAAC, ECF No. 38. In the SAAC, Defendants once again seek cancellation of certain Asserted Marks for being generic.<sup>2</sup>

## II. LEGAL STANDARD

Under Rule 12(b)(6), a defendant may move to dismiss for failure to state a claim upon which relief can be granted. A plaintiff must state “enough facts to state a claim to relief that is plausible on its face.” Bell Atl. Corp. v. Twombly, 550 U.S. 544, 570 (2007). A claim has “facial plausibility” if the plaintiff pleads facts that “allow[] the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009).

In resolving a 12(b)(6) motion under Twombly, the Court must follow a two-pronged approach. First, the Court must accept all well-pleaded factual allegations as true, but “[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice.” Iqbal, 556 U.S. at 678. Nor must the Court “accept as true a legal conclusion couched as a factual allegation.” Id. at 678-80 (quoting Twombly, 550 U.S. at 555). Second, assuming the veracity of well-pleaded factual allegations, the Court must “determine whether they plausibly give rise to an entitlement to relief.” Id. at 679. This determination is context-specific, requiring the Court to draw on its experience and common sense, but there is no plausibility “where the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct.” Id.

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<sup>2</sup> This counterclaim relates to Registration Nos. 2,263,883 (the “883 Registration”), 2,502,032 (the “032 Registration”), 4,612,937 (the “937 Registration”), 5,023,413 (the “413 Registration”), 3,470,064 (the “064 Registration”), 3,470,063 (the “063 Registration”), and 5,854,545 (the “545 Registration”).

### III. DISCUSSION

Before addressing the Parties' arguments, the Court notes that Defendants have stated that they will withdraw their counterclaim that the '545 Registration for "ENTREPRENEUR VOICES" is generic. Opp'n at 16. The Court therefore does not address this mark.

Entrepreneur provides four arguments for why it believes the SACC should be dismissed. The Court mostly disagrees.

#### *A. Sufficiency of Alleged Facts*

First, Entrepreneur contends that Defendants' counterclaim must be dismissed because Defendants only allege facts about whether the Asserted Marks are generic now and not about whether they were generic when the Asserted Marks were first registered. Mot. at 8-10. The Court does not agree that the allegations are insufficient to make the claim "plausible on its face." Twombly, 550 U.S. at 570. In the SACC, Defendants incorporate several exhibits as examples showing how the public views the term "ENTREPRENEUR" to be generic. See, e.g., SACC ¶¶ 14, 15, 18, and 19. While Plaintiffs do not allege facts about public understanding of the term "ENTREPRENEUR" when the Asserted Marks were first registered, the facts alleged do allow for the plausible inference that the term "ENTREPRENEUR" has been understood in such a generic manner, including when the Asserted Marks were first registered. See Aureflam Corp. v. Pho Hoa Phat I, Inc., 375 F. Supp. 2d 950, 953 (N.D. Cal. June 24, 2005) (employing a similar analysis). In essence, the Court concludes that it is plausible that the common meaning of the term "ENTREPRENEUR" that the Defendants have alleged currently exists also existed when the Asserted Marks were registered. The Court therefore rejects this basis for granting the motion.

#### *B. Smith*

Next, Entrepreneur argues that Defendants' counterclaim is foreclosed by the Ninth Circuit's ruling in Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135 (9th Cir. 2002). Mot. at 10-12. In Smith, the Ninth Circuit considered Entrepreneur's registration of the mark "'ENTREPRENEUR' as a trademark on the federal Principal Register in International Class 16 for "paper goods and printed matter; namely magazines, books and published reports pertaining to business

opportunities’ and in International Class 9 for ‘computer programs and programs/user manuals all sold as a unit.’” Id. at 1138-39. In determining whether the defendant’s use of certain terms were likely to cause confusion with the “ENTREPRENEUR” mark, the Smith court held that the “ENTREPRENEUR” mark was distinctive and not generic. Id. at 1141-42 & n.2.

But this holding was limited to the record then before that court. Id. at 1142 (“On the record before us, it is apparent that the mark “ENTREPRENEUR” as applied to EMI’s magazine and to computer programs and manuals falls within the descriptive category.”) (emphasis added). It also applied to use of the term “ENTREPRENEUR” in different classes than those at issue here. Id. As this case will involve a different record, a different set of Asserted Marks, and different classes for the “ENTREPRENEUR” mark, Smith is distinguishable. Although Entrepreneur cites to several of the Ninth Circuit’s other factual findings in Smith as supporting the conclusion that the Asserted Marks are not generic, see Mot. at 11-12, these are still merely factual conclusions constrained to the record then before the Ninth Circuit. The Court also rejects this basis for dismissal.

