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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91159504
Party	Plaintiff Starbucks U.S. Brands Corporation and Starbucks Corporation d/b/a Starbucks Coffee Company
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Date	09/24/2008
Attachments	STARBOCK BEER - Motion to Resume Proceedings and For Summary Judgment.pdf ( 144 pages )(5843617 bytes )

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

STARBUCKS U.S. BRANDS CORPORATION )	
and STARBUCKS CORPORATION DBA )	
STARBUCKS COFFEE COMPANY, )	
Opposers, )	<b>Opposition No. 91159504</b>
v. )	Parent Case
REX WAYNE BELL, )	
Applicant. )	
REX WAYNE BELL, )	
Opposer, )	<b>Opposition Nos. 91162993</b>
v. )	<b>and 91162995</b>
STARBUCKS U.S. BRANDS CORPORATION )	
and STARBUCKS CORPORATION DBA )	
STARBUCKS COFFEE COMPANY, )	
Applicants. )	

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**COMBINED MOTION TO RESUME PROCEEDINGS  
AND FOR SUMMARY JUDGMENT**

Starbucks U.S. Brands Corporation and Starbucks Corporation d/b/a Starbucks Coffee Company (collectively "Starbucks"), Opposers in Opposition No. 91159504 and Applicants in Opposition Nos. 91162993 and 91162995, hereby move the Board to resume proceedings pursuant to TBMP § 510.02(b) and for summary judgment pursuant to Fed. R. Civ. P. 56 and Trademark Rule 2.127. This consolidated opposition proceeding involves actions by both Starbucks and Rex Wayne Bell ("Bell") opposing

registration of one or more of the other party's marks on the ground of likelihood of confusion. In Opposition Proceeding No. 91159504, Starbucks opposes registration of Bell's Application Serial No. 78/220,579 for the mark STARBOCK BEER based on Starbucks' longstanding rights in and registrations for its STARBUCKS and STARBUCKS COFFEE marks for a wide variety of beverage products and services. In Opposition Proceeding Nos. 91162993 and 91162995, Bell opposes registration of Starbucks' Application Serial Nos. 78/254,552 for the mark STARBUCKS COFFEE & Design and 78/254,886 for the mark STARBUCKS, both for distilled spirits and liqueurs, on the ground that these marks are likely to be confused with the mark STARBOCK BEER shown in his earlier-filed Application Serial No. 78/220,579.

This consolidated opposition was suspended pending the outcome of civil litigation between the parties over Bell's STARBOCK BEER mark. On August 26, 2008 the Board issued an Order requesting that the parties provide a status of the civil action. Since the civil action, including all possible appeals, has concluded, this consolidated opposition should now be resumed. Further, for the reasons discussed below, Starbucks respectfully requests that the Board sustain Opposition No. 91159504 and find that Bell's Application Serial No. 78/220,579 is not entitled to registration. Starbucks also respectfully requests that the Board dismiss Opposition Nos. 91162993 and 91162995 with prejudice, and allow Starbucks' Application Serial Nos. 78/254,552 and 78/254,886 to proceed to registration.

**MOTION TO RESUME PROCEEDINGS**

By Order dated January 5, 2005, the Board, pursuant to Fed. R. Civ. P. 42(a) as applicable through Trademark Rule 2.116(a) consolidated Opposition Nos. 91159504, 91162993, and 91162995 (the "Consolidated Opposition") on the ground of perceived commonality of factual issues. The Board continued the suspension of the consolidated opposition pending final disposition of a civil action between the parties, as discussed in the Board's May 19, 2004 Order in Opposition No. 91159504.

On March 14, 2007, the Board again continued the suspension of the Consolidated Opposition in light of Bell's pending Petition for Writ of Certiorari to the Supreme Court, seeking review of the final judgments of the United States District Court for the Southern District of Texas and the Fifth Circuit in the civil action then pending between the parties. By Order dated April 16, 2007, the Supreme Court denied Bell's Petition, thus concluding the civil action between the parties. (Ex. A, Order of the Supreme Court denying Bell's Petition.)

On August 26, 2008 the Board issued an Order requesting that the parties provide the status of the civil action. The civil action involving the parties is now fully resolved. After the resolution of the civil action, Starbucks repeatedly contacted counsel for Bell to negotiate a resolution of the proceeding before the Board. Bell has declined to stipulate to a dismissal of the Consolidated Opposition. Since the civil action is now fully resolved, Starbucks respectfully requests that the Consolidated Opposition before the Board be resumed pursuant to TBMP § 510.02(b).

**MOTION FOR SUMMARY JUDGMENT**

**I. Introduction**

Following resumption of the proceedings as discussed above, Starbucks moves for summary judgment in the Consolidated Opposition pursuant to Fed. R. Civ. P. 56. Resolution on summary judgment is appropriate because there is no genuine dispute as to the material facts involved in the Consolidated Opposition.

The doctrine of collateral estoppel (or issue preclusion) prevents the relitigation of facts or conclusions of law that have been previously, actually litigated. The issue of likelihood of confusion has been fully and finally litigated in the civil action between the parties. The United States District Court for the Southern District of Texas, and the United States Court of Appeals for the Fifth Circuit, held that Bell's mark STARBOCK BEER is likely to be confused with Starbucks' STARBUCKS mark. Based on that finding, the District Court granted injunctive relief to Starbucks prohibiting Bell from using the marks STARBOCK BEER or STAR BOCK BEER. Collateral estoppel prevents the relitigation of the issue of likelihood of confusion with respect to Bell's STARBOCK BEER mark shown in Application Serial No. 78/220,579.

In light of the District Court's holding that the mark STARBOCK BEER manifestly infringes Starbucks' rights in its STARBUCKS marks, Bell's application to register that mark cannot be allowed as a matter of law. And as Bell has no legitimate rights in either Application Serial No. 78/220,579 or the mark STARBOCK BEER which form the basis for his Opposition Nos. 911632993 and 911652995 against Starbucks' marks, these oppositions should be dismissed with prejudice and Starbucks' pending Application Serial Nos. 78/254,552 and 78/254,886 should be allowed to proceed to registration.

**II. Statement of Undisputed Facts**

**A. Procedural History**

1. On February 19, 2004, Starbucks filed Opposition No. 91159504 opposing registration of Bell's Application Serial No. 78/220,579 for the mark STARBOCK BEER for beer on the ground of likelihood of confusion with its STARBUCKS and STARBUCKS-formative marks.<sup>1</sup> (Ex. B, Notice of Opposition for Proceeding No. 91159504.)

2. On November 16, 2004, Bell filed Opposition No. 91162993 opposing registration of Starbucks' Application Serial No. 78/254,552 for the mark STARBUCKS COFFEE & Design for distilled spirits and liqueurs (based on a likelihood of confusion with his STARBOCK BEER mark). (Ex. C, Notice of Opposition for Proceeding No. 91162993.)

3. Bell's Notice of Opposition for Proceeding No. 91162993 alleged priority with respect to Starbucks' Application Serial No. 78/254,552 based only on the earlier filing date of his application for the STARBOCK BEER mark. Bell did not allege priority based upon any claimed common law rights in his mark. (*Id.* at ¶¶ 4, 7.)

4. On November 16, 2004, Bell filed Opposition No. 91162995 opposing registration of Starbucks' Application Serial No. 78/254,886 for the mark STARBUCKS for distilled spirits and liqueurs. (Ex. D, Notice of Opposition for Proceeding No. 91162995.)

5. Bell's Notice of Opposition for Proceeding No. 91162995 alleged priority with respect to Starbucks' Application Serial No. 78/254,886 based only on the earlier

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<sup>1</sup> Starbucks also opposed registration of Bell's Application Serial No. 78/220,579 for the mark STARBOCK BEER on dilution grounds, but does not rely on this claim for the purposes of this motion for summary judgment.

filing date of his application for the STARBOCK BEER mark. Bell did not allege priority based upon any claimed common law rights for his mark. (*Id.* at ¶¶ 4, 7.)

6. While Opposition No. 91159504 was pending, and prior to the commencement of Opposition Nos. 91162993 and 91162995, on March 17, 2004, Bell filed a complaint against Starbucks in the United States District Court for the Southern District of Texas (hereinafter the “Federal Action”) seeking a declaratory judgment that Bell’s use of the STAR BOCK BEER mark did not violate Starbucks’ rights in its STARBUCKS mark pursuant to Sections 32 and 43 (a) and (c) of the Lanham Act, 15 U.S.C. §§ 32, 43(a), (c), and Texas state law. (Ex. E, Complaint in Federal Action (“Complaint”).)

7. Starbucks filed an answer and counterclaims in response to Bell’s Complaint, denying Bell’s right to the declaratory relief sought, and seeking relief for trademark infringement and dilution of its STARBUCKS mark in violation of Sections 32 and 43 (a) and (c) of the Lanham Act, 15 U.S.C. §§ 1114, 1125(a), (c), and under Texas state and common law based on Bell’s use of the STARBOCK mark for beer. (Ex. F, Starbucks’ Answer to Complaint for Declaratory Judgment and Counterclaims.)

8. After a trial on the merits, the Southern District of Texas issued Findings of Fact and Conclusions of Law and a Final Judgment in favor of Starbucks in the Federal Action. (Ex.G, Findings of Fact and Conclusions of Law; Ex. H, Final Judgment of District Court (“District Court Judgment”).)

9. Bell appealed the District Court’s Final Judgment to the Fifth Circuit, which issued a *per curiam* Opinion and Final Judgment upholding the District Court Judgment. (Ex. I, *per curiam* Opinion of Fifth Circuit; Ex. J, Final Judgment of Fifth Circuit.)

10. Bell then filed a Petition for Writ of Certiorari to the Supreme Court. (Ex. K, Bell's Petition for Writ of Certiorari to the Supreme Court.)

11. The Supreme Court denied Bell's Petition on October 16, 2007. (Ex. A.)

12. The Federal Action has been fully and finally litigated, including with respect to all possible appeals.

**B. Federal Action Findings of Fact and Conclusions of Law**

13. In its ruling, the District Court determined that Starbucks has "continuously done business under the trademarks and trade names STARBUCKS, STARBUCKS COFFEE, and STARBUCKS COFFEE COMPANY since 1971." (Ex. G, ¶ 4.)

14. By Bell's own admission, his use of the STARBOCK BEER mark commenced long after Starbucks' use of the STARBUCKS mark. (*Id.* at ¶ 10.)

15. The District Court determined that Starbucks owns at least 60 U.S. trademark registrations covering the STARBUCKS mark, alone or in combination with other terms or designs. (*Id.* at ¶ 4.)

16. The District Court determined that Bell's "use of the terms Starbock Beer and Star Bock Beer...would likely cause infringement, unfair competition, and dilution to the STARBUCKS brands and trademark...." (*Id.* at ¶ 14.)

17. The District Court determined that Bell's "use of the word 'Starbock,' as presented in [Bell's] trademark application...manifestly infringes [Starbucks'] mark." (*Id.* at ¶ 29.)

18. The District Court held that Bell's "use of 'Star Bock' and 'Starbock' constitute[s] unfair competition because it is likely that consumers will confuse those words with 'Starbucks.'" (*Id.* at ¶ 38.)

19. Based on the above findings, the District Court granted Starbucks' request for a permanent injunction against Bell's use of the mark "Starbock" or "Star Bock" in word form, as shown in Application Serial No. 78/220,579. (*Id.* at ¶ 51.)

The District Court Judgment ordered that Bell was prohibited from selling beer or other products in connection with the terms STARBOCK BEER and/or STAR BOCK BEER:<sup>2</sup> (Ex. H, ¶¶ 2, 3.)

20. In affirming the District Court's decision, the Fifth Circuit noted that the District Court found "infringement as to the 'Star Bock Beer' name." (Ex. I, ¶ 2.)

21. Based on the District Court Judgment in the Federal Action, Bell is prohibited from using the mark STARBOCK BEER. (Ex. H, ¶ 3.)

### III. Argument

#### A. *Summary Judgment is Appropriate Where the Issue is Collateral Estoppel*

Summary judgment is appropriate where there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a); *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986); *Olde Tyme Foods Inc. v. Roundy's Inc.*, 22 USPQ2d 1542 (Fed. Cir. 1992). "[T]he purpose of summary judgment is one of judicial economy, namely, to save the time and expense of a useless trial where no genuine issue of material fact remains and more evidence than is already available in connection with the motion... could not be reasonably expected to change the result."

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<sup>1</sup> The Court's Order, while prohibiting Bell's use of the word marks STARBOCK BEER and/or STAR BOCK BEER, permits Bell's sale of beer under a specific stylized logo only in his local establishment in Galveston and only in connection with musical performances offered at that particular establishment. In view of the narrowly circumscribed nature and territory of the permitted use contemplated by the District Court, Bell will be unable to demonstrate the type of interstate "use in commerce" required to obtain a federal registration for that logo.

*University Book Store v. University of Wisconsin Board of Regents*, 33 U.S.P.Q.2d 1385, 1389 (TTAB 1994).

Determining whether issue preclusion or collateral estoppel applies to a particular action is an issue of law. *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 220 USPQ 1017, 1020-21 (Fed Cir. 1984) (affirming the Board's grant of summary judgment on the issue of collateral estoppel); *DaimlerChrysler Corp. v. Maydak*, 86 USPQ2d 1945, 1948 (TTAB 2008); *Larami Corp. v. Talk to Me Programs Inc.*, 36 USPQ2d 1840, 1843-44 (TTAB 1995). Therefore, summary judgment is appropriate where the issue to be decided is issue preclusion or collateral estoppel.

***B. Collateral Estoppel Necessitates a Finding in the Consolidated Opposition that Bell's STARBOCK BEER Mark is Likely to be Confused with the STARBUCKS Mark***

Collateral estoppel bars the relitigation of issues actually decided in an earlier action. See *Parklane Hosiery Co., Inc. v. Shore*, 439 U.S. 322, 326 n.5 (1979); *Lawlor v. Nat'l Screen Serv. Corp.*, 249 U.S. 322, 326 (1955); *Jet Inc. v. Sewage Aeration Systems*, 55 USPQ2d 1854, 1858-59 (Fed. Cir. 2000); *DaimlerChrysler*, 86 USPQ2d at 1948. For collateral estoppel to apply, the following four requirements must be met:

- (1) identity of issues in a prior proceeding;
- (2) the issues were actually litigated;
- (3) the determination of the issues was necessary to the resulting judgment; and
- (4) the party defending against preclusion had a full and fair opportunity to litigate the issues.

*Jet*, 55 USPQ2d at 1859; *DaimlerChrysler*, 86 USQP2d at 1948. Collateral estoppel is clearly established based on the undisputed facts of this case.

**1. The Issues are Identical**

The issue of likelihood of confusion addressed in the Federal Action is identical to the issue of likelihood of confusion before the Board in the Consolidated Opposition. In the Federal Action, Bell sought a declaratory ruling that his STARBOCK BEER mark did not infringe Starbucks' rights in its STARBUCKS mark. (Exs. E, G.) Starbucks filed a counterclaim seeking a judgment that Bell's STARBOCK mark did infringe Starbucks' rights in its STARBUCKS mark. (Exs. F, G.)

The Federal Action's consideration of the likelihood of confusion issue with respect to the STARBOCK mark vis-à-vis the STARBUCKS mark is identical to Starbucks' claim of likelihood of confusion in Opposition No. 91159504. (See Ex. B, ¶¶ 4, 10, 11.) Moreover, the Court addressed directly the issue of priority and first-use of Starbucks' STARBUCKS and STARBUCKS COFFEE marks. The court determined that Starbucks has used these marks in commerce since at least as early as 1971. (Ex. G, ¶ 4.) By Bell's own admission, his use of the STARBOCK BEER mark commenced long after Starbucks' use of the STARBUCKS mark. (*Id.* at ¶ 10.) To the extent that priority is relevant in Opposition Nos. 91162993 and 91162995, this issue is also identical to an issue previously decided by the District Court.

**2. The Issues were Actually Litigated**

There can be no question that the issues of likelihood of confusion and priority were actually litigated. The District Court issued its decision after a full trial on the merits of the Federal Action. (Ex. G.) Further, it made specific findings both as to the first use date of the STARBUCKS mark and as to the issue of likelihood of confusion.

**3. The Determination of the Issues was Necessary to the Resulting Judgment**

“The crux of the matter here is whether the determinations of the District Court in the prior litigation between the parties...were necessary and essential to the resulting judgment.” *Larami*, 36 USQP2d at 1844. The District Court’s grant of injunctive relief to Starbucks against Bell’s use of the STARBOCK BEER and STAR BOCK BEER marks was predicated on the court’s finding of likelihood of confusion with, and thus infringement of, the STARBUCKS mark. (Ex. H, ¶ 3.) Clearly, both the issue of likelihood of confusion, and the issue of priority, were crucial to the District Court’s final judgment barring Bell’s use of the STARBOCK BEER or STAR BOCK BEER marks. (*See id.*)

**4. Bell had a Full and Fair Opportunity to Litigate the Issues**

Bell had a full and fair opportunity to litigate the issues of priority and likelihood of confusion in the Federal Action. Bell was the party who initiated the Federal Action. Once he initiated it, Bell followed the action to the Supreme Court, which ultimately denied his Petition for a Writ of Certiorari. Bell had his day in court. He cannot now be allowed to retry the same issues that have already been decided in the Federal Action. The “dual purpose” of collateral estoppel is to protect “litigants from the burden of relitigating an identical issue” and to promote “judicial economy by preventing needless litigation.” *Parklane*, 439 U.S. at 326. Both of these purposes will be served by the application of collateral estoppel to prevent Bell from needlessly relitigating the issues of likelihood of confusion and priority before the Board.

**C. The Likely Confusion between Bell's STARBOCK BEER mark and Starbucks' STARBUCKS Mark Necessitates a Grant of Summary Judgment in Starbucks' Favor in Each Action**

Because the STARBOCK BEER mark is likely to be confused with Starbucks' STARBUCKS mark, Starbucks is entitled to a grant of summary judgment in each proceeding comprising the Consolidated Opposition.

In Opposition Proceeding No. 91159504, Starbucks alleges that Bell is not entitled to register Application Serial No. 78/220,579 for the mark STARBOCK BEER based on a likelihood of confusion with its STARBUCKS mark. The District Court's decision, which was affirmed by the Fifth Circuit, found that this likelihood of confusion exists. Moreover, it held that Bell was not entitled to use the word marks STARBOCK BEER or STAR BOCK BEER, and it enjoined Bell against any such use of his marks. "If a court decides that a person...does not have the exclusive right to use of a mark, it is difficult see how this determination can be anything less than conclusive on the right to registration." 6 J. Thomas McCarthy, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 32:94 (4th ed. 2003). In light of the demonstrated likelihood of confusion that would result from the registration of Bell's Application Serial No. 78/220,579, the Board should grant summary judgment for Starbucks and refuse registration of the STARBOCK BEER application. See 15 U.S.C. § 1052(d); TBMP § 309.03(c)(1); *Opryland USA Inc. v. The Great American Music Show, Inc.*, 23 UPSQ2d 1471, 1473 (Fed. Cir. 1992); *Time Warner Entm't Co. v. Jones*, 65 USPQ2d 1650, 1657 (TTAB 2002).

In Opposition Proceeding Nos. 91162993 and 91162995, Bell alleges that Starbucks' Application Serial Nos. 78/254,552 and 78/254,886 are likely to be confused

with his STARBOCK BEER mark. On the issue of priority, Bell pleads only that his Application Serial No. 78/220,579 predates the filing date of Application Serial Nos. 78/254,552 and 78/254,886. For the reasons discussed above, Bell is not entitled to registration of Application Serial No. 78/220,579 for the mark STARBOCK BEER. Thus, Bell cannot rely on a claim of priority with respect Application Serial No. 78/220,579 to oppose registration of Starbucks' applications, and his oppositions to Starbucks' applications must be dismissed.

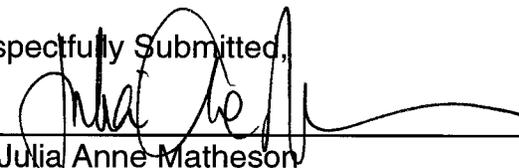
**CONCLUSION**

For the reasons discussed herein, Starbucks respectfully requests that the Consolidated Opposition be resumed.

Starbucks additionally requests that its motion for summary judgment be granted, that Bell's application to register Application Serial No. 78/220,579 be refused, that Oppositions Nos. 91162993 and 91162995 be dismissed with prejudice, and that Starbucks' Application Serial Nos. 78/254,552 and 78/254,886 be permitted to proceed to registration.

Dated: September 24, 2008

Respectfully Submitted,

By: 

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Attorneys for Opposers  
STARBUCKS U.S. BRANDS, LLC and  
STARBUCKS CORPORATION D/B/A  
STARBUCKS COFFEE COMPANY

**CERTIFICATE OF SERVICE**

This is to certify that a true and correct copy of the foregoing Combined Motion to Resume Proceedings and for Summary Judgment was served on counsel for Rex Wayne Bell on this 24th day of September 2008 via First Class Mail, postage prepaid, as follows:

Jon S. Egbert  
Harrison & Egbert  
412 Main Street, 7<sup>th</sup> Floor  
Houston, TX 77002

A handwritten signature in black ink, appearing to read "Jon S. Egbert", is written over a horizontal line.

Starbucks U.S. Brands Corporation and Starbucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit A**

# Supreme Court of the United States

No. 06-1106

Rex Wayne Bell,

Petitioner

v.

Starbucks U.S. Brands Corporation, et al.

ON PETITION FOR A WRIT OF CERTIORARI to the United States Court of Appeals for the Fifth Circuit, No. 05-41480.

ON CONSIDERATION of the petition for a writ of certiorari herein to the United States Court of Appeals for the Fifth Circuit.

IT IS ORDERED by this Court that the said petition is denied.

April 16, 2007

A true copy WILLIAM K. SUTER

Test:

Clerk of the Supreme Court of the United States

By \_\_\_\_\_ Deputy

Starbucks U.S. Brands Corporation and Starbucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit B**

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

STARBUCKS U.S. BRANDS CORPORATION	)	
and STARBUCKS CORPORATION DBA	)	
STARBUCKS COFFEE COMPANY,	)	
	)	Opposition No. _____
Opposers,	)	
	)	
v.	)	
	)	
REX WAYNE BELL,	)	
	)	
Applicant.	)	

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**NOTICE OF OPPOSITION**

Applicant Serial No.: 78/220,579  
 Filed: March 1, 2003  
 Published for Opposition: January 20, 2004  
 Mark: STARBOCK BEER

**BOX TTAB FEE**

Commissioner for Trademarks  
 2900 Crystal Drive  
 Arlington, Virginia 22202-3514

Dear Sir:

Starbucks U.S. Brands Corporation, a corporation of the State of California, having a principal place of business at 533 Airport Boulevard, Suite 400, Burlingame, California 94010, and Starbucks Corporation d/b/a Starbucks Coffee Company, a corporation of the State of Washington, having a principal place of business at 2401 Utah Avenue South, Seattle, Washington 98134 (collectively referred to as "Opposers"), believe that they are being, and will be damaged by the registration of the mark

STARBOCK BEER shown in Application Serial No. 78/220,579, and hereby oppose the same.

As grounds for opposition, Opposers allege as follows, upon actual knowledge with respect to themselves and their own acts, and upon information and belief as to other matters:

1. Applicant Rex Wayne Bell, an individual, with an address at 413 20<sup>th</sup> Street, Galveston, Texas 77550 is named as the current owner of Application Serial No. 78/220,579. That application was filed on March 1, 2003 under Section 1(b) as an intent-to-use application and seeks registration of the mark STARBOCK BEER for “beer” in Class 32.

2. For over a quarter century, Opposers have been in the business of offering cafe, restaurant, and coffee house services, and retail store services featuring coffee, tea, and coffee- and tea-based beverages and an ever-expanding range of beverages, bottled and canned beverages, and other products all under the STARBUCKS mark.

3. Sales of STARBUCKS beverages and other products have been immense, amounting to many millions of dollars of products sold worldwide in 2002 alone. Opposers currently operate at more than 6,294 locations worldwide.

4. Opposer Starbucks U.S. Brands Corporation is the owner of, among others, the following United States trademark registrations for the mark STARBUCKS and STARBUCKS-formative marks:

<b>Mark</b>	<b>Reg. No./Reg. Date</b>	<b>Goods</b>
STARBUCKS COFFEE TEA SPICES & Design	1,098,925 August 8, 1978	Coffee, tea, spices, and cocoa in Class 30
STARBUCKS & Design	1,417,602 November 18, 1986	Coffee, tea, spices, herb tea, chocolate and cocoa in Class 30; coffee bar services and coffee distribution services and retail store services in Class 42
STARBUCKS	1,452,359 August 11, 1987	Coffee, tea, spices, herb tea, chocolate and cocoa in Class 30
STARBUCKS COFFEE & Design	1,542,775 June 6, 1989	Coffee in Class 30; restaurant services featuring coffee and espresso beverages and also serving sandwiches and breakfasts in Class 42
STARBUCKS COFFEE & Design	1,815,937 January 11, 1994	Ground and whole bean coffee, cocoa, tea, powdered chocolate and powdered vanilla, etc. in Class 30; retail store services featuring all of the above goods . . . and restaurant and café services in Class 42
STARBUCKS COFFEE & Design	1,815,938 January 11, 1994	Ground and whole bean coffee, cocoa, tea, powdered chocolate and powdered vanilla, etc... in Class 30; retail store services featuring all of the above goods . . . and restaurant and café services in Class 42
STARBUCKS COFFEE & Design	1,943,361 December 26, 1995	Flavoring syrups for beverages in Class 30
STARBUCKS	2,086,615 August 5, 1997	Ready-to-drink coffee, ready-to-drink coffee based beverages, in Class 30; coffee flavored soft drinks and syrups and extracts for making flavored soft drinks and milk-based beverages in Class 32
STARBUCKS COFFEE & Design	2,120,653 December 9, 1997	Ready-to-drink coffee, ready-to-drink coffee based beverages in Class 30; coffee-flavored soft drink, flavored soft drinks and syrups and extracts for making the foregoing in Class 32
STARBUCKS COFFEE (stylized)	2,227,835 March 2, 1999	Wholesale distributorships, retail outlets, and mail order services featuring ground and whole bean coffee; tea; cocoa; coffee and espresso beverages and beverages made with a base of coffee, espresso, and/or milk. . . in Class 35
STARBUCKS COFFEE (stylized)	2,227,837 March 2, 1999	Wholesale distributorships, retail outlets and mail order services featuring ground and whole bean coffee; tea; cocoa; coffee and espresso beverages and beverages made with a base of coffee, espresso, and/or milk . . . in Class 35
STARBUCKS	2,266,351	Ground and whole bean coffee; cocoa; herbal

Mark	Reg. No./Reg. Date	Goods
COFFEE & Design	August 3, 1999	and non-herbal teas; coffee, tea, cocoa, and espresso beverages, and beverages made with a base of coffee and/or espresso; instant coffee and coffee substitutes; ready-to-drink coffee beverages . . . in Class 30
STARBUCKS COFFEE & Design	2,325,182 March 7, 2000	Wholesale distributorships, retail outlets, and mail order services featuring ground and whole bean coffee; tea; cocoa; coffee and espresso beverages and beverages made with a base of coffee, espresso, and/or milk, etc.... in Class 35
STARBUCKS	2,696,594 March 11, 2003	Milk and milk products, namely, pasteurized milk, skim milk, whole milk, flavored milk, vitaminized milk, flavoring syrups and liquid and powdered beverage mixes used to make milk-based food beverages; dairy-based food beverages; soy-based food beverage used as a milk substitute in Class 29
STARBUCKS COFFEE	2,102,737 October 7, 1997	Milk, flavored milk and milk-based food beverages in Class 29

5. The foregoing registrations are valid and subsisting and constitute *prima facie* evidence of the validity of the marks and registrations, of Opposers' ownership of and exclusive right to use the marks in commerce, and provide constructive notice of ownership thereof by Opposers.

6. Opposers have continuously used the STARBUCKS marks in commerce since long prior to the filing date of the opposed application. Opposers' pleaded Registrations were also filed and issued well prior to the filing date of the opposed application.

7. As a result of Opposers' promotional efforts and commercial success, Opposers' STARBUCKS marks have achieved such widespread public recognition that these marks have become famous.

8. Opposers' STARBUCKS marks became famous well prior to the March 1, 2003 filing date of Application Serial No. 78/220,579.

**COUNT I: LIKELIHOOD OF CONFUSION**

9. Opposers repeat and reallege each and every allegation set forth in paragraphs 1 through 8.

10. Applicant seeks to register the mark STARBOCK BEER in connection with goods that are closely-related to those of Opposers, and that fall within the same channels of trade of Opposer's goods, including retail stores, restaurants, convenience stores, and grocery stores that offer and sell Opposer's goods. Indeed, Opposer Starbucks U.S. Brands is the owner of two pending applications covering alcoholic beverages in Class 33, namely Serial Nos. 78/254,886 for the STARBUCKS mark and 78/254,552 for the STARBUCKS LOGO, both filed May 27, 2003.

11. Applicant's STARBOCK BEER mark so resembles Opposers' marks as to be likely, when applied to the goods, to cause confusion, or to cause mistake, or to deceive.

**COUNT II: DILUTION**

12. Opposers repeat and reallege each and every allegation set forth in paragraphs 1 through 11.

13. In view of the similarities of the parties' marks and the fame of Opposers' STARBUCKS marks, Applicant's mark STARBOCK BEER so closely resembles Opposers' famous marks and name STARBUCKS that it is likely to dilute and will dilute the distinctive quality of Opposers' marks.

WHEREFORE, Opposers believe that they are being, and will be damaged by the registration of the mark shown in Application Serial No. 78/220,579 and request that the opposition be sustained, and that registration to Applicant be refused.

Respectfully Submitted,

Dated: February 19, 2004

By:   
Julia Anne Matheson  
Linda K. McLeod  
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Attorneys for Opposers  
STARBUCKS U.S. BRANDS  
CORPORATION and STARBUCKS  
CORPORATION D/B/A STARBUCKS  
COFFEE COMPANY

Starbucks U.S. Brands Corporation and Strabucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit C**

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of Application Serial No. 78/254,552  
Published in the Official Gazette on September 21, 2004

REX WAYNE BELL,	§	
	§	
Opposer,	§	
	§	
v.	§	Opposition No. _____
	§	
STARBUCKS U.S. BRANDS, LLC,	§	
	§	
Applicant.	§	

Box TTAB - Fee  
Commissioner for Trademarks  
P.O. Box 1451  
Alexandria, VA 22313-1451

**NOTICE OF OPPOSITION**

The Opposer, Rex Wayne Bell, having an address of 413 20<sup>th</sup> Street, Galveston, Texas, believes that he will be damaged by registration of the mark shown in the above-identified application, and hereby opposes the same.

As grounds for opposition, it is alleged that:

1. Applicant has applied to register the design mark for "STARBUCKS COFFEE" used in connection with distilled spirits and liqueurs, in International Class 33, in Application No. 78/254,552, filed on May 27, 2003, and published for opposition on September 21, 2004.
2. The Opposer is the owner of a small bar and live music venue which sells a proprietary beer under the trademark "STAR BOCK BEER".
3. The Opposer is the owner of the trademark "STARBOCK BEER", used in connection with beer, in International Class 32, and the subject of U.S. Serial No. 78/220,579,

filed on March 1, 2003, and published for opposition on January 20, 2004.

4. The Opposer's filing date of March 1, 2003, for the "STARBOCK BEER" trademark, has priority over the filing date of Applicant's "STARBUCKS COFFEE" mark, which was filed on May 27, 2003.

5. Applicant has filed an opposition to the Opposer's trademark application under Opposition No. 91159504, said opposition is currently suspended pending the outcome of a federal court case involving the same parties.

6. In the pleadings for Opposition No. 91159504, Applicant has admitted to a likelihood of confusion between the Applicant's "STARBUCKS COFFEE" mark and the Opposer's "STARBOCK BEER" mark. *See Attached Notice of Opposition at Page 5.*

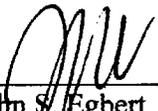
7. Since Applicant has admitted to a likelihood of confusion between the Applicant's "STARBUCKS COFFEE" mark and the Opposer's "STARBOCK BEER" mark, and the Opposer possesses the priority filing date, Applicant's Application should be denied and this opposition should be sustained.

WHEREFORE, Opposer respectfully requests that the Trademark Trial and Appeal Board find and order that registration by Applicant of the mark "STARBUCKS COFFEE" be denied as damaging to the Opposer and this opposition be sustained.

Opposer hereby submits the requisite filing fee of \$300.00 for opposing Applicant's registration in Class 33.

Respectfully submitted,

11-16-04  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
John S. Egbert  
Reg. No. 30,627  
Attorney for Opposer

Harrison & Egbert  
412 Main St., 7<sup>th</sup> Floor  
Houston, Texas 77002  
(713)224-8080  
(713)223-4873 (Fax)

JSE:ljc  
Our File: 1990-4

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

STARBUCKS U.S. BRANDS CORPORATION  
and STARBUCKS CORPORATION DBA  
STARBUCKS COFFEE COMPANY,

Opposers,

v.

REX WAYNE BELL,

Applicant.

Opposition No. 159504

NOTICE OF OPPOSITION

Applicant Serial No.: 78/220,579  
Filed: March 1, 2003  
Published for Opposition: January 20, 2004  
Mark: STARBOCK BEER

**BOX TTAB FEE**

Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, Virginia 22202-3514

Dear Sir:

Starbucks U.S. Brands Corporation, a corporation of the State of California, having a principal place of business at 533 Airport Boulevard, Suite 400, Burlingame, California 94010, and Starbucks Corporation d/b/a Starbucks Coffee Company, a corporation of the State of Washington, having a principal place of business at 2401 Utah Avenue South, Seattle, Washington 98134 (collectively referred to as "Opposers"), believe that they are being, and will be damaged by the registration of the mark

1.

STARBOCK BEER shown in Application Serial No. 78/220,579, and hereby oppose the same.

As grounds for opposition, Opposers allege as follows, upon actual knowledge with respect to themselves and their own acts, and upon information and belief as to other matters:

1. Applicant Rex Wayne Bell, an individual, with an address at 413 20<sup>th</sup> Street, Galveston, Texas 77550 is named as the current owner of Application Serial No. 78/220,579. That application was filed on March 1, 2003 under Section 1(b) as an intent-to-use application and seeks registration of the mark STARBOCK BEER for "beer" in Class 32.

2. For over a quarter century, Opposers have been in the business of offering cafe, restaurant, and coffee house services, and retail store services featuring coffee, tea, and coffee- and tea-based beverages and an ever-expanding range of beverages, bottled and canned beverages, and other products all under the STARBUCKS mark.

3. Sales of STARBUCKS beverages and other products have been immense, amounting to many millions of dollars of products sold worldwide in 2002 alone. Opposers currently operate at more than 6,294 locations worldwide.

4. Opposer Starbucks U.S. Brands Corporation is the owner of, among others, the following United States trademark registrations for the mark STARBUCKS and STARBUCKS-formative marks:

Mark	Reg. No./Reg. Date	Goods
STARBUCKS COFFEE TEA SPICES & Design	1,098,925 August 8, 1978	Coffee, tea, spices, and cocoa in Class 30
STARBUCKS & Design	1,417,602 November 18, 1986	Coffee, tea, spices, herb tea, chocolate and cocoa in Class 30; coffee bar services and coffee distribution services and retail store services in Class 42
STARBUCKS	1,452,359 August 11, 1987	Coffee, tea, spices, herb tea, chocolate and cocoa in Class 30
STARBUCKS COFFEE & Design	1,542,775 June 6, 1989	Coffee in Class 30; restaurant services featuring coffee and espresso beverages and also serving sandwiches and breakfasts in Class 42
STARBUCKS COFFEE & Design	1,815,937 January 11, 1994	Ground and whole bean coffee, cocoa, tea, powdered chocolate and powdered vanilla, etc. in Class 30; retail store services featuring all of the above goods . . . and restaurant and café services in Class 42
STARBUCKS COFFEE & Design	1,815,938 January 11, 1994	Ground and whole bean coffee, cocoa, tea, powdered chocolate and powdered vanilla, etc... in Class 30; retail store services featuring all of the above goods . . . and restaurant and café services in Class 42
STARBUCKS COFFEE & Design	1,943,361 December 26, 1995	Flavoring syrups for beverages in Class 30
STARBUCKS	2,086,615 August 5, 1997	Ready-to-drink coffee, ready-to-drink coffee based beverages, in Class 30; coffee flavored soft drinks and syrups and extracts for making flavored soft drinks and milk-based beverages in Class 32
STARBUCKS COFFEE & Design	2,120,653 December 9, 1997	Ready-to-drink coffee, ready-to-drink coffee based beverages in Class 30; coffee-flavored soft drink, flavored soft drinks and syrups and extracts for making the foregoing in Class 32
STARBUCKS COFFEE (stylized)	2,227,835 March 2, 1999	Wholesale distributorships, retail outlets, and mail order services featuring ground and whole bean coffee; tea; cocoa; coffee and espresso beverages and beverages made with a base of coffee, espresso, and/or milk. . . in Class 35
STARBUCKS COFFEE (stylized)	2,227,837 March 2, 1999	Wholesale distributorships, retail outlets and mail order services featuring ground and whole bean coffee; tea; cocoa; coffee and espresso beverages and beverages made with a base of coffee, espresso, and/or milk . . . in Class 35
STARBUCKS	2,266,351	Ground and whole bean coffee; cocoa; herbal

Mark	Reg. No./Reg. Date	Goods
COFFEE & Design		and non-herbal teas; coffee, tea, cocoa, and espresso beverages, and beverages made with a base of coffee and/or espresso; instant coffee and coffee substitutes; ready-to-drink coffee beverages . . . in Class 30
STARBUCKS COFFEE & Design	2,325,182 March 7, 2000	Wholesale distributorships, retail outlets, and mail order services featuring ground and whole bean coffee; tea; cocoa; coffee and espresso beverages and beverages made with a base of coffee, espresso, and/or milk, etc. . . . in Class 35
STARBUCKS	2,696,594 March 11, 2003	Milk and milk products, namely, pasteurized milk, skim milk, whole milk, flavored milk, vitaminized milk, flavoring syrups and liquid and powdered beverage mixes used to make milk-based food beverages; dairy-based food beverages; soy-based food beverage used as a milk substitute in Class 29
STARBUCKS COFFEE	2,102,737 October 7, 1997	Milk, flavored milk and milk-based food beverages in Class 29

5. The foregoing registrations are valid and subsisting and constitute *prima facie* evidence of the validity of the marks and registrations, of Opposers' ownership of and exclusive right to use the marks in commerce, and provide constructive notice of ownership thereof by Opposers

6. Opposers have continuously used the STARBUCKS marks in commerce since long prior to the filing date of the opposed application. Opposers' pleaded Registrations were also filed and issued well prior to the filing date of the opposed application

As a result of Opposers' promotional efforts and commercial success Opposers' STARBUCKS marks have achieved such widespread public recognition that these marks have become famous.

8. Opposers' STARBUCKS marks became famous well prior to the March 1, 2003 filing date of Application Serial No. 78/220,579.

**COUNT I: LIKELIHOOD OF CONFUSION**

9. Opposers repeat and reallege each and every allegation set forth in paragraphs 1 through 8.

10. Applicant seeks to register the mark STARBOCK BEER in connection with goods that are closely-related to those of Opposers, and that fall within the same channels of trade of Opposer's goods, including retail stores, restaurants, convenience stores, and grocery stores that offer and sell Opposer's goods. Indeed, Opposer Starbucks U.S. Brands is the owner of two pending applications covering alcoholic beverages in Class 33, namely Serial Nos. 78/254,886 for the STARBUCKS mark and 78/254,552 for the STARBUCKS LOGO, both filed May 27, 2003.

11. Applicant's STARBOCK BEER mark so resembles Opposers' marks as to be likely, when applied to the goods, to cause confusion, or to cause mistake, or to deceive.

**COUNT II: DILUTION**

12. Opposers repeat and reallege each and every allegation set forth in paragraphs 1 through 11.

13. In view of the similarities of the parties' marks and the fame of Opposers' STARBUCKS marks, Applicant's mark STARBOCK BEER so closely resembles Opposers' famous marks and name STARBUCKS that it is likely to dilute and will dilute the distinctive quality of Opposers' marks.

WHEREFORE, Opposers believe that they are being, and will be damaged by the registration of the mark shown in Application Serial No. 78/220,579 and request that the opposition be sustained, and that registration to Applicant be refused.

Respectfully Submitted,

Dated: February 19, 2004

By: *Julia Anne Matheson*  
Julia Anne Matheson  
Linda K. McLeod  
FINNEGAN, HENDERSON, FARABOW,  
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CORPORATION and STARBUCKS  
CORPORATION D/B/A STARBUCKS  
COFFEE COMPANY

Starbucks U.S. Brands Corporation and Strabucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit D**

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of Application Serial No. 78/254,886  
Published in the Official Gazette on September 21, 2004

REX WAYNE BELL,	§	
	§	
Opposer,	§	
	§	
v.	§	Opposition No. _____
	§	
STARBUCKS U.S. BRANDS, LLC,	§	
	§	
Applicant.	§	

Box TTAB - Fee  
Commissioner for Trademarks  
P.O. Box 1451  
Alexandria, VA 22313-1451

**NOTICE OF OPPOSITION**

The Opposer, Rex Wayne Bell, having an address of 413 20<sup>th</sup> Street, Galveston, Texas, hereby believes that he will be damaged by registration of the mark shown in the above-identified application, and hereby opposes the same.

As grounds for opposition, it is alleged that:

1. Applicant has applied to register the word mark for "STARBUCKS" used in connection with distilled spirits and liqueurs, in International Class 33, in Application No. 78/254,886, filed on May 27, 2003, and published for opposition on September 21, 2004.
2. The Opposer is the owner of a small bar and live music venue which sells a proprietary beer under the trademark "STAR BOCK BEER".
3. The Opposer is the owner of the trademark "STARBOCK BEER", used in connection with beer, in International Class 32, and the subject of U.S. Serial No. 78/220,579,

filed on March 1, 2003, and published for opposition on January 20, 2004.

4. The Opposer's filing date of March 1, 2003, for the "STARBOCK BEER" trademark, has priority over the filing date of Applicant's "STARBUCKS" mark, which was filed on May 27, 2003.

5. Applicant has filed an opposition to the Opposer's trademark application under Opposition No. 91159504, said opposition is currently suspended pending the outcome of a federal court case involving the same parties.

6. In the pleadings for Opposition No. 91159504, Applicant has admitted to a likelihood of confusion between the Applicant's "STARBUCKS" mark and the Opposer's "STARBOCK BEER" mark. *See Attached Notice of Opposition at Page 5.*

7. Since Applicant has admitted to a likelihood of confusion between the Applicant's "STARBUCKS" mark and the Opposer's "STARBOCK BEER" mark, and the Opposer possesses the priority filing date, Applicant's Application should be denied and this opposition should be sustained.