### *C. Specificity of Allegations*

Then, Entrepreneur argues that Defendants have failed to allege how the Asserted Marks are generic terms for each of the goods or services for which they are registered. Id. at 12-17. The Court agrees with respect to some of the Asserted Marks. “To sufficiently allege that a mark is generic, courts generally require a party to allege that consumers or the general public believe the marks are generic for the kinds of product or service covered by the mark.” Airwair International, Ltd. v. Schultz, 84 F. Supp. 3d 943, 960 (N.D. Cal. 2015). The Court previously dismissed this counterclaim for failing to allege that each of the seven registrations are generic as to the various services included in the twelve applicable classes. First Order at 4.

The Court does agree with Defendants that they have “asserted detailed allegations addressed to each registration” for some of the Asserted Marks. Opp’n at 21. For example, Defendants have alleged in detail how “the ‘937 Registration purports to give [Entrepreneur] the exclusive right to use the term ‘ENTREPRENEUR BOOKSTORE’ for an entrepreneur bookstore,” SACC ¶¶ 33-38, the ‘413 Registration gives Entrepreneur “the exclusive right to use the term ‘ENTREPRENEUR COACHING’ in connection with [coaching] about how [to be

an entrepreneur],” *id.* ¶¶ 40-48, and the ’063 Registration and ’064 Registration give Entrepreneur “the exclusive right to use the term ‘ENTREPRENEUR PRESS’ to operate a press dedicated to entrepreneurship and entrepreneurs,” *id.* ¶¶ 51-53. The SACC includes allegations with respect to each term that describe why the term is generic with respect to the particular services for which it is registered. The allegations are not as expansive as they were in the previous version of the counterclaim, which had required dismissal.

By contrast, Defendants also allege that the term “ENTREPRENEUR” by itself is a generic term for the provision of business information to entrepreneurs, the arrangement of trade shows exhibitions about entrepreneurship, and the conducting of seminars on entrepreneurship. *See id.* ¶¶ 11, 23. Defendants do not explain how this one word – which Defendants alleges is the generic term for a type of person, *id.* ¶ 7 – can simultaneously be a generic term for three different services. As such, the Court **DISMISSES** the counterclaim with respect to the ’883 and ’032 Registrations.

#### *D. Generic Versus Descriptive*

Finally, Entrepreneur contends that because the remaining Asserted Marks are alleged as being only descriptive, and not generic, requiring dismissal. Mot. at 19-20. The Court disagrees. As Defendants point out, “[a]ssuming that any element of description within a mark automatically precludes that mark from being found to be generic is factually and legally inaccurate and opposed to the tradition and purposes of trademark law.” Classic Foods International Corp. v. Kettle Foods, Inc., 468 F. Supp. 2d 1181, 1194 (C.D. Cal. Jan. 3, 2007) (quoting Mil-Mar Shoe Co. v. Shonac Corp., 75 F.3d 1153, 1157 (7th Cir.1996)). Since being generic is merely an extreme situation of descriptiveness, a mark being descriptive cannot preclude it from also being generic. Entrepreneur attempts to distinguish Classic Foods by arguing that in that case “the terms referred to the genus of goods itself,” while that is not the case here. Reply at 15. But such an argument relies on a factual assertion about this case: that the Asserted Marks are not in fact generic terms. As Defendants have sufficiently alleged that the remaining are indeed generic and the Court must accept the SACC’s allegations as true for purposes of this motion, Iqbal, 556 U.S. at 678, the Court cannot distinguish Classic Foods on this basis. The Court therefore rejects this argument for dismissal.

## IV. CONCLUSION

For the foregoing reasons, the Court **GRANTS IN PART AND DENIES IN PART** the motion.

**IT IS SO ORDERED.**

The Court **VACATES** the May 3, 2021 hearing. Any party may file a request for hearing of no more than five pages no later than 5:00 p.m. on Tuesday, May 4, 2021, stating why oral argument is necessary. If no request is submitted, the matter will be deemed submitted on the papers and the tentative will become the order of the Court. If the request is granted, the Court will advise the parties when and how the hearing will be conducted.