WHEREFORE, Opposer respectfully requests that the Trademark Trial and Appeal Board find and order that registration by Applicant of the mark "STARBUCKS" be denied as damaging to the Opposer and this opposition be sustained.

Opposer hereby submits the requisite filing fee of \$300.00 for opposing Applicant's registration in Class 33

Respectfully submitted,

Date 11-16-04

  
\_\_\_\_\_  
John S. Egbert  
Reg. No. 30,627  
Attorney for Opposer

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JSE:ljc  
Our File: 1990-3

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

STARBUCKS U.S. BRANDS CORPORATION )  
and STARBUCKS CORPORATION DBA )  
STARBUCKS COFFEE COMPANY, )

Opposers, )

v. )

REX WAYNE BELL, )

Applicant. )

Opposition No. 159504

NOTICE OF OPPOSITION

Applicant Serial No.: 78/220,579  
Filed: March 1, 2003  
Published for Opposition: January 20, 2004  
Mark: STARBOCK BEER

**BOX TTAB FEE**  
Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, Virginia 22202-3514

Dear Sir:

Starbucks U.S. Brands Corporation, a corporation of the State of California, having a principal place of business at 533 Airport Boulevard, Suite 400, Burlingame, California 94010, and Starbucks Corporation d/b/a Starbucks Coffee Company, a corporation of the State of Washington, having a principal place of business at 2401 Utah Avenue South, Seattle, Washington 98134 (collectively referred to as "Opposers"), believe that they are being, and will be damaged by the registration of the mark

1.

STARBOCK BEER shown in Application Serial No. 78/220,579, and hereby oppose the same.

As grounds for opposition, Opposers allege as follows, upon actual knowledge with respect to themselves and their own acts, and upon information and belief as to other matters:

1. Applicant Rex Wayne Bell, an individual, with an address at 413 20<sup>th</sup> Street, Galveston, Texas 77550 is named as the current owner of Application Serial No. 78/220,579. That application was filed on March 1, 2003 under Section 1(b) as an intent-to-use application and seeks registration of the mark STARBOCK BEER for "beer" in Class 32.

2. For over a quarter century, Opposers have been in the business of offering cafe, restaurant, and coffee house services, and retail store services featuring coffee, tea, and coffee- and tea-based beverages and an ever-expanding range of beverages, bottled and canned beverages, and other products all under the STARBUCKS mark.

3. Sales of STARBUCKS beverages and other products have been immense, amounting to many millions of dollars of products sold worldwide in 2002 alone. Opposers currently operate at more than 6,294 locations worldwide.

4. Opposer Starbucks U.S. Brands Corporation is the owner of, among others, the following United States trademark registrations for the mark STARBUCKS and STARBUCKS-formative marks:

Mark	Reg. No./Reg. Date	Goods
STARBUCKS COFFEE TEA SPICES & Design	1,098,925 August 8, 1978	Coffee, tea, spices, and cocoa in Class 30
STARBUCKS & Design	1,417,602 November 18, 1986	Coffee, tea, spices, herb tea, chocolate and cocoa in Class 30; coffee bar services and coffee distribution services and retail store services in Class 42
STARBUCKS	1,452,359 August 11, 1987	Coffee, tea, spices, herb tea, chocolate and cocoa in Class 30
STARBUCKS COFFEE & Design	1,542,775 June 6, 1989	Coffee in Class 30; restaurant services featuring coffee and espresso beverages and also serving sandwiches and breakfasts in Class 42
STARBUCKS COFFEE & Design	1,815,937 January 11, 1994	Ground and whole bean coffee, cocoa, tea, powdered chocolate and powdered vanilla, etc. in Class 30; retail store services featuring all of the above goods . . . and restaurant and café services in Class 42
STARBUCKS COFFEE & Design	1,815,938 January 11, 1994	Ground and whole bean coffee, cocoa, tea, powdered chocolate and powdered vanilla, etc... in Class 30; retail store services featuring all of the above goods . . . and restaurant and café services in Class 42
STARBUCKS COFFEE & Design	1,943,361 December 26, 1995	Flavoring syrups for beverages in Class 30
STARBUCKS	2,086,615 August 5, 1997	Ready-to-drink coffee, ready-to-drink coffee based beverages, in Class 30; coffee flavored soft drinks and syrups and extracts for making flavored soft drinks and milk-based beverages in Class 32
STARBUCKS COFFEE & Désign	2,120,653 December 9, 1997	Ready-to-drink coffee, ready-to-drink coffee based beverages in Class 30; coffee-flavored soft drink, flavored soft drinks and syrups and extracts for making the foregoing in Class 32
STARBUCKS COFFEE (stylized)	2,227,835 March 2, 1999	Wholesale distributorships, retail outlets, and mail order services featuring ground and whole bean coffee; tea; cocoa; coffee and espresso beverages and beverages made with a base of coffee, espresso, and/or milk. . . in Class 35
STARBUCKS COFFEE (stylized)	2,227,837 March 2, 1999	Wholesale distributorships, retail outlets and mail order services featuring ground and whole bean coffee; tea; cocoa; coffee and espresso beverages and beverages made with a base of coffee, espresso, and/or milk . . . in Class 35
STARBUCKS	2,266,351	Ground and whole bean coffee; cocoa; herbal



8. Opposers' STARBUCKS marks became famous well prior to the March 1, 2003 filing date of Application Serial No. 78/220,579.

**COUNT I: LIKELIHOOD OF CONFUSION**

9. Opposers repeat and reallege each and every allegation set forth in paragraphs 1 through 8.

10. Applicant seeks to register the mark STARBOCK BEER in connection with goods that are closely-related to those of Opposers, and that fall within the same channels of trade of Opposer's goods, including retail stores, restaurants, convenience stores, and grocery stores that offer and sell Opposer's goods. Indeed, Opposer Starbucks U.S. Brands is the owner of two pending applications covering alcoholic beverages in Class 33, namely Serial Nos. 78/254,886 for the STARBUCKS mark and 78/254,552 for the STARBUCKS LOGO, both filed May 27, 2003.

11. Applicant's STARBOCK BEER mark so resembles Opposers' marks as to be likely, when applied to the goods, to cause confusion, or to cause mistake, or to deceive.

**COUNT II: DILUTION**

12. Opposers repeat and reallege each and every allegation set forth in paragraphs 1 through 11.

13. In view of the similarities of the parties' marks and the fame of Opposers' STARBUCKS marks, Applicant's mark STARBOCK BEER so closely resembles Opposers' famous marks and name STARBUCKS that it is likely to dilute and will dilute the distinctive quality of Opposers' marks.

WHEREFORE, Opposers believe that they are being, and will be damaged by the registration of the mark shown in Application Serial No. 78/220,579 and request that the opposition be sustained, and that registration to Applicant be refused.

Respectfully Submitted,

Dated: February 19, 2004

By: *Linda K. McLeod*  
Julia Anne Matheson  
Linda K. McLeod  
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STARBUCKS U.S. BRANDS  
CORPORATION and STARBUCKS  
CORPORATION D/B/A STARBUCKS  
COFFEE COMPANY

Starbucks U.S. Brands Corporation and Starbucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit E**



occurred in this judicial district, and Plaintiff resides and is doing business within this judicial district.

#### PARTIES

4. Plaintiff Rex Wayne Bell is an individual and resident of the State of Texas.
5. Plaintiff owns and operates a live music club located in Galveston, Texas, which serves various alcoholic beverages.
6. Upon information and belief, Defendant Starbucks U.S. Brands Corporation is incorporated under the laws of the State of California, and has its principal place of business at 533 Airport Boulevard #400, Burlingame, California 94010.
7. Upon information and belief, Defendant Starbucks Corporation d/b/a Starbucks Coffee Company is incorporated under the laws of the State of Washington, and has its principal place of business at 2401 Utah Avenue South, Seattle, Washington 98134.

#### BACKGROUND

8. Since as least as early as July 2003, Plaintiff has used the trademark "STAR BOCK BEER" in association with alcoholic beverages, namely, beer. Plaintiff has created a beer which offers a unique blend of flavors. Plaintiff has expended considerable sums in advertising said trademark, has exerted every effort to maintain the highest standards of quality for said products, and has created good will under said trademark among its purchasing public. By virtue of said good will, and because Plaintiff's trademark "STAR BOCK BEER" is so well known among the purchasing public, sales of Plaintiff's products are substantial, are increasing, and are of great value to the Plaintiff.

9. Upon information and belief, Defendants operate in interstate commerce in the business of manufacturing and selling coffee and operating retail coffee store franchises under the trademark "STARBUCKS", and have federally registered said mark under registration Nos. 1,098,925, 1,417,602, 1,452,359, 1,542,775, 1,815,937, 1,815,938, 1,943,361, 2,086,615, 2,120,653, 2,227,835, 2,227,837, 2,266,351, 2,325,182, 2,696,594, 2,102,737, all of which are for use with either coffee, coffee based beverages, milk, or distributorships for coffee. None of the aforementioned registered marks of the Defendants are for use in connection with alcoholic beverages of any type.

10. After Plaintiff started using its trademark "STAR BOCK BEER", and after Plaintiff had built its business under said mark to substantial sales, Defendants accused Plaintiff of violating its trademark rights through the use of the trademark "STAR BOCK BEER", as evidenced in the attached letters. Defendants have further stated in writing that Plaintiff's trademark is confusingly similar to Defendants' trademark, that its use is injurious to Defendants, and that Plaintiff has no right to use "STAR BOCK BEER" as a trademark. Defendants have also made multiple demands that Plaintiff cease and desist from using the trademark "STAR BOCK BEER". *See Appendix "A"*.

11. Defendants also filed a Notice of Opposition in the United States Patent and Trademark Office initiating Opposition No. 91159504 on February 19, 2004. This Opposition has not been resolved and is currently pending before the Trademark Office.

12. Said accusations and demands have given rise to a case of actual controversy within the jurisdiction of this Court, pursuant to 28 U.S.C. §§ 2201-02.

13. Plaintiff categorically denies that its use of the trademark "STAR BOCK BEER" violates

whatever federal or state rights Defendants might have in their name and mark, and specifically denies that any trademark rights Defendants might have in association with coffee products extend to the field of alcoholic beverages. Said fields are so remote in terms of trade channels, purchasing public, and methods of selection, that confusion of the public is highly unlikely.

14. Defendants' assertions that Plaintiff is violating its legal rights irreparably injures and adversely affects Plaintiff. Unless prevented by this Court, Defendants' assertions will continue to so affect Plaintiff's business and the investment Plaintiff has made in the trademark "STAR BOCK BEER" along with the attendant good will. To resolve the legal and factual questions raised by Defendants and to afford relief from the uncertainty and controversy which Defendants' assertion has precipitated, Plaintiff is entitled to a Declaratory Judgment of its rights under 28 U.S.C. §§ 2201-02.

#### COUNT I

15. Paragraphs 1-14 above are incorporated herein by reference.

16. An actual controversy exists as to whether the use by Plaintiff of its trademark "STAR BOCK BEER" in connection with alcoholic beverages is a violation of the rights Defendants might have in their registered trademarks.

17. Plaintiff hereby alleges that the use by Plaintiff of its trademark "STAR BOCK BEER" in connection with alcoholic beverages is not in violation of any rights Defendants might have under the federal law of trademark infringement as set forth in 15 U.S.C. §1114.

#### COUNT II

18. Paragraphs 1-17 above are incorporated herein by reference.

19. An actual controversy exists as to whether the use by Plaintiff of its trademark "STAR BOCK BEER" in connection with alcoholic beverages is a violation of the rights Defendants might have in their registered trademarks.

20. Plaintiff hereby alleges that the use by Plaintiff of its trademark "STAR BOCK BEER" in connection with alcoholic beverages is not in violation of any rights Defendants might have under the federal law of unfair competition as set forth in 15 U.S.C. §1125.

### COUNT III

21. Paragraphs 1-20 above are incorporated herein by reference.

22. An actual controversy exists as to whether the use by Plaintiff of its trademark "STAR BOCK BEER" in connection with alcoholic beverages is a violation of the rights Defendants might have in their registered trademarks.

23. Plaintiff hereby alleges that the use by Plaintiff of its trademark "STAR BOCK BEER" in connection with alcoholic beverages is not in violation of any rights Defendants might have pursuant to the common law of unfair competition.

### COUNT IV

24. Paragraphs 1-23 above are incorporated herein by reference.

25. An actual controversy exists as to whether the use by Plaintiff of its trademark "STAR BOCK BEER" in connection with alcoholic beverages is a violation of the rights Defendants might have in their registered trademarks.

26. Plaintiff hereby alleges that the use by Plaintiff of its trademark "STAR BOCK BEER" in connection with alcoholic beverages is not in violation of any rights Defendants might have pursuant to the Federal Trademark Dilution Act as set forth in 15 U.S.C. §1125.

COUNT V

27. Paragraphs 1-26 above are incorporated herein by reference.
28. An actual controversy exists as to whether the use by Plaintiff of its trademark "STAR BOCK BEER" in connection with alcoholic beverages is a violation of the rights Defendants might have in their registered trademarks.
29. Plaintiff hereby alleges that the use by Plaintiff of its trademark "STAR BOCK BEER" in connection with alcoholic beverages is not in violation of any rights Defendants might have pursuant to the Texas Anti-dilution Statute as set forth in Tex. Bus. & Comm. Code. § 16.29.

WHEREFORE, Plaintiff prays that the Court declare and a judgment be entered that:

- (a) Plaintiff's trademark "STAR BOCK BEER" does not violate Defendants' rights under the trademark laws of the United States or any other laws;
- (b) Plaintiff's trademark "STAR BOCK BEER" as used in connection with alcoholic beverages is not confusingly similar to or in conflict with Defendants' trademark "STARBUCKS" as used in their respective businesses;
- (c) Plaintiff has the right to use, in connection with alcoholic beverages, the trademark "STAR BOCK BEER" free from interference by Defendants, their officers, agents, servants, employees, attorneys, privies, representatives, successors, and assigns, and any and all persons acting by, through, or under authority from Defendants, either separately or jointly, in the United States or in any foreign country where the activities of Plaintiff or Defendants have a substantial effect on interstate or foreign commerce;

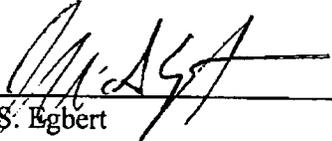
(d) Defendants, their officers, agents, servants, employees, attorneys, privies, representatives, successors, and assigns, and any and all persons in active concert or participation with or under authority from Defendants, either separately or jointly, be enjoined permanently from:

- i. interfering with, or threatening to interfere with, use of the trademark "STAR BOCK BEER" by Plaintiff, its successors or assigns, in connection with its or their business;
  - ii. instituting or prosecuting any suit or other proceeding placing in issue the rights of Plaintiff, or its successors or assigns, to register or use the mark "STAR BOCK BEER" in connection with alcoholic beverages;
- (e) the full extent of Plaintiff's attorney fees and costs be paid by the Defendants;
- (f) Plaintiff have such other, further, and general relief as the Court may deem just.

Respectfully submitted,

Date

3-17-04

  
John S. Egbert  
TBA No. 06479550

L. Jeremy Craft  
TBA No. 24031981

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412 Main St., 7<sup>th</sup> Floor  
Houston, Texas 77002  
(713)224-8080  
(713)223-4873 (Fax)  
Attorneys for Plaintiff

## APPENDIX "A"



Stanford Research Park • 700 Hansen Way • Palo Alto, CA 94304-1016 • 650.849.6600 • Fax 650.849.6666  
www.finnegan.com

JULIA ANNE MATHESON  
650-849-6609  
julia.matheson@finnegan.com

June 12, 2003

VIA CERTIFIED MAIL -- RETURN RECEIPT REQUESTED  
SENT VIA FEDERAL EXPRESS on May 22, 2003

Mr. Rex Wayne Bell  
413 20<sup>th</sup> Street  
Galveston, Texas 77550

Infringement and Dilution of STARBUCKS Mark  
Mark: STARBOCK BEER  
Trademark Application Serial No. 78/220,579

Dear Mr. Bell:

We represent Starbucks Coffee Company and its subsidiaries ("Starbucks") in connection with trademark and unfair competition matters.

As you are no doubt aware, Starbucks is the owner of numerous trademark registrations in the United States and worldwide for the marks STARBUCKS, STARBUCKS COFFEE, its STARBUCKS Logo, and various related marks (collectively, the "Starbucks Marks"). These registrations cover a wide variety of goods and services, ranging from retail store services, restaurant, café, coffee bar, coffee house, and snack bar services, to a variety of products including coffee-flavored soft drinks and syrups and extracts, carbonated and non-carbonated soft drinks, etc. Indeed, Starbucks owns several registrations for goods falling within International Class 32 including Reg. No. 2,086,615 for the mark STARBUCKS issued August 5, 1997, and Reg. No. 2,120,653 for the STARBUCKS Logo issued December 9, 1997.

Starbucks has used its STARBUCKS mark for more than a quarter century, and has invested considerable resources over the years in establishing and promoting its valuable marks. As a result of these efforts, the Starbucks Marks have become famous marks and assets of incalculable value. Indeed, the STARBUCKS mark was recently named to *Business Week's* 2002 list of the top 100 brands in the world.

It has come to our client's attention that you recently filed an application (Serial No. 78/220,579) to register the strikingly similar looking and sounding mark STARBOCK BEER for beer in International Class 32 claiming a date of first use of December 25, 2002. Given the undeniable similarity in the appearance and pronunciation of the

Mr. Rex Wayne Bell  
Page 2

FINNEGAN  
HENDERSON  
FARABOW  
GARRETT &  
DUNNER, L.L.P.

STARBOCK and STARBUCKS marks, and their application to related products falling in the identical Class 32, Starbucks is understandably concerned that your use of the STARBOCK BEER mark will generate confusion in the marketplace as to the origin of the parties' respective products, misappropriate the goodwill in the STARBUCKS Marks that our client has labored long and hard to establish, and result in a lessening and/or blurring of the distinctiveness of the STARBUCKS Marks in violation of federal, state, and common law infringement and dilution principles.

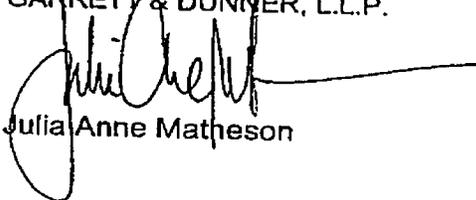
Accordingly, Starbucks requests that you immediately (1) cease any and all use of the STARBOCK BEER and/or STARBOCK mark; (2) destroy any signage, menus or other materials bearing the STARBOCK BEER and/or STARBOCK mark; and (3) abandon Application Serial No. 78/220,579 with prejudice.

Starbucks prefers to resolve this matter amicably. To that end, we ask that you provide us with written assurances that you will meet these demands by **June 27, 2003**. Absent receipt of such confirmation, Starbucks is prepared to oppose this application if and when it publishes for opposition and reserves the right to take any other necessary legal action to protect its valuable trademark rights.

We look forward to your prompt reply.

Very truly yours,

FINNEGAN, HENDERSON, FARABOW,  
GARRETT & DUNNER, L.L.P.

  
Julia Anne Matheson

JAM/ae



Stanford Research Park ■ 700 Hansen Way ■ Palo Alto, CA 94304-1016 ■ 650.849.6600 ■ Fax 650.849.6666  
www.finnegan.com

JULIA ANNE MATHESON  
650-849-6609  
Julia.matheson@finnegan.com

July 18, 2003

Mr. Rex Wayne Bell  
413 20<sup>th</sup> Street  
Galveston, Texas 77550

VIA REGULAR MAIL

Infringement and Dilution of STARBUCKS Mark  
Mark: STARBOCK BEER  
Trademark Application Serial No. 78/220,579

Dear Mr. Bell:

We represent Starbucks Coffee Company and its subsidiaries ("Starbucks") in connection with trademark and unfair competition matters.

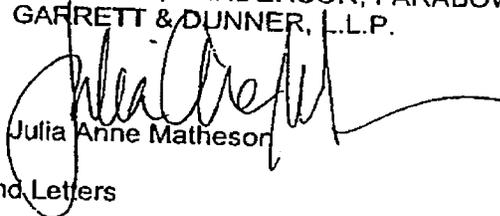
On May 22, 2003 we sent you the attached demand letter objecting to your use of, and application to register, the mark STARBOCK BEER on infringement and dilution grounds via Federal Express. Federal Express made three attempts to deliver the demand letter. You refused delivery. On June 12, 2003, we resent our demand letter to you via Certified Mail, Return Receipt Requested. You refused delivery of that letter as well.

We enclose copies of both letter for your information and review. In doing so, we reiterate our demands that you **immediately** cease any and all use of the STARBOCK BEER and/or STARBOCK mark; destroy any signage, menus or other materials bearing the STARBOCK BEER and/or STARBOCK mark; and expressly abandon Application Serial No. 78/220,579 with prejudice.

While Starbucks would prefer to resolve this matter amicably, it is prepared to oppose your application if and when it publishes for opposition and to take any other necessary legal action to protect its valuable trademark rights. Please note that your attempts to avoid receipt of our demand letter will not shield you from future legal action.

Very truly yours,

FINNEGAN, HENDERSON, FARABOW,  
GARRETT & DUNNER, L.L.P.

  
Julia Anne Matheson

JAM/ae  
Enclosures: May 22, 2003 & June 12, 2003 Demand Letters

Starbucks U.S. Brands Corporation and Strabucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit F**



**ANSWER TO COMPLAINT**

Defendant Starbucks U.S. Brands Corporation and Defendant and Counterclaimant Starbucks Corporation d/b/a Starbucks Coffee Company for their Answer to the Complaint of Plaintiff and Counterclaim-defendant Bell, herein admits, denies and alleges as follows:

**NATURE OF THE ACTION**

1. As to the allegations in paragraph 1 of the Complaint, Starbucks admits and alleges that Plaintiff and Counterclaim-defendant has raised claims pursuant to the Declaratory Judgment Act, 28 U.S.C. § 2201 and the Lanham Federal Trademark Act, 15 U.S.C. §§ 1051-1127.

**JURISDICTION AND VENUE**

2. As to the allegations in paragraph 2 of the Complaint, Starbucks admits and alleges that the Plaintiff and Counterclaim-defendant has purported to raise claims over which this Court has subject matter jurisdiction. Starbucks admits that Plaintiff and Counterclaim-defendant has raised claims under the Lanham Act and has sought to invoke federal question and original jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338 and 2201-02.

3. Starbucks does not contest venue in this judicial district.

**PARTIES**

4. Starbucks admits to the allegations of paragraph 4.

5. Starbucks admits that Plaintiff and Counterclaim-defendant Bell operates a business in Galveston, Texas, that serves, among other things, alcoholic beverages. Starbucks is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations of paragraph 5, and therefore denies all such allegations.

6. Starbucks denies the allegations of paragraph 6. Starbucks U.S. Brands Corporation recently was merged into Starbucks U.S. Brands, LLC. Starbucks Brands LLC is an indirect, wholly-owned subsidiary of Starbucks Corporation d/b/a Starbucks Coffee Company.

7. Starbucks admits to the allegations of paragraph 7.

#### BACKGROUND

8. Starbucks denies that Plaintiff and Counterclaim-defendant has used the phrase "STAR BOCK BEER" to the extent claimed. Starbucks alleges that it is without knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations of paragraph 8, and therefore denies all such allegations.

9. Starbucks admits that it operates in interstate commerce, that it manufactures and sells coffee and operates retail stores that sell, among other things, coffee under the trademark STARBUCKS®. Starbucks further admits that it owns federal trademark registration Nos. 1,098,925; 1,417,602; 1,452,359; 1,542,775; 1,815,937; 1,815,938; 1,943,361; 2,086,615; 2,120,653; 2,227,835; 2,227,837; 2,266,351; 2,325,182; 2,696,594; 2,102,737, and that the scope of such registrations are as set forth therein. Except as so admitted and alleged, Starbucks denies the remaining allegations in paragraph 9 of the Complaint.

10. As to the allegations in paragraph 10 of the Complaint, Starbucks alleges that it is without knowledge or information sufficient to form a belief as to the sales of Plaintiff and Counterclaim-defendant at the time Starbucks corresponded with him, and therefore denies all such allegations. Starbucks denies that Plaintiff and Counterclaim-defendant has used the phrase "STAR BOCK BEER" to the extent claimed. Starbucks further denies the allegations in paragraph 10 of the Complaint to the extent it omits Starbucks' May 2003 correspondence to plaintiff. Starbucks admits the remaining allegations in paragraph 10 insofar as they refer to

subsequent correspondence in which Starbucks objected to the use by Plaintiff and Counterclaim-defendant of the "Starbock" name. Otherwise, Starbucks denies all remaining allegations of paragraph 10.

11. Starbucks admits the allegations in paragraph 11.

12. Starbucks admits the allegations in paragraph 12.

13. As to the allegations in paragraph 13 of the Complaint, Starbucks denies that Plaintiff and Counterclaim-defendant has used the phrase "STAR BOCK BEER" to the extent claimed. The remaining allegations in paragraph 13 of the Complaint contain conclusions of law to which no response is required. To the extent that any response to those allegations is required, Starbucks denies the allegations in paragraph 13.

14. As to the allegations in paragraph 14 of the Complaint, Starbucks denies that Plaintiff and Counterclaim-defendant has used the phrase "STAR BOCK BEER" to the extent claimed. The remaining allegations in paragraph 14 of the Complaint contain conclusions of law to which no response is required. To the extent that any response to those allegations is required, Starbucks denies the allegations in paragraph 14.

#### COUNT I

15. In response to paragraph 15 of the Complaint, Starbucks incorporates herein by reference each and every admission, allegation and denial contained in paragraphs 1 through 14, above.

16. As to the allegations in paragraph 16 of the Complaint, Starbucks denies that Plaintiff and Counterclaim-defendant has used the phrase "STAR BOCK BEER" to the extent claimed. The remaining allegations in paragraph 16 of the Complaint contain conclusions of law

to which no response is required. To the extent that any response to those allegations is required, Starbucks denies the allegations in paragraph 16.

17. Starbucks denies the allegations in paragraph 17.

COUNT II

18. In response to paragraph 18 of the Complaint, Starbucks incorporates herein by reference each and every admission, allegation and denial contained in paragraphs 1 through 17, above.

19. As to the allegations of paragraph 19 of the Complaint, Starbucks denies that Plaintiff and Counterclaim-defendant has used the phrase "STAR BOCK BEER" to the extent claimed. The remaining allegations in paragraph 19 of the Complaint contain conclusions of law to which no response is required. To the extent that any response to those allegations is required, Starbucks denies the allegations in paragraph 19.

20. Starbucks denies the allegations in paragraph 20.

COUNT III

21. In response to paragraph 21 of the Complaint, Starbucks incorporates herein by reference each and every admission, allegation and denial contained in paragraphs 1 through 20, above.

22. As to the allegations in paragraph 22 of the Complaint, Starbucks denies that Plaintiff and Counterclaim-defendant has used the phrase "STAR BOCK BEER" to the extent claimed. The remaining allegations in paragraph 22 of the Complaint contain conclusions of law to which no response is required. To the extent that any response to those allegations is required, Starbucks denies the allegations in paragraph 22.

23. Starbucks denies the allegations in paragraph 23.

COUNT IV

24. In response to paragraph 24 of the Complaint, Starbucks incorporates herein by reference each and every admission, allegation and denial contained in paragraphs 1 through 23, above.

25. As to the allegations of paragraph 25 of the Complaint, Starbucks denies that Plaintiff and Counterclaim-defendant has used the phrase "STAR BOCK BEER" to the extent claimed. The remaining allegations in paragraph 25 of the Complaint contain conclusions of law to which no response is required. To the extent that any response to those allegations is required, Starbucks denies the allegations in paragraph 25.

26. Starbucks denies the allegations in paragraph 26.

COUNT V

27. In response to paragraph 27 of the Complaint, Starbucks incorporates herein by reference each and every admission, allegation and denial contained in paragraphs 1 through 26, above.

28. As to the allegations of paragraph 28 of the Complaint, Starbucks denies that Plaintiff and Counterclaim-defendant has used the mark "STAR BOCK BEER" to the extent claimed. The remaining allegations in paragraph 28 of the Complaint contain conclusions of law to which no response is required. To the extent that any response to those allegations is required, Starbucks denies the allegations in paragraph 28.

29. Starbucks denies the allegations in paragraph 29.

COUNTERCLAIMS

For its Counterclaim in this action against Plaintiff and Counterclaim-defendant Bell, Starbucks Corporation d/b/a Starbucks Coffee Company and Starbucks U.S. Brands, LLC, allege as follows:

### Background

1. From the beginning, Starbucks has attempted to resolve this matter amicably, and without resorting to litigation. But rather than responding to Starbucks' overtures, Bell has apparently decided he could benefit more by creating media attention when launching his new product. Bell has attempted to portray himself as a victim, even though Bell chose a mark nearly identical to that of Starbucks—both visually and phonetically—apparently so that he could benefit from the goodwill Starbucks spent decades developing, and even though it was Bell who filed suit against Starbucks.

Bell knew that the mark "Starbucks®" was extremely well known among consumers. Thus, Bell has undertaken a scheme to generate free advertising for his Galveston bar by infringing and diluting the Starbucks® mark. Bell's scheme included the following:

- (a) Bell adopted the word "Starbock," which he knew would be associated by consumers with Starbucks and its products;
- (b) He used the "Starbock" term as the name of a product (in this case, beer) that was not made by Starbucks;
- (c) He made significant efforts to get the press to report on his "Starbock" Beer once Starbucks learned of the infringement and asked Bell to cease his illegal activity; and
- (d) He refused all efforts to resolve the dispute informally, undoubtedly hoping that the press coverage, and the free advertising it generates, would enhance sales of beer and attendance at his bar.

2. Bell began to implement his plan in or about May 2003, when he filed a trademark application for "Starbock Beer." Starbucks sent correspondence to Bell indicating that his registration and/or use of the Starbock" name violated Starbucks' rights, but he refused to accept Starbucks' letter. In June 2003, Starbucks made a second attempt to correspond with Bell, but he again refused to accept delivery of the letter. Finally, in July 2003, Starbucks sent a third letter, which Bell accepted, along with Starbucks' two previous letters. Bell immediately called Starbucks' counsel to announce that he would not, under any circumstances, change the "Starbock" name. Bell also went to the press, spinning a "David and Goliath" story in which Starbucks was portrayed as a large corporation seeking to bully a small, local business.

3. Contrary to Bell's portrayal, however, Starbucks did not try to "crush" Bell. Rather, Starbucks merely informed Bell that his actions violated Starbucks' trademark rights, asked him to stop, and reserved its right to take formal action at a later date. Bell succeeded in generating only a brief flurry of publicity.

4. In January 2004, Bell's pending trademark application for "Starbock Beer" was published for opposition by the United States Patent and Trademark Office ("Trademark Office"). In February 2004, Starbucks, as required by law, filed its Notice of Opposition to Bell's application. In keeping with his publicity-seeking scheme, Bell again went to the news media, mischaracterized this administrative action as a "law suit" filed against him, and again sought to portray himself as the victim of a large corporation.

5. Bell's publicity campaign culminated in the instant suit. Rather than allow the discreet issue related to Bell's trademark application to move quietly through the Trademark Office, Bell filed suit against Starbucks seeking declaratory relief, and continued to publicize the matter with the same misleading spin that had characterized his earlier publicity campaign.

6. Bell's scheme worked. Media outlets in Galveston, Houston, and Philadelphia, and even national media such as National Public Radio and MSNBC picked up the story. Unfortunately, this publicity amplified the infringing and dilutive effects of Bell's trademark misuse. The number of consumers who were now aware of "Starbock" beer increased dramatically, and as a direct result, the strong and positive associations that consumers have between the Starbucks® mark and genuine Starbucks products were increasingly threatened. Although Starbucks' preference is to resolve trademark disputes amicably, it has little choice but to file this Counterclaim, having been sued by Bell in this Court, to protect its trademarks from further infringement and dilution by Bell.

#### Jurisdiction and Venue

7. Subject matter jurisdiction over the claims asserted in this Complaint is based upon: (i) 28 U.S.C. §§ 1331 and 1338(a) as an action arising under the Lanham Act, 15 U.S.C. §§ 1051 *et. seq.*; and the Trademark Dilution Act, 15 U.S.C. §§ 1125(c) and 1127; and (ii) 28 U.S.C. § 1332(a) as an action between citizens of different states where the matter in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs. Subject matter jurisdiction over those of Starbucks' claims that arise under state law is based upon the principles of supplemental jurisdiction set forth in 28 U.S.C. § 1367, and the provisions of 28 U.S.C. § 1338(b) as an action asserting a claim for dilution and unfair competition joined with a substantial and related claim under the federal trademark laws.

8. Starbucks is informed and believes and thereupon alleges that venue of this action is proper in the district pursuant to 28 U.S.C. § 1391(b).

---

The Parties

9. Defendant and Counterclaimant Starbucks Corporation is a corporation organized and existing under the laws of the State of Washington, with its principal place of business located in Seattle, Washington. Since 1971, it has continuously done business under the trade names "Starbucks," "Starbucks Coffee Company" and "Starbucks Coffee."

10. Defendant and Counterclaimant Starbucks U.S. Brands Corporation ("Starbucks Brands Corp.") was a corporation organized and existing under the laws of the State of California, with its principal place of business located in Burlingame, California. Starbucks Brands Corp. was recently merged into Starbucks U.S. Brands, LLC ("Starbucks Brands LLC"). Starbucks Brands LLC is an indirect, wholly-owned subsidiary of Starbucks Corporation d/b/a Starbucks Coffee Company ("Starbucks Coffee") (collectively referred to as "Starbucks"). Ownership of the trademarks described in this Complaint is vested in Starbucks Brands LLC. Starbucks Coffee is a licensee of such trademarks.

11. Plaintiff and Counterclaim-defendant Bell is an individual residing and doing business in the State of Texas. Bell owns and operates a business which serves alcoholic and nonalcoholic beverages. Among other items, Bell advertises and sells or offers an alcoholic beverage identified as "Starbock" beer. Starbucks is informed and believes, and thereupon alleges, that Bell's business also serves or has served, among other things, coffee.

Starbucks and its Business

12. Starbucks is the best-known purveyor of specialty coffees in America today. Beginning in 1971 as a single, Seattle-based coffee shop, Starbucks has grown to operate or license more than 7,700 retail locations throughout North America and in 33 foreign countries

and territories. Starbucks also supplies premium, fresh-roasted coffees to thousands of restaurants and other accounts throughout the world.

13. The key to Starbucks' phenomenal success is the consistent high quality and reputation of its fresh roasted specialty coffees, brewed coffee and espresso beverages and the other products and services it provides. Starbucks has a reputation for excellence, particularly in the area of roasted coffees and coffee beverages, and is widely recognized for its knowledgeable staff and superior service. Starbucks reputation is due, in large part, to the fact that its Authorized Resellers not only use Starbucks brand coffee beans but are subject to Starbucks quality controls, which prescribe preparation, storage, freshness, service, equipment and other quality standards in connection with brewing Starbucks coffee.

#### The Starbucks® Trademark

14. For more than 30 years, Starbucks has continuously used the trademark "Starbucks®" (the "Starbucks Mark") both to identify its goods and services and as the name of the company. The Starbucks® mark is the subject of more than 57 trademark registrations issued by the United States Patent and Trademark Office, and has been registered in more than 120 foreign countries.

15. Starbucks has spent substantial time, effort and money advertising and promoting the Starbucks® mark throughout the United States and elsewhere:

- Starbucks owns, or operates through affiliates and licensees, more than 5,800 retail stores in North America. These stores – which conduct more than 10.9 million customer transactions per week – carry a full line of coffee, cappuccino, espresso-based beverages and teas brewed and served on premises; blended beverages; more than 30 different varieties of Starbucks® brand roasted coffees; baked goods and

confections; and other branded merchandise. Each store prominently displays the Starbucks® mark on exterior signage and at multiple locations within the store.

- Starbucks® has licensed Host Marriott Services Corporation to operate more than 150 coffee kiosks ("Starbucks Kiosks") in major airports and other locations in the U.S. and Canada. The Starbucks Kiosks sell Starbucks® brand coffees and other beverages prepared on site in accordance with strict beverage preparation and quality control procedures established by Starbucks, which are intended to maintain the high and consistent standards imposed by Starbucks on its own stores. The Starbucks Kiosks utilize the Starbucks® mark in a manner similar to that employed in Starbucks-owned retail outlets.
- Starbucks has entered into similar license agreements with major U.S. supermarkets, such as Safeway, Fred Meyer, Fry's, Bi-Lo, ACME, Dominick's, Tom Thumb, Mollie Stone, Super Target and Albertsons, through which Starbucks locations are operated within the supermarkets.
- Starbucks sells its coffee to and through hundreds of other Authorized Resellers, including restaurants, airlines (including United Airlines), sport and entertainment venues, motion picture theaters, hotels (including all corporate-owned Sheraton and Westin Hotels in the U.S., which offer Starbucks® coffee in-room) and cruise ship lines. Starbucks provides these accounts with approved equipment and with quality standards and procedures for brewing and serving Starbucks® coffee. Starbucks permits these accounts to use the Starbucks® mark on their menus and in certain promotional materials.

- Starbucks coffees are served from dedicated retail areas located in over 430 Barnes & Noble Bookstores (“B&N Cafes”). B&N Cafes serve Starbucks® brand coffee and espresso beverages brewed and served on site in accordance with quality standards and procedures established by Starbucks, and prominently display the Starbucks® mark.
- Starbucks distributes several exclusive coffee blends, Starbucks® brand ice cream, bottled Frappuccino® coffee drinks, and canned Starbucks DoubleShot™ espresso drinks at grocery stores and similar retailers nationwide. Each of these products prominently bears the Starbucks® mark.
- Starbucks operates an Internet Web site (<www.starbucks.com>) that generates, on average, 350,000 “hits” from visitors per week. The Starbucks® mark is incorporated into many of the individual “pages” within this site, and is displayed on much of the branded merchandise offered for sale on-line.

As a result of the foregoing and similar use and promotion, the Starbucks® mark has become a famous and highly distinctive trademark.

#### Bell’s Misappropriation and Misuse of the Starbucks Mark

16. On or about May 1, 2003, Bell filed an application with the Trademark Office for “Starbock Beer” as a trademark. On a date unknown to Starbucks, but believed to be in or after June 2003, Plaintiff and Counterclaim-defendant Bell began selling beer under the name “Starbock.” In May of 2003, Starbucks attempted to contact Bell, but he refused Starbucks’ correspondence sent via Federal Express. In June of 2003, Starbucks again tried to send Bell correspondence, via certified mail, which he again refused. In July 2003, Starbucks sent Bell a third letter, which Bell accepted, along with Starbucks’ two previous letters. Each of Starbucks’

letters informed Bell that his registration and/or use of the "Starbock" mark would violate Starbucks' rights. Despite being given such notice, Bell failed and refused to cease his infringing and dilutive use of the "Starbock" name.

17. Bell continued to prosecute his trademark application before the Trademark Office. His application was published for opposition in January 2004. Thus, under the rules of the Trademark Office, Starbucks had to file a Notice of Opposition within thirty days, or risk losing its rights to do so. Starbucks filed its Notice of Opposition in February 2004. On or about March 17, 2004, Bell filed his Complaint in this action seeking declaratory relief.

18. Bell is improperly seeking to benefit from Defendants' and Counterclaimants' substantial investment in the Starbucks<sup>®</sup> mark by offering for sale a beverage under a very close variation on the Starbucks<sup>®</sup> mark. Starbucks is informed and believes and thereupon alleges that Bell chose to use the "Starbock" name with the intent and purpose of trading off of the goodwill that the Starbucks<sup>®</sup> mark currently enjoys and/or misleading and confusing consumers. As a result, Starbucks' reputation is being injured, consumers are less able to identify and distinguish the goods and services offered by Starbucks, and the value and distinctiveness of Starbucks<sup>®</sup> mark are being diminished. Starbucks is informed and believes and thereupon alleges that, absent the intervention of this Court, Plaintiff and Counterclaim-defendant's illegal actions will continue, and Starbucks and consumers will continue to be harmed.

First Claim for Relief

(for Trademark Dilution, 15 U.S.C. §§ 1125(c) and 1127)

19. Starbucks specifically realleges and incorporates herein by reference each and every allegation set forth above in paragraphs 1 through 18.

20. Bell has used and continues to use a very close variation on the Starbucks® mark in interstate commerce. The Starbucks® mark has become and continues to be “famous” within the meaning of 15 U.S.C. § 1125(c).

21. Bell has made and threatens to continue to make commercial use in commerce of a close variation on the Starbucks® mark in a manner that causes dilution of the distinctive quality of such mark, and lessens the capacity of such mark to identify and distinguish Starbucks’ goods and services.

22. Starbucks is entitled to an order from this Court preliminarily and permanently enjoining Bell, his agents, employees and others acting in concert with them, from directly or indirectly making any further commercial use of the Starbock name and mark in his business or on any product or advertising associated with Plaintiff and Counterclaim-defendant.

23. Because Bell has willfully intended to cause dilution of the Starbucks® mark, Starbucks is further entitled, pursuant to 15 U.S.C. §§ 1117 and 1125(c)(2), to recover Starbucks’ costs of suit.

**Second Claim for Relief**

(for Trademark Infringement, 15 U.S.C. § 1114(1))

24. Starbucks specifically realleges and incorporates by reference each and every allegation set forth above in paragraphs 1 through 18.

25. The United States Patent and Trademark Office has granted federal trademark registrations to the Starbucks® mark. Copies of Starbucks’ Trademark Registration Numbers 1,372,630; 1,444,549; 1,452,359; 2,073,104; 2,086,615; 2,091,940; 2,176,974; 2,176,977; 2,178,663; 2,180,757; 2,180,760; 2,180,761; 2,189,460; 2,236,553; 2,696,594 for the Starbucks® trademark are attached hereto as “Exhibit A.” By way of merger, Starbucks Brands LLC owns

the exclusive rights and privileges in and to the Starbucks® mark in the United States, and is in the process of recording such change with the Trademark Office. Starbucks Brands LLC licenses its trademark rights in the Starbucks® mark to Starbucks, which uses the Starbucks® mark as a designation of source and quality for its goods and services. Starbucks uses the registration symbol “®” on its goods and in advertising associated with the Starbucks® mark.

26. Bell is using a very close variation on the Starbucks® mark in a manner that is likely to confuse, deceive and/or cause mistake among consumers and therefore is infringing Defendants’ and Counterclaimants’ rights in the Starbucks® mark in violation of 15 U.S.C. § 1114(1).

27. Starbucks has no adequate remedy at law for Bell’s infringement of the Starbucks® mark, in that: (i) the Starbucks® mark is unique and valuable property, injury to which cannot adequately be compensated by monetary damages; (ii) the injury to Starbucks resulting from the infringement are not precisely and fully ascertainable; (iii) the infringement injures and threatens to continue to injure Starbucks’ reputation and goodwill; and (iv) the injury resulting to Starbucks from Bell’s wrongful conduct, and the conduct itself, are continuing, and Starbucks would be required to bring a multiplicity of suits to achieve full redress for the injuries caused thereby.

28. Unless restrained, Bell’s infringement of the Starbucks® mark will continue to cause irreparable injury to Starbucks, both during the pendency of this action and thereafter. Starbucks is therefore entitled to an order from this Court preliminarily and permanently enjoining Bell and his agents, employees and others acting in concert with them, from directly or indirectly infringing the Starbucks® mark in any manner, including by using the names or marks “Starbock,” “Star Bocks,” or any other name, mark, design or logo that is confusingly similar to

the Starbucks® mark in connection with the sale, offer for sale, advertising, or promotion of any goods or services.

29. Starbucks is further entitled to recover its costs of suit.

**Third Claim for Relief**

(for violation of 15 U.S.C. § 1125(a))

30. Starbucks specifically realleges and incorporates herein by reference each and every allegation set forth above in paragraphs 1 through 18.

31. The acts of Bell alleged herein, including his use of a very close variation on the Starbucks® mark, are likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Bell or Bell's products with Starbucks, or as to the sponsorship, or approval of Bell's goods, services or commercial activities by Starbucks. Bell's actions further misrepresent the nature, characteristics or qualities of Bell's goods, services or commercial activities.

32. Starbucks has no adequate remedy at law for the foregoing wrongful conduct of Bell, in that: (i) Bell's actions injure and threaten to continue to injure Starbucks' unique and valuable property, injury to which cannot adequately be compensated by monetary damages; (ii) the injury to Starbucks from Bell's wrongful actions is not precisely and fully ascertainable; (iii) the wrongful acts of Bell injure and threaten to continue to injure Starbucks' reputation and goodwill; and (iv) the injury resulting to Starbucks from Bell's wrongful conduct, and the conduct itself, are continuing, and Starbucks would be required to bring a multiplicity of suits to achieve full compensation for the injuries caused thereby.

33. Unless restrained, the foregoing wrongful acts of Bell will continue to cause irreparable injury to Starbucks, both during the pendency of this action and thereafter. Starbucks

is therefore entitled to an order from this Court preliminarily and permanently enjoining Bell and his agents, employees and others acting in concert with them, from directly or indirectly: (i) manufacturing, producing, distributing, circulating, selling, offering for sale, advertising, promoting or displaying any product which tends to relate or connect such product in any way to Starbucks or to any goods or services offered, provided, sold, manufactured, sponsored or approved by, or connected with Starbucks; (ii) using the Starbucks® mark, the names or marks "Starbock," "Star Bock," or any other mark that is confusingly similar to the Starbucks® mark; and/or (iii) making any false description or representation of origin concerning any goods offered for sale by Plaintiff and Counterclaim-defendant.

34. Starbucks is further entitled to recover itsj costs of suit.

**Fourth Claim for Relief**

(Violation of Texas Anti-Dilution Statute, Tex. Bus. & Com. Code § 16.29  
and Texas common law trademark dilution)

35. Starbucks specifically realleges and incorporate herein by reference each and every allegation set forth above in paragraphs 1 through 18.

36. The acts complained of herein by Plaintiff and Counterclaim-defendant constitute dilution of Defendants' and Counterclaimants' statutory and common law trademark rights in violation of the Texas Anti-Dilution Statute, Tex. Bus. & Com. Code § 16.29, and at common law.

**Fifth Claim for Relief**

(Unfair Competition)

37. Starbucks specifically realleges and incorporate herein by reference each and every allegation set forth above in paragraphs 1 through 18.

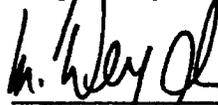
38. The acts of Bell alleged herein, including his use of a very close variation on the Starbucks® mark, are likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Bell or Bell's products with Starbucks, or as to the sponsorship, or approval of Bell's goods, services or commercial activities by Starbucks. Bell's actions further misrepresent the nature, characteristics or qualities of Bell's goods, services or commercial activities.

39. By reason of the foregoing, Bell has engaged in, and continues to engage in, acts of unfair competition in violation of Texas common law for which Starbucks has been harmed.

WHEREFORE, Starbucks pray for judgment as follows:

1. On each and every Claim for Relief alleged herein, for preliminary and permanent injunctive relief as hereinabove described;
2. For their costs of suit herein; and
3. For such other, further or different relief as this Court may deem just and proper.

Respectfully submitted,



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Starbucks U.S. Brands Corporation and Starbucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit G**



throughout that day. At the conclusion thereof, the Court established a post-trial submissions schedule which has been, in all timely respects, complied with.

The Court, having carefully considered all pleadings on file in this matter, having carefully considered and having reviewed the trial testimony of all live witnesses, and having made credibility assessments in regard thereto, having considered and having reviewed exhibits entered in this matter, having carefully considered the Pre-Trial Order, together with all attachments, and the post-trial submissions, hereby enters its Findings of Fact and Conclusions of Law, pursuant to FED.R.CIV.P.

52.

### **FINDINGS OF FACT**

1. Plaintiff Rex Wayne Bell (“Bell”) owns and operates a small, part-time business in Galveston, Texas, operating under the name “The Old Acoustic Café”. This is a small, informal acoustical music venue which is open typically only on Thursday, Friday and Saturday nights. Musicians, typically accompanied by acoustical instruments (guitars and the like) perform. An admission fee is charged, which Bell generally gives to the entertainers. His sole source of income in this establishment is from the sale of beer, limited other beverages, limited cold snacks and souvenir items promoting an alcoholic beverage sold only there, identified as “Starbock Beer” and/or “Star Bock Beer”. He is a former musician and very much enjoys his contacts in the music industry and the promotion of young artists. His beer sales are only an adjunct to those interests.

2. This Court has jurisdiction over the subject matter of this cause, pursuant to 28 U.S.C. § 1331 and § 1338(a), inasmuch as such arises under the Lanham Act, 15 U.S.C. § 1051 *et seq.* and the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c) and § 1127, 28 U.S.C. § 2201-2202, as well as being a declaratory judgment action arising under the Lanham Act, 15 U.S.C. § 1051 *et seq.* Finally, the Court has jurisdiction pursuant to 28 U.S.C. § 1332(a), inasmuch as this action is between citizens of different states and the matter in controversy exceeds the sum of

\$75,000.00, exclusive of interest and costs. This Court has jurisdiction over the subject matter of those claims that arise under state law based upon the principals of supplemental jurisdiction, as provided in 28 U.S.C. § 1367, as well as the provisions of 28 U.S.C. § 1338(b), allowing jurisdiction over claims for dilution and unfair competition joined with substantial and unrelated claims under the federal trademark laws. Jurisdiction has not been contested by any of the parties. Venue is proper in this Court as well, inasmuch as Plaintiff conducts his business in this Division, indeed only within a few blocks of the courthouse, and Defendants do extensive business in this District and Division. Venue has not been contested by any of the parties, either.

3. Bell applied for registration of the “Starbock Beer” trademark with the United States Patent and Trademark Office and the application was subsequently approved and published for opposition. During the opposition phase, Defendants filed a Notice of Opposition to Bell’s application and mailed “cease and desist” letters to Bell alleging that Bell’s mark would: cause confusion as to the origin of the parties’ respective goods; misappropriate Starbucks’ goodwill; and further violate federal, state, and common law dilution principals. Defendants insisted that Bell immediately cease all use of the “Starbock Beer” trademark, destroy all signage and materials bearing this trademark, and abandon the trademark application. Pending the resolution of this litigation, the United States Patent and Trademark Office suspended the opposition period and stayed all proceedings regarding Bell’s registration application approval.

4. Defendants have continuously done business under the trademarks and trade names “Starbucks®,” “Starbucks® Coffee,” and “Starbucks® Coffee Company” since 1971. The Starbucks® mark is the subject of at least 60 trademark registrations issued by the United States Patent and Trademark Office, and has been similarly registered in more than 130 foreign countries.

5. Bell filed a Complaint in this action, seeking a declaratory judgment that Bell's use of the "Star Bock Beer" mark in connection with alcoholic beverages is not in violation of any rights Defendants may have pursuant to: the Federal Law of Trademark Infringement as set forth in 15 U.S.C. § 1114; the Federal Law of Unfair Competition as set forth in 15 U.S.C. § 1125; the Common Law of Unfair Competition; the Federal Trademark Dilution Act as set forth in 15 U.S.C. § 1125; and, the Texas Anti-Dilution Statute as set forth in Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002). Defendants Starbucks® U.S. Brands Corporation and Starbucks® Corporation d/b/a Starbucks® Coffee Company ("Starbucks") contest those claims, and have concurrently asserted counterclaims against Bell, alleging: federal trademark dilution, in violation of 15 U.S.C. § 1125(c) and § 1127; federal trademark infringement, in violation of 15 U.S.C. § 1114(1); violation of 15 U.S.C. § 1125(a); violation of the Texas Anti-Dilution Statute, Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002); violation of Texas Common Law Trademark Dilution; and, the common law doctrine of unfair competition. Bell of course contests these counter-claims.

6. Bell concedes receipt of the cease and desist demands from Starbucks and further concedes that he ignored such; instead retaining counsel and filing suit. However, beyond continuing to sell the beer that he had on hand at the time of receipt of such notification, and the related memorabilia and small advertising products (caps, t-shirts, etc.), out of his Old Acoustic Café, he has undertaken no other product production, sales or advertising or promotional efforts.

7. On the other hand, he readily conceded in his trial testimony that he has encouraged his friends in the music industry to favorably mention and endorse Star Bock Beer, that he sought out, benefitted from and encouraged extensive local and national media coverage of this "David vs. Goliath" controversy, and that his ultimate ambition is to be "just as big and successful as Starbucks."

8. Bell continues to make use, in commerce, of the “Starbock” and/or “Star Bock” logos, but with an important distinction. In the correspondence and official notifications to and from the United States Patent and Trademark Office, Bell sought a trademark for “Starbock Beer.” Currently, and for the last several months prior to temporarily suspending operations shortly after the trial, Bell used a somewhat distinctive and modified logo (Exhibit 1) that has “Star” on one line, “Bock” beneath it, and “Beer” beneath that in red superimposed over a blue star on a white field, in a circular logo, with “Since 2003” immediately below the three words, and in circular form around the outside of the logo, the information “Born in Galveston–The Old Quarter Acoustic Café”. As noted above, this product is sold exclusively at the The Old Quarter Acoustic Café, on a limited number of nights per week, and only in association with the presentation of live musical performances by acoustical artists. Bell’s crowds are of relatively small size, the facility only seating a few dozen people at most, and his patrons tend to be both locals and regulars, for the most part. No Starbucks® Coffee Company products are sold in the facility, and Star Bock Beer is not sold outside the facility.

9. Bell testified that he had his beer brewed by a contract brewer in Brenham, Texas. He does not know the recipe for the beer or indeed any of its ingredients. He oversees no aspects of the production of the beer, has no idea actually how it is made, and can only state that the production of his beer is in compliance with state health laws. Other than that simple statement, he has no knowledge whatever of its contents, preparation, aging, or kegging. It is sold in draft form, not in bottles or cans. He had a limited production made in the early stages of this controversy, and once that was sold out, he suspended any further production, awaiting the outcome of this litigation. Tragically, in regard to which the Court expresses its most heartfelt condolences, shortly after the completion of the trial of this matter, local media reported the untimely and regretful passing of

Bell's beloved wife. Bell has indefinitely ceased operation of the The Old Quarter Acoustic Café and consequently, as a practical (not legal) matter, this entire controversy may have thereby been rendered moot. The Court does not speculate in that regard, and notes that this information is officially outside the record of these proceedings; but simply cannot rule in the matter without a real world consideration of the overall facts of this case, which certainly includes taking judicial notice of such a significant event affecting not only the life of the Plaintiff, but his economic circumstances as well.

10. Bell testified that he began the production of his Star Bock Beer in the May-June 2003 time frame, although apparently he was selling a generic, unnamed draft beer prior to that time. He came up with the name around Christmas, 2002, ordered the beer, and then filed for a trademark on March 1, 2003. He testified that in conversation with customers and friends, he blended the terms "Lone Star" (which is a Texas-based beer of long standing), and "Shiner Bock" (again referring to one type of beer brewed by the Shiner Brewery in Shiner, Texas, also of long standing). He claims that by borrowing "Star" from the one and "Bock" from the other, he came up with Starbock Beer. He claims that it was not his intention then, and has never been, his intention to infringe or unfairly capitalize upon the dominant Starbucks trade name. While the Court sincerely believes that Plaintiff was innocently motivated at the time he came up with the name and began selling the named beer, given his trial testimony that he very much enjoyed the media attention given to this controversy and that he now wants to be as "big and successful" as Starbucks, the Court has some apprehension that his perceptions may have morphed over the evolution of this controversy into something somewhat less innocent than he originally intended.

11. Patricia Chapman was presented as the sole Starbucks fact witness. She is in charge of brand strategy for the Starbucks family of corporations. She is extremely bright, articulate,

and professional, and appeared remarkably knowledgeable of both her company and the marketplace dynamics affecting her company. Based upon her testimony, this Court believes that Starbucks is a well run, competent and professional corporation. It has an ambitious marketing strategy and has been extraordinarily profitable. She testified that enormous care and effort goes into each of the products Starbucks produces, from original recipe design through final preparation, field testing, market testing, production and marketing. The highest level of quality control goes into each product, and is constantly monitored and maintained. This of course differs markedly from the *ad hoc*, remote and secondhand production of Star Bock Beer. Ms. Chapman also described the “siren” logo that Starbucks uses: a green-and-white circular logo depicting a long-haired woman in the center with the words “STARBUCKS COFFEE” in the outer band. Significantly, the logo differs markedly from that used currently by Bell, as set out in Exhibit 1.

12. Plaintiff did not present any expert testimony in the case, relying instead on the sole testimony of Plaintiff. Defendants countered with the presentation of a statistical expert, Professor Edward A. Blair, Ph.D. Dr. Blair appeared, as did Ms. Chapman, to be exceptionally articulate, intelligent and professional. He undertook an exhaustive statistical analysis of marketplace responses with regard to potential confusion in consumers having to do with Starbock and Star Bock relative to Starbucks. He found that 25% of consumers believed that “Star Bock” beer was affiliated with Starbucks and that 43% believed the same of “Starbock” beer. He also found that for 48% of consumers, “Star Bock” beer brought Starbucks to mind, and for 58% of consumers, “Starbock” beer brought Starbucks to mind. On the basis of his uncontroverted testimony, the Court is satisfied that there is a significant likelihood of confusion when those two terms are compared to Starbucks. However, the Court is not satisfied with the further conclusion that the distinctive logo currently utilized by Plaintiff, as set out in Exhibit 1, is likely to cause any confusion whatsoever.

In its present form, the logo used by Bell provides for a sufficiently distinctive difference between Starbucks and the Star Bock Beer name, to avoid consumer confusion. The current logo unequivocally indicates that the product was born in Galveston (not Seattle) in 2003 (not 1971), and is sold in only The Old Quarter Acoustic Café (which sells no Starbucks products whatever).

13. On the basis of the trial testimony, the exhibits admitted into the record and the remarkably thorough and extensive submissions and arguments of counsel, the Court finds that Bell's sale of Star Bock Beer and related minor promotional items out of The Old Quarter Acoustic Café, in Galveston, Texas, or any subsequently owned local establishment bearing the logo set out in Exhibit 1, and sold in conjunction with the musical activities presented at the Café does not in any way infringe, unfairly compete, dilute or otherwise impugn the Starbucks brands or trademarks. The Court further finds that the sale and use of that brand, in the logo presented in Exhibit 1, at The Old Quarter Acoustic Café, in Galveston, Texas, or a subsequent local facility is a reasonable business practice. The Court declines to require Plaintiff to terminate those activities and finds that counter-Plaintiffs have failed in sustaining their burdens of proof as regards any causes of action herein asserted against Plaintiff, pertaining to the sale of Star Bock Beer in that facility, or a subsequent local facility, under the brand name set out in Exhibit 1.

14. The Court does, however, find that Bell's broader use of the terms Starbock Beer and Star Bock Beer and/or the sale of beer in a more generalized context would likely cause infringement, unfair competition, and dilution to the Starbucks brands and trademarks, and such practices consequently are hereby **PROHIBITED**.

15. The Court finds, nevertheless, that Defendants have sustained no actual damages arising from any alleged infringement, unfair competition or dilution, and considering the equities and the enormous economic disparity between the parties involved in the case, the Court respectfully

declines to award attorneys' fees or to assess costs. The Court finds that each party shall bear his or its own taxable costs, expenses and attorneys' fees arising from this litigation.

16. The Court finds that Bell is authorized to use his Star Bock Beer logo, as presented in Exhibit 1, with regard to the sale of beer and related minor promotional items exclusively at The Old Quarter Acoustic Café, or subsequent local establishment run by Bell. The Court finds that Bell is **PROHIBITED** from the more generalized use of the term Starbock Beer with regard to sales in any broader venue than The Old Quarter Acoustic Café or a subsequent local establishment. "Local" is herein defined as Galveston, Texas, Galveston Island, Galveston County, Texas.

#### CONCLUSIONS OF LAW

1. The first issue is whether declaratory judgment is appropriate. If an actual controversy does not exist, the Court does not have subject matter jurisdiction. *See, e.g., Orix Credit Alliance, Inc. v. Wolfe*, 212 F.3d 891, 895 (5th Cir. 2000). In an intellectual property case, an actual controversy exists "(1) when the declaratory plaintiff has a real and reasonable apprehension of litigation and (2) when the declaratory plaintiff has engaged in a course of conduct that brings it into adversarial conflict with the declaratory defendant." *Texas v. West Publ'g Co.*, 882 F.2d 171, 175 (5th Cir. 1989).

2. In this case, an actual controversy exists. Plaintiff has already engaged in the activity objectionable to Defendants. At the time this suit was filed, Defendants had taken action against Plaintiff in the trademark registration process and had threatened further legal action against Plaintiff.

3. Plaintiff first asks for a declaratory judgment that his mark does not infringe Defendants' mark. Defendants have counterclaimed that Plaintiff's mark does infringe their mark.

Any person who shall, without consent of the registrant . . . use in commerce any . . . colorable imitation of a registered mark in connection with the sale, offering for sale . . . or advertising of any goods or services on or in connection with such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action . . . .

15 U.S.C. § 1114(1).

4. The preliminary decision of the United States Patent and Trademark Office that no conflicts exist between Starbock and Defendants' mark is accorded some weight, but it is not dispositive. Even if the USPTO had already granted registration to Plaintiff, this does not mean that Plaintiff necessarily has a right to use the mark. "The rights to use and register are not identical." *In re E. I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1364 (C.C.P.A. 1973); *see also Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 194 (5th Cir. 1998).

5. The owner of the mark must show the validity of the mark and that use of that mark or an imitation of it by the other party is likely to cause confusion. *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F.Supp. 1513, 1536 (S.D. Tex. 1996).

6. Defendants have a registered mark. Registration is prima facie evidence of validity of the mark as to the uses specified in the registration. *See id.* at 1536-37. Plaintiff has not offered evidence to rebut this presumption. Therefore, Defendants meet the first requirement of the statute.

7. In determining whether likelihood of confusion exists, the Court must consider the following factors: "(1) the type of mark allegedly infringed, (2) the similarity between the two marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant's intent, and (7) any

evidence of actual confusion.”<sup>1</sup> *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 664 (5th Cir. 2000); *see also Elvis*, 141 F.3d at 194.

8. “The type of trademark refers to the strength of the mark” and its distinctiveness. *See Elvis*, 141 F.3d at 201. A mark may be generic, descriptive, suggestive, arbitrary, or fanciful. *See Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 252 (5th Cir. 1997). As to coffee, “Starbucks” is either arbitrary or fanciful, categories which receive more protection. Federal registration is also prima facie evidence of distinctiveness. *See* 15 U.S.C. §§ 1057(b), 1115(a); *Creative Gifts, Inc. v. UFO*, 235 F.3d 540, 545 (10th Cir. 2000). Defendants also offered evidence as to the strength and pervasiveness of the mark.

9. Because “Starbucks” is an arbitrary or fanciful mark and because Defendants have shown that it is a very strong and distinctive mark, it is entitled to strong protection. *See Elvis*, 141 F.3d at 201.

10. When considering the second factor, the similarity between the two marks, the Court must look at the whole mark, not just one particular feature. *See Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 171 (5th Cir. 1986). The “appearance, sound, and meaning” of the two marks must be compared. *Elvis*, 141 F.3d at 201. When the words are identical, different pictorial representations may suffice to differentiate the two marks. *See Sears, Roebuck & Co. v. Allstate Driving Sch., Inc.*, 301 F.Supp. 4, 13 (S.D.N.Y. 1969).

11. Here, the difference in “Star Bock Beer” as used in Plaintiff’s beer label and the bare

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<sup>1</sup>This is a non-exclusive list. Earlier courts also considered the sophistication of the consumers, the quality of the allegedly infringing product, and the likelihood that the owner of the first mark would enter the market occupied by the owner of the second mark. *See, e.g., Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 257 (5th Cir. 1997); *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 171 (5th Cir. 1986); *In re E. I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973); *Polaroid Corp. v. Polorad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961).

words “Starbock” or “Star Bock” becomes important. The words “Starbock” and “Star Bock” are very similar in appearance, sound, and meaning to the word “Starbucks.” *See, e.g., Exxon Corp. v. Texas Motor Exch., Inc.*, 628 F.2d 500 (5th Cir. 1980) (finding strong similarity between “Texon” and “Exxon”). However, the “Star Bock Beer” label, with the red and blue coloring, “Born in Galveston” wording, separation of the three words of the name onto three lines, and the large star, is very different in appearance and meaning (and also more different in sound) from the word “Starbucks” and Defendants’ “siren” logo. (Pl.’s Ex. 1; Defs.’ Ex. 15.)

12. The meaning of the words should also be taken into consideration. Where the words have well known and understood, widely differing meanings, a small difference in spelling or appearance may be sufficient to distinguish them and avoid a finding of confusing similarity. On the other hand, with coined words which are meaningless so far as the English language is concerned, slight variations in spelling or arrangement of letters are often insufficient to direct the buyer’s attention to the distinction between marks.

*Seven-Up Co. v. Tropicana Prods., Inc.*, 356 F.2d 567, 568 (C.C.P.A. 1966).

13. In this analysis, whether Plaintiff uses “Starbock,” “Star Bock,” or “Star Bock Beer” is important. “Starbucks” can certainly be considered a meaningless coined word, as could “Starbock.” But “Star Bock Beer” is composed of three common words that have meaning independent of any trademark. This meaningful combination could easily be distinguished by consumers from the meaningless “Starbucks.”

14. The third factor the Court must consider is the similarity of the products. Products do not have to be in direct competition to be similar, nor do they have to be nearly identical. *See Westchester*, 214 F.3d at 666; *Pure Foods v. Minute Maid Corp.*, 214 F.2d 792, 796 (5th Cir. 1954).

15. Defendants formerly produced a beer in conjunction with another company, and

Defendants now have a Starbucks-branded liqueur on the market. Defendants do not now produce a beer, nor have they indicated any intention of doing so again in the future. Defendants' main business, of course, is coffee. While coffee, coffee liqueur, and beer are all beverages, they are not typically purchased for the same purpose or occasion (unlike, for example, coffee and tea, beer and wine coolers, or lemonade and iced tea).

16. Whether products are "closely related in distribution and use" helps determine the similarity of the products. *John Walker & Sons, Ltd., v. Tampa Cigar Co.*, 124 F.Supp. 254, 256 (S.D. Fla. 1954), *aff'd* 222 F.2d 460 (5th Cir. 1955). Plaintiff's and Defendants' products do not currently appear in the same distribution channels, nor do people purchase beer and coffee for the same purpose. The products are similar enough to make confusion *reasonable*, but not so similar that confusion is automatic.

17. Fourthly, the Court must consider the identity of retail outlets and purchasers. "[I]f the parties' goods and services are offered at the same level of distribution and at the same type of facilities, the identity of service factor is met." *Pebble Beach*, 942 F.Supp. at 1545.

18. Plaintiff's product is currently offered only at his specific-function "acoustical" bar. Defendants offered no evidence that their products are sold at bars (although their liqueur may be available at some bars, it is undoubtedly not available at Plaintiff's bar). Neither Party offered evidence as to the identity of purchasers. At this time, there is no evidence that the products share a common pool of retail outlets and purchasers.

19. The fifth factor in the likelihood of confusion analysis is the identity of advertising media. Even though the Parties do not have to advertise on the same scale for media to be identical, there must be evidence that "the parties aim their advertising campaigns at the same region and the same consumers." *Pebble Beach*, 942 F.Supp. at 1546.

20. Defendants do advertise in the Galveston area, as they do throughout the United States and the world. Plaintiff has received national publicity due to this litigation exercise, but he does not advertise other than through promotional items distributed at his bar and through his website. Neither Party offered probative evidence on whether they targeted the same consumers. While some consumers have probably seen advertisements for both Defendants' and Plaintiff's products, there is no evidence that the Parties have *targeted* the same consumers.

21. Next, the Court must consider the intent of the alleged infringer. If intent to benefit from the mark of another is found, "it may provide compelling evidence of a likelihood of confusion." *Oreck*, 803 F.2d at 173; *see also Elvis*, 141 F.3d at 203; *Sunbeam*, 123 F.3d at 258. Intent to confuse can also be described as "intent to benefit from the goodwill associated with a protectable mark." *Pebble Beach*, 942 F.Supp. at 1546.

22. Plaintiff has offered an explanation of how he came up with the name—combining "Lone Star" and "Shiner Bock"—that is free from any intent to infringe Defendants' mark. While Defendants have shown that Plaintiff intended to benefit from the publicity surrounding this trial and the trademark registration proceedings, this demonstrates only that Plaintiff intended to benefit from *allegations* of infringement, not from actual infringement. There is no evidence to support a conclusion that Plaintiff intended for anyone to buy his product because of a mistaken association with Defendants' mark, nor is there evidence that Plaintiff created the mark with an intent to infringe.

23. Finally, the Court must consider evidence of actual confusion. Defendants' expert, Dr. Edward Blair, properly examined consumer response to the similarity between "Starbock" and "Star Bock" on one hand and "Starbucks" on the other. Even if the words sound alike, "[t]he fact that one mark may bring another mark to mind does not in itself establish likelihood of confusion

as to the source.” *In re P. Ferrero*, 479 F.2d 1395 (C.C.P.A. 1973); *see also Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 462 (7th Cir. 2000).

24. Blair asked consumers both questions: whether “Starbock” or “Star Bock” brought to mind another company and whether they believed it to be affiliated with another company. He found that 25% of consumers believed that “Star Bock” beer was affiliated with Starbucks and that 43% believed the same of “Starbock” beer. He also found that for 48% of consumers, “Star Bock” beer brought Starbucks to mind, and for 58% of consumers, “Starbock” beer brought Starbucks to mind. (Defs. Ex. 14a.)

25. These percentages suffice to show a significant level of actual confusion. *See, e.g., Exxon*, 628 F.2d at 507 (finding 15% association significant); *Tiffany & Broadway, Inc. v. Comm’r of Patents & Trademarks*, 167 F. Supp. 2d 949, 955 (S.D. Tex. 2001) (finding 15% association significant).

26. The similarity must be judged from the perspective of a consumer who does not have the opportunity to see the products side-by-side. *See, e.g., Gen. Adjustment Bureau, Inc., v. Fuess*, 192 F.Supp. 542, 547 (S.D. Tex. 1961). By presenting consumers with the word “Starbock” or “Star Bock” but not showing them any representation of “Starbucks,” Blair fairly tested this reaction.

27. The survey also met the other requirements of the Fifth Circuit, such as asking why consumers associated the mark with Defendants and drawing from a pool of consumers likely to purchase beer. *See Exxon*, 628 F.2d at 507. Therefore, the results of the survey should be given great weight in the Court’s analysis. *Id.* at 506-507.

28. Defendants have shown evidence of significant actual confusion between the words “Star Bock” as used for beer and their “Starbucks” mark. Defendants have also shown evidence of significant actual confusion between the word “Starbock” as used for beer and their “Starbucks”

mark.

29. The Court finds that Plaintiff's use of the word "Starbock," as presented in Plaintiff's trademark application, and his use of "Star Bock" in word form without the word "beer" or any design elements, manifestly infringes Defendants' mark. The words "Starbock" or "Star Bock" and "Starbucks" are remarkably similar in sight and sound. Defendants have presented uncontroverted and credible expert testimony showing that consumers are likely to believe that a beer called "Starbock" or "Star Bock" is connected to Defendants. Although Plaintiff's and Defendants' products are not identical, the fact that both are beverages adds to the likelihood of confusion. Plaintiff's small-guy-against-behemoth-corporation theme starkly conflicts with his trial testimony unequivocally expressing his ambitious desire to make his beer a national product; such a national market would also increase the likelihood of confusion and interference with Defendants' mark.

30. However, the Court finds that Plaintiff's use of his "Star Bock Beer" logo, as presented in Plaintiff's Exhibit 1, does not infringe Defendants' mark. Defendants did not present evidence of actual confusion or the likelihood of confusion between the logo and Defendants' mark "Starbucks" or Defendants' "siren" logo. Plaintiff's logo is sufficiently different from Defendants' mark. But the Court's finding only applies to Plaintiff's current use of this logo on beer and a small amount of promotional items available only at his bar (or any subsequent local establishment owned or operated by Plaintiff) in Galveston, Texas. Given Plaintiff's current limited use of the logo; the minute, local channels of distribution and sale; the identity of a relatively small specific interest group of acoustical music consumers; and the identity of modest and bar-activity-specific advertising media are sufficiently different from those used by Defendants so as not to cause a strong likelihood of confusion, or indeed any realistic confusion at all.

31. Plaintiff next asks for a declaratory judgment that he has not engaged in unfair

competition under the Lanham Act, 15 U.S.C. § 1125(a). Defendants counterclaim that Plaintiff has violated this statute.

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof . . . which-

(a) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action . . . .

15 U.S.C. § 1125(a).

32. “The same facts which support an action for service mark infringement also support claims for . . . Lanham Act unfair competition.” *Pebble Beach*, 942 F.Supp. 1554. The likelihood of confusion analysis is the same. *See id*; *see also Daddy’s Junky Music v. Big Daddy’s Family Music*, 109 F.3d 275, 288 (6th Cir. 1997); *Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 703 (5th Cir. Unit A, 1981).

33. As discussed above, Plaintiff’s use of the mark “Starbock” or “Star Bock” creates a likelihood of confusion, but his use of the “Star Bock Beer” logo (as presented in Plaintiff’s Ex. 1.) on beer and a small amount of promotional items in his bar in Galveston, Texas does not create such confusion. Therefore, his use of “Starbock” or “Star Bock” constitutes unfair competition under the Lanham Act, but his use of the “Star Bock Beer” logo does not.

34. Plaintiff also asks for a judgment that he has not violated the common-law prohibition on unfair competition. Again, Defendants counterclaim that Plaintiff has engaged in common-law unfair competition. “Unfair competition . . . is a tort and is governed by the law of the state wherein the cause of action arises.” *Jud Plumbing Shop On Wheels, Inc. v. Jud Plumbing & Heating Co.*, 695 S.W.2d 75, 78 (Tex. App.–San Antonio 1985, reh’g denied).

35. In Texas, unfair competition arises when “deception would naturally and probably

result” from the use of the similar mark, or when “the public [is] likely to be deceived or confused.” *Id.* Neither fraudulent intent nor actual deception must be shown. *See id.* The mark must have acquired a secondary meaning in order to receive protection. *See Hudgens v. Goen*, 673 S.W.2d 420, 423 (Tex. App.–Ft. Worth 1984, writ ref’d n.r.e.).

36. Defendants’ mark has acquired sufficient secondary meaning to receive protection. The word “Starbucks” is a meaningless term that, through extensive advertising and successful sales, has come to be strongly associated with Defendants’ products. Defendants therefore meet the first prong of the test.

37. As to the likelihood of confusion, the same standards apply as with the trademark infringement claims. “A trademark infringement and unfair competition action under Texas common law presents essentially ‘no difference in issues than those under federal trademark infringement actions.’” *Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Improvement Corp.*, 53 S.W.3d 799, 806 n.3 (Tex. App.–Austin 2001, writ denied) (quoting *Zapata Corp. v. Zapata Trading Int’l, Inc.*, 841 S.W.2d 45, 47 (Tex. App.–Houston [14th Dist.] 1992, no writ)).

38. Therefore, as explained above, Plaintiff’s use of “Star Bock” and “Starbock” constitute unfair competition because it is likely that consumers will confuse those words with “Starbucks.” However, Plaintiff’s use of his “Star Bock Beer” logo (as presented in Plaintiff’s Ex. 1.) under the localized and limited conditions described above is not likely to cause consumer confusion and does not constitute unfair competition under Texas law.

39. Next, Plaintiff asks for a judgment that he is not diluting Defendants’ mark under the federal trademark dilution statute. Defendants counterclaim that Plaintiff’s mark does dilute their mark. “The owner of a famous mark shall be entitled . . . to an injunction against another person’s commercial use in commerce of a mark or trade name, if such use . . . causes dilution of the

distinctive quality of the mark . . . .” 15 U.S.C. § 1125(c). As the record shows, Defendants’ mark is undoubtably famous and therefore qualifies for protection against dilution.

40. Dilution is:

the lessening of the capacity of a famous mark to identify and distinguish goods and services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) the likelihood of confusion, mistake, or deception.

15 U.S.C. § 1127.

41. According to the Supreme Court, this statute “unambiguously requires a showing of actual dilution.” *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433, 123 S. Ct. 1115, 1124, 155 L. Ed. 2d 1 (2003). The Supreme Court held that “at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actual dilution.” *Id.*

42. Defendants have produced evidence that a significant percentage of consumers surveyed believed that a beer called “Starbock” or “Star Bock” was put out by, affiliated or connected with, or approved or sponsored by Defendants. This evidence goes beyond a mere mental association. It shows that Plaintiff’s mark lessens Defendants’ ability “to identify and distinguish goods and services.” *Id.* at 434, 123 S. Ct. at 1125.

43. Therefore, Plaintiff’s use of “Star Bock” and “Starbock” does dilute Defendants’ mark under federal law. However, Defendants have not produced any evidence that Plaintiff’s use of his “Star Bock Beer” logo, as presented in Plaintiff’s Ex. 1, actually dilutes their mark. Because the Supreme Court specifically requires this evidence to sustain a finding of dilution, the Court finds that Plaintiff’s use of his Exhibit 1 logo does not dilute Defendants’ mark.

44. Finally, Plaintiff asks for a declaratory judgment that he has not violated the Texas

Anti-Dilution Statute. Defendants counterclaim that he has either violated the statute or the common law prohibition on dilution. The statute states:

A person may bring an action to enjoin an act likely to injure a business reputation or to dilute the distinctive quality of a mark registered under this chapter or Title 15, U.S.C. . . . regardless of whether there is competition between the parties or confusion as to the source of goods or services.

Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002).

45. The Fifth Circuit has determined that a mark need not be “famous” to fall within this statute as long as it is “distinctive.” *Advantage Rent-A-Car, Inc., v. Enterprise Rent-A-Car, Inc.*, 238 F.3d 378, 381 (5th Cir. 2001). This distinguishes the statute from the federal law. Defendants’ registration of the mark is prima facie evidence of distinctiveness. *See Pebble Beach*, 942 F.Supp. at 1536-37.

46. In contrast to federal law, state law only requires that dilution be “likely,” not actual. Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002). This dilution can occur by blurring, which refers to a lessening of the mark’s ability to distinguish between brands, or by tarnishing, which refers to a diminishing of the good reputation of the mark. *See, e.g., E. & J. Gallo Winery v. Spider Webs Ltd.*, 129 F. Supp. 2d 1033, 1038 (S.D. Tex. 2001).

47. The junior mark must be similar to the senior mark for dilution to occur. *See id.* at 1038 (quoting *Polaroid Corp. v. Polaroid, Inc.*, 319 F.2d 830, 836 (7th Cir. 1963)). Plaintiff’s and Defendants’ marks are sufficiently similar to meet the threshold requirement for a dilution claim.

48. Defendants’ evidence on the likelihood of consumer confusion between Plaintiff’s use of “Star Bock” and “Starbock” and their mark certainly meets the lower state-law test of “likely” dilution by blurring, but Defendants have not produced any evidence that Plaintiff’s use of the “Star Bock Beer” logo, as presented in Plaintiff’s Ex. 1, dilutes or is likely to dilute their mark.

49. While Defendants questioned Plaintiff on his lack of personal control of the quality of his product and their own corporate representative on the importance of the premium reputation of their products, Defendants did not produce any evidence that Plaintiff's product is actually inferior such that Plaintiff's use of a similar mark would tarnish the reputation of Defendants' mark.

50. Therefore, Plaintiff's use of "Star Bock" or "Starbock" violates Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002) because this use dilutes Defendants' mark by blurring, but his use of the "Star Bock Beer" logo as set out in Exhibit 1 does not violate the statute.

51. The Court **GRANTS** Defendants' request for a permanent injunction against Plaintiff's use of the mark "Starbock" or "Star Bock," except for his use of "Star Bock Beer" as used in his logo presented in Plaintiff's Exhibit 1 on beer sold in his Galveston bar (or any other local establishment Plaintiff may own or operate in the defined Galveston area) and on a reasonable amount of promotional items available exclusively at his bar. As Defendants have not asked for any money damages, none are granted.

52. The Court **DENIES** Plaintiff's request for the Court to cancel Defendants' trademarks. This request is wholly unfounded in fact and law.

53. 15 U.S.C. § 1117(a) states that when a violation of 15 U.S.C. § 1125(a) has been found, the plaintiff is entitled, "subject to the principles of equity," to recover the costs of the action. The Court finds that the Parties litigated this matter in good faith, and therefore it would not be equitable to award costs to Defendants. Moreover, the Court considers the enormous economic disparity between the parties. Defendants conduct a world-wide, sophisticated and highly profitable beverage industry. Plaintiff, however ambitious, is a tiny bar operator who operates only part-time and on a shoestring. The bar is not his primary occupation and is run for almost avocational

purposes. Moreover, due to the untimely and tragic death of his beloved wife, which occurred shortly after the trial of this matter, the bar is now closed indefinitely. Additionally, as discussed above, the Court concludes that his limited use of his logo as set out in Exhibit 1 does not infringe, dilute, or otherwise harm Defendants' mark.

54. Further, and because the Court finds that Plaintiff's use of the words "Star Bock" and "Starbock" alone violate numerous state and federal laws but that his primary logo, the "Star Bock Beer" logo with the "Born in Galveston" wording as shown in Plaintiff's Exhibit 1, does not violate any trademark or unfair competition laws, the Court declines to award attorneys' fees to either Party under the "exceptional case" standard set out in the statute. *See* 15 U.S.C. § 1117(a). Each Party is to bear its own taxable costs, expenses and attorney's fees incurred herein to date.

55. To the extent any Finding of Fact constitutes a Conclusion of Law, it is adopted as such. To the extent any Conclusion of Law constitutes a Finding of Fact, it is adopted as such.

Contemporaneous with the entry of its Findings of Fact and Conclusions of Law, the Court will enter its Final Judgment as to all controversies existing herein.

**IT IS SO ORDERED.**

**DONE** this the 19th day of August, 2005, in Galveston, Texas.

  
\_\_\_\_\_  
Samuel B. Kent  
United States District Judge

Starbucks U.S. Brands Corporation and Starbucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit H**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
GALVESTON DIVISION**

REX WAYNE BELL,	§	
	§	
Plaintiff,	§	
	§	
	§	
v.	§	CIVIL ACTION NO. G-04-169
	§	
STARBUCKS U.S. BRANDS CORP.	§	
and STARBUCKS CORP. d/b/a	§	
STARBUCKS COFFEE COMPANY,	§	
	§	
Defendants.	§	
	§	

**FINAL JUDGMENT**

**BE IT REMEMBERED** that on the 6th day of June 2005, this action came on for trial before the Court, without benefit of a jury, Honorable Samuel B. Kent, United States District Judge presiding. Plaintiff Rex Wayne Bell appeared in person, by and through his attorney, John Egbert, and announced ready for trial. Starbucks U.S. Brands Corporation and Starbucks Corporation d/b/a Starbucks Coffee Company, appearing by and through their attorneys John C. Rawls, Marc Louis Delflache, and Sarah A. Silbert, also announced ready for trial. The Court determined that it had jurisdiction over the subject matter and the parties to this proceeding, and that venue was proper. The Court then heard the evidence and the arguments of counsel. As explained in the Findings of Fact and Conclusions of Law, this day concurrently entered, the Court reached a verdict. The issues having been duly tried and decided, it is

**ORDERED, ADJUDGED, and DECREED** that Bell's sale of Star Bock Beer or related

minor promotional items out of The Old Quarter Acoustic Café, in Galveston, Texas, or any subsequently owned local establishment bearing the logo set out in Exhibit 1, and sold in conjunction with the musical activities presented at the Café does not in any way infringe, unfairly compete, dilute or otherwise impugn the Starbucks brands or trademarks. It is further

**ORDERED, ADJUDGED, and DECREED** that Bell's broader use of the terms Starbock Beer and Star Bock Beer and/or the sale of beer or promotional items in a more generalized context would likely cause infringement, unfair competition, and dilution to the Starbucks brands and trademarks, and such practices consequently are hereby **PROHIBITED**. It is further

**ORDERED, ADJUDGED, and DECREED** that beyond such specific relief Defendants and Counter-Claimants **TAKE NOTHING** of and from Plaintiff. Plaintiff's request to have Defendants' trademarks cancelled is **DENIED**.

All relief not expressly granted herein is **DENIED**. Each Party is to bear its own attorney's fees, taxable costs, and expenses incurred herein to date. **THIS IS A FINAL JUDGMENT**.

**IT IS SO ORDERED.**

**DONE** this 19th day of August, 2005, at Galveston, Texas.

  
\_\_\_\_\_  
Samuel B. Kent  
United States District Judge

Starbucks U.S. Brands Corporation and Strabucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit I**

United States Court of Appeals  
Fifth Circuit

**FILED**

November 10, 2006

Charles R. Fulbruge III

Clerk  
United States Courts  
Southern District of Texas  
**FILED**

DEC 06 2006

Michael N. Milby, Clerk of Court

IN THE UNITED STATES COURT OF APPEALS  
FOR THE FIFTH CIRCUIT

\_\_\_\_\_  
No. 05-41480  
\_\_\_\_\_

REX WAYNE BELL,  
Plaintiff-Appellant,

versus

STARBUCKS U.S. BRANDS CORPORATION and STARBUCKS CORPORATION,  
Defendants-Appellees.

-----  
Appeal from the United States District Court  
for the Southern District of Texas  
USDC No. 3:04-CV-169  
-----

Before GARWOOD, DENNIS, and OWEN, Circuit Judges.

PER CURIAM:\*

Rex Wayne Bell, owner of a business selling beer under the "Star Bock Beer" label in Galveston, appeals the decision of the district court finding trademark infringement of the Starbucks mark and issuing an injunction prohibiting the broader use of "Star Bock Beer" outside of Galveston or outside the context of Bell's weekly musical events.

Bell contends that because the district court found that his distinctive logo did not infringe on the Starbucks mark, the injunctive relief which included restrictions on the use of the

\_\_\_\_\_  
\* Pursuant to 5TH CIR. R. 47.5, the court has determined that this opinion should not be published and is not precedent except under the limited circumstances set forth in 5TH CIR. R. 47.5.4.

logo was inappropriate. The district court did find infringement as to the "Star Bock Beer" name, however, and once infringement has been found a district court may proscribe related activities that might have been legally permissible standing on their own. Kentucky Fried Chicken Corp. v. Diversified Packaging Corp., 549 F.2d 368, 390 (5th Cir. 1977). Bell additionally argues that dilution and confusion causes of action are mutually exclusive and cannot be supported by the same evidence. He provides only secondary authority for this contention, and courts to consider the question have rejected this theory. See James Burrough, Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 274 n. 16 (7th Cir. 1976). The district court's decision was not clearly erroneous. Kentucky Fried Chicken, 549 F.2d at 382. The judgment of the district court is AFFIRMED.

Starbucks U.S. Brands Corporation and Starbucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit J**

UNITED STATES COURT OF APPEALS **FILED**

United States Court of Appeals  
Fifth Circuit

November 10, 2006

**FOR THE FIFTH CIRCUIT**

Charles R. Fulbruge III

Clerk  
United States Courts  
Southern District of Texas  
FILED

DEC 06 2006

Michael N. Milby, Clerk of Court

No. 05-41480

D.C. Docket No. 3:04-CV-169

REX WAYNE BELL

Plaintiff - Counter Defendant - Appellant

v.

STARBUCKS U S BRANDS CORP; STARBUCKS CORP doing business as,  
Starbucks Coffee Co

Defendant - Counter Claimants - Appellees

Appeal from the United States District Court for the  
Southern District of Texas, Galveston.

Before GARWOOD, DENNIS, ad OWEN, Circuit Judges.

J U D G M E N T

This cause was considered on the record on appeal and the  
briefs on file.

It is ordered and adjudged that the judgment of the District  
Court is affirmed.

IT IS FURTHER ORDERED that plaintiff-appellant pay to  
defendants-appellees the costs on appeal to be taxed by the Clerk  
of this Court.

ISSUED AS MANDATE: DEC 04 2006

A True Copy  
Attest

Clerk, U.S. Court of Appeals, Fifth Circuit

By: *Sabrina B. Short*

Deputy

DEC 04 2006

New Orleans, Louisiana

Starbucks U.S. Brands Corporation and Starbucks Corporation  
v.  
Rex Wayne Bell

Opposition Nos. 91159504 (parent case), 91162993 and 91162995

**Combined Motion to Resume Proceedings  
and for Summary Judgment**

**Exhibit K**

No. \_\_\_\_\_

---

In The  
Supreme Court of the United States

---

REX WAYNE BELL,

*Petitioner,*

v.

STARBUCKS U.S. BRANDS CORPORATION;  
STARBUCKS CORPORATION,  
d/b/a Starbucks Coffee Co.,

*Respondents.*

---

ON PETITION FOR WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE FIFTH CIRCUIT

---

PETITION FOR WRIT OF CERTIORARI  
WITH APPENDIX

---

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**QUESTION PRESENTED FOR REVIEW**

What is the standard of proof for a "likelihood of dilution" under the Trademark Dilution Revision Act of 2006 and the Texas Anti-Dilution Statute and is merely a mental association sufficient to prove a "likelihood of dilution" under said Federal and State statutes?

PARTIES TO THE PROCEEDING

*Petitioner*

Rex Wayne Bell is an individual and citizen of the United States having his principal office and place of business in the Southern District of Texas, Galveston Division. Petitioner was the Plaintiff and Counter-Defendant in the District Court, and he was the Plaintiff-Counter Defendant-Appellant in the Fifth Circuit Court of Appeals.

*Respondents*

Starbucks U.S. Brands Corporation is a limited liability company organized and existing under the laws of the State of Nevada, with its principal place of business located in Minden, Nevada. Starbucks Corporation is a corporation organized and existing under the laws of the state of Washington, with its principal place of business located in Seattle, Washington. Respondents are "related companies]" as that term is defined in the Lanham Act § 45, 15 U.S.C. § 1127. Respondents were Defendants and Counter Claimants in the District Court, and Respondents were Defendants-Counter Claimants-Appellees in the Fifth Circuit Court of Appeals.

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**PETITION FOR WRIT OF CERTIORARI**

Petitioner respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Fifth Circuit in this case.

**OPINIONS AND ORDERS BELOW**

The Court of Appeals determined that the opinion of the Court (Appendix ("App."), *infra*, 1a-2a) for the appeal should not be published pursuant to 5th Cir. R. 47.5; nonetheless, the Fifth Circuit's opinion is located at No. 05-41480, 2006 WL 3253005 (5<sup>th</sup> Cir. Nov. 10, 2006). The district court's Final Judgment (App., *infra*, 3a-4a) and Findings of Fact and Conclusions of Law (App., *infra*, 5a-26a) are reported at 389 F. Supp. 2d 766.

**JURISDICTION**

The opinion and judgment of the Court of Appeals was entered on November 10, 2006. (App., *infra*, 1a). Petitioner did not file a petition for rehearing en banc. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

**STATUTORY PROVISIONS INVOLVED**

Lanham Act Section 43(c)(1), as amended by The Trademark Dilution Act of 2006, 15 U.S.C. § 1125(c)(1), provides, in relevant part: Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction

against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

Lanham Act Section 43, as amended by The Trademark Dilution Act of 2006, 15 U.S.C. § 1125(c)(2)(B), provides, in relevant part: For purposes of paragraph (1), 'dilution by blurring' is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following: (i) The degree of similarity between the mark or trade name and the famous mark; (ii) The degree of inherent or acquired distinctiveness of the famous mark; (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; (iv) The degree of recognition of the famous mark; (v) Whether the user of the mark or trade name intended to create an association with the famous mark; (vi) Any actual association between the mark or trade name and the famous mark.

Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002), provides, in relevant part: A person may bring an action to enjoin an act likely to injure a business reputation or to dilute the distinctive quality of a mark registered under this chapter or Title 15, U.S.C., or a mark or trade name valid at

common law, regardless of whether there is competition between the parties or confusion as to the source of goods or services.

### STATEMENT OF THE CASE

Respondent Starbucks U.S. Brands Corporation ("U.S. Brands") is the record owner of a number of federally-registered trademarks, most of which are comprised of the mark STARBUCKS. U.S. Brands licenses Respondent Starbucks Corporation (both U.S. Brands and Starbucks Corporation referred to collectively herein as "Starbucks" or "Respondents") to use the STARBUCKS marks, which are used in the operation of selling, among other things, coffee, cappuccino, espresso-based beverages, teas and many different varieties of roasted coffees. As of 2005, Starbucks claimed to own and operate, through affiliates and licensees, at least 8,800 retail stores in the United States, Canada, and worldwide, under the trade names "Starbucks Coffee Company" and "Starbucks Coffee."

Petitioner Rex Wayne Bell ("Bell") owns and operates a small, part-time business in Galveston, Texas, operating under the name "The Old Quarter Acoustic Cafe." In this small, informal acoustical music venue, Bell sells a variety of beers, limited other beverages, limited cold snacks and souvenir items promoting an alcoholic creation which poured from a single draft-beer tap identified as "Starbock Beer" and/or "Star Bock Beer." Bell is a former musician and enjoys providing a venue for young and old musicians to perform. Bell's sole source of

income at this unique "watering-hole" is from the sale of the above-identified beverages, snacks and promotional items. Any nominal admission charge is paid to the performers.

On May 22, 2003, Respondents' counsel sent a cease and desist letter alleging that Bell's use of the "Starbock Beer" and "Starbock" marks as infringing and dilutive of Respondents' marks. Respondents' counsel sent a second and third (June 12, 2003 and July 18, 2003) cease and desist letters again alleging that Bell's use of the word "Starbock" and/or "Star Bock Beer" was infringing and dilutive of Starbocks' marks.

Having no other recourse to Respondents' continued threats and harassment, on March 17, 2004, Bell filed a Declaratory Judgment action against Respondents in the United States District Court for the Southern District of Texas, Galveston Division, seeking a declaration that his use of "Star Bock Beer" and "Starbock" does not, among other things, infringe or dilute Starbocks' marks. Respondents filed an Answer and Counterclaims against Petitioner for, among other things, trademark infringement under the Lanham Act, unfair competition, trademark dilution under Texas law, and trademark dilution under the Federal Trademark Dilution Act ("FTDA"), codified as Lanham Act Section 43(c) (codified as amended by The Trademark Dilution Revision Act of 2006 at 15 U.S.C. § 1125(c) (2006)).

After adequate time for discovery and disposition of all dispositive motions, the district

court set this case for a non-jury adjudication to be held on June 6, 2005. Both parties appeared and announced ready for trial, and the non-jury trial proceeded throughout that day. After the trial, on August 19, 2006, the district court issued a Final Judgment and its Findings of Fact and Conclusions of Law, pursuant to Fed. R. Civ. P. 54.

The district court found that the use of Bell's "Star Bock Beer" logo set out in Trial Exhibit 1, and sold in conjunction with the musical activities presented at the Cafe does not in any way "infringe, unfairly compete, dilute or otherwise impugn Respondent's marks"; however, the district court found that "any further use of the terms 'Starbock Beer' and 'Star Bock Beer' in a more generalized context would likely cause infringement, unfair competition, and dilution to the Starbocks' brand and marks" and therefore prohibited any broader use of the "Star Bock Beer" logo/mark outside of Bell's musical venue, or another similar venue, in Galveston, Texas.

The district court applied a novel standard to prove actual dilution and found that the evidence presented at trial "goes beyond a mere mental association" and that this was a sufficient showing to prove actual harm under the FTDA and Texas law. Nevertheless, the district court again found that the Respondents failed to provide any evidence that Bell's use of the "Star Bock Beer" logo actually dilutes Respondent's marks. To support a finding of a "likelihood of dilution" under Texas law, the district court relied on the "likelihood of consumer confusion" and apparently applied the same

infringement standard and relied on the same infringement evidence to support a finding of dilution. The current use of Bell's "Star Bock Beer" logo was again found to not dilute and not even be "likely to dilute" Respondent's marks.

Bell appealed the district court's decision to the Court of Appeals for the Fifth Circuit. Respondents did not cross-appeal. Without entertaining oral argument, a three-judge panel confronted the issues raised by Bell as to whether the same evidence may be used to prove the two divergent concepts of trademark infringement and trademark dilution. The Fifth Circuit panel relied on a footnote provided in the Seventh Circuit decision of *James Burrough, Ltd. v. Sign. of Beefeater, Inc.*, 540 F.2d 266, 274 n.16 (7<sup>th</sup> Cir. 1976), while applying the Illinois Anti-Dilution Act, 140 Ill. Rev. Stat. § 22, and the court stated that "[a] trademark likely to confuse is necessarily a trademark likely to dilute." Thus, the Fifth Circuit panel affirmed the injunction based on the district court's finding that both dilution and infringement may be established concurrently with identical evidence. Particularly relevant here, the district court's "beyond a mere mental association" standard to prove actual harm was affirmed. It is axiomatic that this same showing would necessarily be sufficient to prove the less stringent "likelihood of dilution" under the Trademark Dilution Revision Act of 2006 in the Fifth Circuit.

Petitioner did not file a petition for rehearing en banc to the Fifth Circuit.

**REASONS FOR GRANTING THE PETITION**

**I. CONGRESS EFFECTIVELY REVERSED THIS COURT'S DECISION IN MOSELEY V. V SECRET CATALOGUE, INC. WHEN IT PASSED THE TRADEMARK DILUTION REVISION ACT OF 2006 AND REQUIRED MERELY A "LIKELIHOOD OF DILUTION" RATHER THAN "ACTUAL DILUTION" TO RECOVER UNDER THE ACT**

**A. "Likelihood Of Dilution" Is The Standard For Proving Dilution By Blurring Under The Federal Trademark Dilution Act And The Texas Statute.**

At the time of this cause of action, the federal law for trademark dilution read, in pertinent part:

Remedies for Dilution of Famous Marks.

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes *dilution* of the distinctive quality of the mark . . . .

15 U.S.C. § 1125(c) (2000) (emphasis added). The standard for proving dilution was proving that a

junior mark causes the dilution. *Id.* This Court further interpreted “causes dilution” to mean that the alleged diluting mark must cause actual dilution of the distinctiveness of the famous mark, as opposed to a mere likelihood that the alleged diluting mark dilutes the distinctiveness of the famous mark. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

The Trademark Dilution Revision Act of 2006 amended the federal anti-dilution statute. Pub. L. No. 109-312, 120 Stat. 1730 (amending 15 U.S.C. § 1125(c)). The federal anti-dilution statute now reads:

Dilution by Blurring; Dilution by Tarnishment.

(1) Injunctive Relief. Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is *likely to cause dilution* by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

*Id.* (emphasis added). The amended federal anti-dilution statute changed the standard of dilution, as

set forth by this Court in *Moseley*, from actual dilution to a likelihood of dilution. *Id.*

Moreover, an alleged diluter can dilute a famous mark regardless of actual or likely confusion, competition, or actual economic injury. *Id.*

The amended federal anti-dilution statute is now more consistent with several state anti-dilution statutes, such as Texas, which require merely a “likelihood of dilution” when proving dilution. The Texas anti-dilution statute reads:

INJURY TO BUSINESS REPUTATION OR TRADE NAME OR

MARK. A person may bring an action to enjoin an act likely to injure a business reputation or to dilute the distinctive quality of a mark registered under this chapter or Title 15, U.S.C., or a mark or trade name valid at common law, regardless of whether there is competition between the parties or confusion as to the source of goods or services. An injunction sought under this section shall be obtained pursuant to Rule 680 et seq. of the Texas Rules of Civil Procedure.

Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002). It is clear that the standard for finding dilution under federal and Texas law is to prove a likelihood of dilution. However, there still exists an important

issue of what likelihood of dilution means and the proof required under both Federal and State law.

**B. The Decision Below Illustrates A Troubling Conflict Among The Courts Of Appeals As To The Meaning Of And Evidentiary Standard For Proof Of A "Likelihood Of Dilution."**

The Second, Third, Sixth and Seventh Circuits presume harm upon proof of a likelihood of dilution. These Circuits disagree, however, as to what evidentiary standard is required to establish a "likelihood of dilution."

The Second Circuit uses a number of factors to prove likelihood of dilution: (1) similarity of the marks, (2) distinctiveness, (3) proximity of the products and likelihood of bridging the gap, (4) the interrelationship of the first three factors, (5) shared consumers and geographic limitations, (6) sophistication of consumers, (7) actual confusion, (8) adjectival or referential quality of the junior's use, (9) harm the junior user will experience by finding a likelihood of dilution, and (10) the effect of the senior user's laxity in bringing the dilution claim. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217-222 (2d Cir. 1999). These factors are a non-exclusive list for proving likelihood of dilution and are to "develop gradually over time." *Id.* at 217. Moreover, these factors were admittedly derived from "the related question of infringement by reason of likelihood of consumer confusion." *Id.*; see also *Mead Data*

*Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026 (2d Cir. 1989).

The Sixth Circuit diluted (no pun intended) the *Nabisco* test by applying only three factors to find a likelihood of dilution: (1) distinctiveness, (2) similarity of the marks, and (3) consumer sophistication. *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 476 (6th Cir. 2001), *rev'd*, 537 U.S. 418 (2003). Upon discussing the distinctiveness of the senior mark, similarity between the senior and junior marks, and the sophistication of the senior's consumers, the Sixth Circuit concluded that "classic" dilution had occurred "even without an exhaustive consideration of all ten of the *Nabisco* factors." *Id.* at 477.

The Third Circuit looked to Judge Sweet's opinion in *Mead Data*. See *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157 (3d Cir. 2000) (using the factors set forth by Judge Sweet in *Mead Data*). The Third Circuit affirmed the district court's finding of likelihood of dilution by saying the district court's use of the factors in *Mead Data* satisfied the *Nabisco* test. *Id.* at 169. In *Times Mirror*, the district court found a likelihood of dilution using: (1) similarity of the marks, (2) proximity of the marks, (3) consumer sophistication, (4) intent of the junior user, (5) renown of the senior mark, and (6) renown of the junior mark. This test uses factors similar to those used in proving likelihood of confusion; however, considering the Second Circuit has since developed a test for likelihood of dilution under federal law in *Nabisco*, it is confusing as to why the Third Circuit has followed

the older case of *Mead Data*, which concerns New York state law.

The Seventh Circuit, however, disagrees with the factors endorsed by the Second, Third, and Sixth circuits and advocates using only two factors to prove likelihood of dilution: (1) similarity of the marks and (2) renown of the senior mark. *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 468–469 (7<sup>th</sup> Cir. 2000) (referring to but not using all factors listed in *Mead Data*). The Seventh Circuit did not use the factors for federal dilution as set forth by the Second Circuit in *Nabisco*. Instead, the Seventh Circuit considered factors set forth by Judge Sweet's opinion in *Mead Data*, which concerned a state dilution claim. *Id.* Interestingly, the Seventh Circuit still abandoned the Second Circuit's interpretation of Judge Sweet's likelihood of dilution factors reasoning that those factors are "more suited to an inquiry into the likelihood of confusion." *Id.* Thus, the Seventh Circuit brought its dilution analysis more into the purview of the dilution contemplated by Congress—a cause of action that does not rely on consumer confusion.

The First Circuit, like the Seventh Circuit, abandoned the use of inappropriate "Sweet" factors. *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27 (1<sup>st</sup> Cir. 1998). Specifically, the First Circuit believed "[t]he district court's finding of likelihood of dilution depended on its use of inappropriate Sweet factors." *Id.* at 49. The First Circuit further stated, "As [trademark scholar J. Thomas] McCarthy points out, use of factors such as predatory intent, similarity of products, sophistication of customers, and renown of

the junior mark work directly contrary to the intent of a law whose primary purpose was to apply in cases of widely differing goods, i.e., Kodak pianos and Kodak film." *Id.* (citing 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition (hereinafter "McCarthy") § 29:94.30 (4th ed. 2006)). "The Sweet factors have been criticized by both courts and commentators for introducing factors that are the offspring of classical likelihood of confusion analysis and are not particularly relevant or helpful in resolving the issues of dilution by blurring." *Id.* at 49 (citing and quoting 4 McCarthy § 29:94.30).

The Sixth Circuit's decision not to use all of the *Nabisco* factors is quite interesting. The Sixth Circuit seemed to endorse the *Nabisco* test that utilizes factors from trademark infringement's likelihood of confusion test. However, in applying the test, the Sixth Circuit only used three *Nabisco* factors: (1) distinctiveness of the senior mark, (2) similarity between the junior and senior marks, and (3) the sophistication of the senior's consumers. Therefore, although the Sixth Circuit endorsed the Second Circuit's *Nabisco* test, its analysis is closer to that of the Seventh Circuit, which rejects the *Nabisco* test. The Seventh Circuit uses the similarity of the marks and the distinctiveness of the senior mark to determine a likelihood of dilution; therefore, the Sixth Circuit's test adds only one factor (sophistication of the senior's consumers) to the Seventh Circuit test while it disregards seven of the ten factors in the *Nabisco* test.

The Fifth Circuit circumvents the cumbersome multi-factor *Nabisco* test, yet adheres to the spirit of *Nabisco* by finding dilution upon a finding of likelihood of confusion as demonstrated by the court below. See *Bell v. Starbucks U.S. Brands Corp.*, 389 F. Supp. 2d 766 (S.D. Tex. 2005). No other factors were used, so this test is unlike the *Nabisco* test because it uses only a likelihood of confusion to find dilution, yet is also unlike the Seventh Circuit's *Eli Lilly* test because it focuses on consumer confusion and not the distinctiveness of the senior mark. The Fifth Circuit has created a hybrid standard for proving dilution—once infringement is found, then dilution is found. *Id.*

The Eighth Circuit has long disagreed with the infringement-equals-dilution approach of the Fifth Circuit. In *Viacom, Inc. v. Ingram Enters.*, the Eighth Circuit noted “[it] was error [for the district court] to conclude that the proof of a mark’s strength sufficient for federal trademark infringement purposes is necessarily sufficient to sustain a claim of dilution-by-blurring under Missouri law.” 141 F.3d 886, 891 (8<sup>th</sup> Cir. 1997). Although the Eighth Circuit’s discussion centered on the distinctiveness of the senior mark, *Viacom* is still in conflict with the Fifth Circuit’s *Starbucks* decision because the Eighth Circuit does not assume dilution upon a finding of infringement.

While all circuits agree that the senior mark must be famous and that the similarity between the junior and famous mark is the starting factor in analyzing likelihood of dilution, a significant conflict remains among the circuits as to what are the

remaining factors, if any, of the likelihood of dilution test. The Seventh Circuit believes that likelihood of dilution should not use factors used for likelihood of confusion, while the Second Circuit believes that the two tests can be synonymous. Moreover, the Third Circuit uses an old Second Circuit case that applied New York state law and not the federal anti-dilution statute. The Sixth Circuit’s treatment of likelihood of dilution is most peculiar because while it endorses using the likelihood of confusion approach in *Nabisco*, it uses only three factors to find a likelihood of dilution, none of which are consumer confusion. The Sixth Circuit, in practice, endorses the Second Circuit’s likelihood of confusion test while applying a test similar to that of the Seventh Circuit, which rejects the Second, Fifth and Eighth Circuit’s test.

## II. THE DISTRICT COURT AND THE FIFTH CIRCUIT ERRED BY EQUATING TRADEMARK INFRINGEMENT AND TRADEMARK DILUTION

### A. Trademark Infringement And Trademark Dilution Are Divergent Legal Concepts And Each Requires A Different Analysis And Therefore May Not Be Established By Identical Evidence.

Traditional trademark law is focused on the protection of consumers from confusion, mistake and deception as to the source, sponsorship or affiliation of goods and services. 4 McCarthy § 24:70. In order to prevail on a cause of action for trademark infringement, it must be proven that a consumer

necessarily is likely to, or has actually experienced, confusion as to the source, affiliation and sponsorship of the junior mark. 15 U.S.C. § 1125(a). In contrast, trademark dilution does not protect consumers from deception. 4 McCarthy § 24:70; see also J. Thomas McCarthy, *Proving A Trademark Has Been Diluted: Theories Or Facts*, Hous. L. Rev. 713 (2004). Instead, dilution is concerned with an entirely different consumer state of mind, where the consumer is not confused; rather, dilution rests primarily upon the policy of protecting distinctive, well-recognized marks from the diminishment or dilution of their source identification value by a junior mark. *Id.*

The conceptual difference between trademark infringement and dilution has even created a conflict between the two foremost experts in trademark law; specifically, J. Thomas McCarthy and Jerome Gilson disagree as to whether the same consumer may be confused as to the source of a product while a mark is simultaneously being diluted. On one hand, Gilson<sup>1</sup> asserts that “where there is dilution there will also be confusion.” 2 Anne Gilson Lalonde, *Trademark Protection & Practices* § 5A.01(5)(b). For example, while it is possible for a consumer to not be confused as to source when seeing a CHEVROLET bra, it is still “more likely than not that she will have such a strong association with the CHEVROLET mark that she will think that nearly any product

<sup>1</sup> Anne Gilson Lalonde is the daughter of Jerome Gilson, the original author of the Gilson treatise. Anne recently assumed the role as the author Gilson's *Trademark Protection & Practice*.

that contains that mark is somehow associated with the car maker, [even a bra].” *Id.* Further, Gilson discusses how so-called “supermarks,” such as IBM, MICROSOFT, or STARBUCKS are “so well-known that consumers . . . would almost certainly assume an association or license arrangement with the trademark owner.” *Id.* Therefore, the marks that are famous enough to qualify for dilution are also so prevalent in the minds of consumers that federal dilution law adds “little to the protection that already exists under likelihood of confusion.” *Id.* Gilson thus equates dilution to a finding of confusion as to source and sees dilution and infringement (or blurring and confusion) as different stops along the same trademark-protection highway. Under this view, it is plausible to use evidence for proving a likelihood of confusion to also prove dilution because dilution collapses into infringement. See *id.*

On the other hand, J. Thomas McCarthy, completely disagrees with the Gilsonian view. McCarthy asserts that, in Dilution, there is no consumer confusion as to source: “[b]lurring and confusion are not stops along the same [highway], they are different [highways] altogether. The mark that confuses does not necessarily dilute. It does not [dilute] because dilution is a separate legal theory positing a different kind of damage to a mark caused by a different form of consumer perception.” 4 McCarthy § 24:70. Using the CHEVROLET example above, McCarthy asserts that the consumer's perception cannot be evidence of both confusion and dilution. See *id.* If she “does mistakenly think there is a connection between the company that makes the bras and the company that makes the cars, then

"traditional trademark infringement has occurred." See *id.* If she does not think the bra maker and car maker are connected, then dilution may occur if the mark is famous and she thinks of the senior mark even subtly or subliminally. See *id.* Regardless, there is a split among the foremost experts in trademark law disagree as to what is required to prove dilution.

A rational understanding of trademark infringement and trademark dilution illustrates the radically divergent theories on which they are found. In trademark infringement, a consumer is confused as to the source of the goods or services. In trademark dilution, a consumer is not confused as to the source of these same goods or services whatsoever. The difference being that in trademark dilution, a consumer forms the mental association between the famous mark and junior mark, but is not confused as to the source of the goods or services because they are so removed from the goods and services of the famous mark (think Apple computers and Apple motor oil). Any damage that has occurred to the famous mark is in the form of a loss of distinction of the famous mark in the individual consumer's mind—certainly a remarkably difficult measurement to analyze.

If this same consumer is confused as to the source of the goods at any time, then no dilution has occurred because the consumer thinks the goods or services are related to the famous mark and the distinctiveness of the famous mark remains intact. This association without confusion is the main distinction between trademark confusion and

dilution, namely, the consumer's mental association of the famous mark with the junior mark has diluted the distinctive quality of the famous mark to a degree in the consumer's mind. It necessarily follows then, in the dilution analysis, that the consumer is not confused as to the source, sponsorship or affiliation of a particular mark. Therefore, evidence of a likelihood of confusion belies the evidence required to establish the divergent standard of likelihood of dilution.

### 1. Proof Of Trademark Infringement Requires Proof Of A "Likelihood Of Confusion."

In the Fifth Circuit, courts typically consider the following "digits of confusion" when a trademark infringement analysis is employed: (1) the type of the mark allegedly infringed; (2) the similarity between the two marks; (3) the similarity of the products and services; (4) the identity of the retail outlets and purchasers; (5) the identity of the advertising media used; (6) the defendant's intent; and (7) any evidence of actual confusion. See *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 543 (5<sup>th</sup> Cir. 1998). The Fifth Circuit has explained that these factors are flexible and nonexhaustive. *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 663 (5<sup>th</sup> Cir. 2000). Nonetheless, these factors are intended to establish a "likelihood of confusion" *vel non* as to the source, affiliation, sponsorship in order to protect the consumer from said deception in the marketplace. Dilution, on the other hand, focuses on the reduction of a marks

identification power, not a consumer's "likelihood of confusion."

**2. Proof Of Trademark Dilution Requires Proof Of Association And Diminishment Or "Whittling Away" Of The Trademark's Strength And Source Identification Value As A Result Of The Association.**

The dilution doctrine is firmly rooted in protection of a famous mark from a gradual "whittling away" of its strength and source identification value. See Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813, 825 (1927). As the leading commentator on trademark law explains:

[I]t is erroneous to conclude from a finding of a likelihood of confusion that dilution automatically and logically follows. It does not follow because dilution is a separate legal theory positing a different kind of damage to a mark caused by a different form of consumer perception. "[A] finding of trademark dilution does not necessarily flow from a finding of trademark infringement." The courts do not always appreciate this point....

"Dilution" is not just a type of injury to a mark that is caused by a prospective

buyer who is confused as to affiliation or connection caused by the similarity of two marks on related goods or services. Rather "dilution" is a legal claim separate and distinct from that of the traditional infringement claim. "Dilution" has its own criteria for triggering liability: criteria that are different in kind from that of the traditional likelihood of confusion claim.

4 McCarthy § 24:70 (citations omitted). McCarthy further notes that there is a misunderstanding as to what "dilution" means in trademark law. *Id.* "Dilution is not synonymous with confusion-caused 'injury' or 'damage' to the senior user's mark . . . . [T]he legal concept of dilution presumes that the defendant's use of the mark does not cause a likelihood of confusion . . . ." 4 McCarthy § 24:70. Dilution may occur regardless of whether there is a "likelihood of confusion." As explained above, this theory of liability focuses on an opposite consumer state of mind. Rather than confusion, it is the junior's mark that would bring to mind (association) a famous mark, even though the consumer is not confused as to the source or sponsorship of the goods. As the theory goes, a "gradual attenuation or whittling away" will diminish the strength and source identification value of a trademark. As noted *supra*, the standard of proof necessary for proving trademark dilution is widely unsettled. While the Courts of Appeals are split with regard to what is required, this Court implied in *Moseley* that some

proof greater than a "mere mental association" should be required. *Moseley*, 537 U.S. at 432.

### 3. Under The Trademark Dilution Revision Act Of 2006, Dilution Should Require Proof Different From Confusion Because Dilution May Occur Regardless Of Any Confusion.

After this Court's decision in *Moseley*, Congress took note of the stringent standard that was established (proof of association and lessening of trademark value) and passed the Trademark Dilution Revision Act of 2006. In the Act, Congress lowers the bar by merely requiring a trademark owner to make a showing of a "likelihood of dilution." Under traditional trademark law, all courts agree that proving a "likelihood of confusion" means proving that confusion is "probable," not just "possible." 4 McCarthy § 23:3; see, e.g., *Estee Lauder Inc. v. The Gap, Inc.*, 108 F.3d 1503, 1510 (2d Cir. 1997) ("Likelihood of confusion means a probability of confusion; it is not sufficient if confusion is merely 'possible.'"); *Westchester Media*, 214 F.3d at 663-64. ("Likelihood of confusion is synonymous with a probability of confusion, which is more than a mere possibility of confusion."); *Rodeo Collection, Ltd. v. West Seventh*, 812 F.2d 1215, 1217 (9th Cir. 1987) ("Likelihood of confusion requires that confusion be probable, not simply a possibility."). Proving that dilution is "likely" therefore is synonymous with proving that dilution is "probable," not just "possible." See *id.*

This lower standard, however, has not been clearly articulated as evidenced by the Fifth Circuit's approval of an evidentiary showing of "merely a mental association" to establish dilution. Other circuits require a different and more stringent showing by a trademark owner. In any event, there remains a question as to what is actually required in order to establish a "likelihood of dilution" and whether "merely a mental association" is the appropriate bar for trademark dilution under the Act.

### B. The District Court And The Fifth Circuit Found Both Infringement And Dilution As A Result Of Proof Of Merely A Mental Association.

The district court and the Fifth Circuit exacerbate the now-common misstep upon which the correct analysis for dilution is lost. The district court found and the Fifth Circuit affirmed an incorrect analysis where both infringement and dilution may be established by the same mental association. Without a clear standard for what proof is required under the "likelihood of dilution" test, this error will continue to arise across the currently split Courts of Appeals. This Court now has the opportunity to establish the correct standard and establish that (1) the two tests require a separate consumer state of mind and may not occur in the same consumer's mind at one time and (2) establish that the evidentiary bar for a "likelihood of dilution" requires more proof than "merely a mental association," as the district court held and the Fifth Circuit upheld.

**C. It Is Error For The District Court And The Fifth Circuit To Blend The Divergent Concepts Of Trademark Infringement And Dilution By Generalizing Both From A Proof Of Merely A Mental Association.**

As discussed *supra*, dilution is firmly rooted in the protection of the strength and source identification value of a famous mark. In contrast, infringement is firmly rooted in the protection of consumers from confusion as to the source and affiliation of goods. Just as the policy upon which these causes of action emanate are distinctly different, the test for dilution (likelihood of dilution) should be distinct from the test for infringement (likelihood of confusion). Following this sound reasoning, it is error for the district court and the Fifth Circuit to confuse the two tests and even further error to find infringement based upon a dilution analysis or to establish a finding of dilution based upon an infringement analysis.

**CONCLUSION**

As the foregoing demonstrates, there is a widening divide among the Courts of Appeals as to the meaning and required proof to establish a "likelihood of dilution." Congress exacerbated the problem by passing the Trademark Dilution Revision Act of 2006, which now requires proof of a "likelihood of dilution" instead of the actual dilution standard articulated by this Court in *Moseley*. The courts below were snagged in the now-common thicket of trademark infringement and trademark dilution

when they equated the analysis for both of these divergent causes of action and determined that identical evidence, displaying only one consumer state of mind, suffices to establish both. As trademark infringement and dilution are separate causes of action requiring a separate state of mind from the consumer, it is error to equate the two. This Court currently is presented with a pristine opportunity to issue a proper standard for the "likelihood of dilution" that sets the appropriate evidentiary bar above "merely a mental association" and therefore provides clarity and consistency to the circuits below and mends the current divide. This case provides an ample opportunity to do so. Accordingly, the petition for a writ of certiorari should be granted.

Respectfully Submitted,

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# APPENDIX

1. The first part of the appendix contains a list of the names of the persons who have been appointed to the various offices of the government since the year 1800.

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IN THE UNITED STATES COURT OF APPEALS  
FOR THE FIFTH CIRCUIT

No. 05-41480

REX WAYNE BELL,

Plaintiff-Appellant,

Versus

STARBUCKS U.S. BRANDS CORPORATION and  
STARBUCKS CORPORATION,

Defendants-Appellees.

[Filed November 10, 2006]

Appeal from the United States District Court  
for the Southern District of Texas  
USDC No. 3:04-CV-169

Before GARWOOD, DENNIS, and OWEN, Circuit  
Judges.  
PER CURIAM.\*

Rex Wayne Bell, owner of a business selling beer  
under the "Star Bock Beer" label in Galveston,  
appeals the decision of the district court finding  
trademark infringement of the Starbucks mark and

\* Pursuant to 5TH CIR. R. 47.5, the court has determined that  
this opinion should not be published and is not precedent  
except under the limited circumstances set forth in 5TH CIR. R.  
47.5.4.

issuing an injunction prohibiting the broader use of "Star Bock Beer" outside of Galveston or outside the context of Bell's weekly musical events.

Bell contends that because the district court found that his distinctive logo did not infringe on the Starbucks mark, the injunctive relief which included restrictions on the use of the logo was inappropriate. The district court did find infringement as to the "Star Bock Beer" name, however, and once infringement has been found a district court may proscribe related activities that might have been legally permissible standing on their own. Kentucky Fried Chicken Corp. v. Diversified Packaging Corp., 549 F.2d 368, 390 (5th Cir. 1977). Bell additionally argues that dilution and confusion causes of action are mutually exclusive and cannot be supported by the same evidence. He provides only secondary authority for this contention, and courts to consider the question have rejected this theory. See James Burrough, Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 274 n. 16 (7th Cir. 1976). The district court's decision was not clearly erroneous. Kentucky Fried Chicken, 549 F.2d at 382. The judgment of the district court is **AFFIRMED**.

**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
GALVESTON DIVISION**

REX WAYNE BELL,	§	
Plaintiff,	§	
	§	
v.	§	CIVIL ACTION NO. G-04-169
	§	
STARBUCKS U.S.	§	
BRANDS CORP.	§	
and STARBUCKS	§	
CORP. d/b/a	§	
STARBUCKS	§	
COFFEE	§	
COMPANY,	§	
Defendants.	§	
	§	

**FINAL JUDGMENT**

**BE IT REMEMBERED** that on the 6th day of June 2005, this action came on for trial before the Court, without benefit of a jury, Honorable Samuel B. Kent, United States District Judge presiding. Plaintiff Rex Wayne Bell appeared in person, by and through his attorney, John Egbert, and announced ready for trial. Starbucks U.S. Brands Corporation and Starbucks Corporation d/b/a Starbucks Coffee Company, appearing by and through their attorneys John C. Rawls, Marc Louis Delflache, and Sarah A. Silbert, also announced ready for trial. The Court determined that it had jurisdiction over the subject matter and the parties to this proceeding, and that

venue was proper. The Court then heard the evidence and the arguments of counsel. As explained in the Findings of Fact and Conclusions of Law, this day concurrently entered, the Court reached a verdict. The issues having been duly tried and decided, it is

**ORDERED, ADJUDGED, and DECREED** that Bell's sale of Star Bock Beer or related minor promotional items out of The Old Quarter Acoustic Café, in Galveston, Texas, or any subsequently owned local establishment bearing the logo set out in Exhibit 1, and sold in conjunction with the musical activities presented at the Café does not in any way infringe, unfairly compete, dilute or otherwise impugn the Starbucks brands or trademarks. It is further

**ORDERED, ADJUDGED, and DECREED** that Bell's broader use of the terms Starbock Beer and Star Bock Beer and/or the sale of beer or promotional items in a more generalized context would likely cause infringement, unfair competition, and dilution to the Starbucks brands and trademarks, and such practices consequently are hereby **PROHIBITED**. It is further

**ORDERED, ADJUDGED, and DECREED** that beyond such specific relief Defendants and Counter-Claimants **TAKE NOTHING** of and from Plaintiff. Plaintiff's request to have Defendants' trademarks cancelled is **DENIED**.

All relief not expressly granted herein is **DENIED**. Each Party is to bear its own attorney's fees, taxable costs, and expenses incurred herein to date. **THIS IS A FINAL JUDGMENT.**

**IT IS SO ORDERED.**

**DONE** this 19th day of August, 2005, at Galveston, Texas.

/s/ Samuel B. Kent  
Samuel B. Kent  
United States District Judge

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
GALVESTON DIVISION

REX WAYNE BELL, §  
 §  
 Plaintiff, §  
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 §  
 § CIVIL ACTION NO. G-04-169  
 §  
 §  
 STARBUCKS U.S. §  
 BRANDS CORP. §  
 and STARBUCKS §  
 CORP. d/b/a §  
 STARBUCKS §  
 COFFEE §  
 COMPANY, §  
 Defendants. §  
 §

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This cause was originally filed on March 17, 2004. Plaintiff herein sought declaratory relief that his use of "Star Bock" or "Starbock" does not infringe on Defendants' "Starbucks" trademark. He also asked for a judgment that he is not diluting Defendants' trademark under federal or state law or violating unfair competition laws. Defendants counterclaimed on all issues seeking exactly opposite relief. At the time of filing, the matter was routinely set for a Rule 16 Scheduling Conference, which occurred on June 2, 2004. Counsel for both sides appeared and announced ready, and pursuant to agreement of counsel and the

Court, the matter was set for non-jury adjudication before the Court, on June 6, 2005. Such setting was confirmed by a routine Scheduling Order entered by this Court's Magistrate Judge, Hon. John R. Froeschner, on June 9, 2004. Docket Call was held regarding such trial setting on June 2, 2005, and again counsel for both sides appeared and announced ready for trial. On that date, again with agreement of counsel, the trial date was adjusted slightly, to commence June 6, 2005. Trial proceeded non-jury, Hon. Samuel B. Kent presiding, throughout that day. At the conclusion thereof, the Court established a post-trial submissions schedule which has been, in all timely respects, complied with.

The Court, having carefully considered all pleadings on file in this matter, having carefully considered and having reviewed the trial testimony of all live witnesses, and having made credibility assessments in regard thereto, having considered and having reviewed exhibits entered in this matter, having carefully considered the Pre-Trial Order, together with all attachments, and the post-trial submissions, hereby enters its Findings of Fact and Conclusions of Law, pursuant to FED.R.CIV.P. 52.

FINDINGS OF FACT

1. Plaintiff Rex Wayne Bell ("Bell") owns and operates a small, part-time business in Galveston, Texas, operating under the name "The Old Acoustic Café". This is a small, informal acoustical music venue which is open typically only on Thursday, Friday and Saturday nights. Musicians, typically

accompanied by acoustical instruments (guitars and the like) perform. An admission fee is charged, which Bell generally gives to the entertainers. His sole source of income in this establishment is from the sale of beer, limited other beverages, limited cold snacks and souvenir items promoting an alcoholic beverage sold only there, identified as "Starbock Beer" and/or "Star Bock Beer". He is a former musician and very much enjoys his contacts in the music industry and the promotion of young artists. His beer sales are only an adjunct to those interests.

2. This Court has jurisdiction over the subject matter of this cause, pursuant to 28 U.S.C. § 1331 and § 1338(a), inasmuch as such arises under the Lanham Act, 15 U.S.C. § 1051 *et seq.* and the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c) and § 1127, 28 U.S.C. § 2201-2202, as well as being a declaratory judgment action arising under the Lanham Act, 15 U.S.C. § 1051 *et seq.* Finally, the Court has jurisdiction pursuant to 28 U.S.C. § 1332(a), inasmuch as this action is between citizens of different states and the matter in controversy exceeds the sum of \$75,000.00, exclusive of interest and costs. This Court has jurisdiction over the subject matter of those claims that arise under state law based upon the principals of supplemental jurisdiction, as provided in 28 U.S.C. § 1367, as well as the provisions of 28 U.S.C. § 1338(b), allowing jurisdiction over claims for dilution and unfair competition joined with substantial and unrelated claims under the federal trademark laws. Jurisdiction has not been contested by any of the parties. Venue is proper in this Court as well, inasmuch as Plaintiff conducts his business in this

Division, indeed only within a few blocks of the courthouse, and Defendants do extensive business in this District and Division. Venue has not been contested by any of the parties, either.

3. Bell applied for registration of the "Starbock Beer" trademark with the United States Patent and Trademark Office and the application was subsequently approved and published for opposition. During the opposition phase, Defendants filed a Notice of Opposition to Bell's application and mailed "cease and desist" letters to Bell alleging that Bell's mark would: cause confusion as to the origin of the parties' respective goods; misappropriate Starbucks' goodwill; and further violate federal, state, and common law dilution principals. Defendants insisted that Bell immediately cease all use of the "Starbock Beer" trademark, destroy all signage and materials bearing this trademark, and abandon the trademark application. Pending the resolution of this litigation, the United States Patent and Trademark Office suspended the opposition period and stayed all proceedings regarding Bell's registration application approval.

4. Defendants have continuously done business under the trademarks and trade names "Starbucks," "Starbucks Coffee," and "Starbucks Coffee Company" since 1971. The Starbucks mark is the subject of at least 60 trademark registrations issued by the United States Patent and Trademark Office, and has been similarly registered in more than 130 foreign countries.

5. Bell filed a Complaint in this action, seeking a declaratory judgment that Bell's use of the "Star Bock Beer" mark in connection with alcoholic beverages is not in violation of any rights Defendants may have pursuant to: the Federal Law of Trademark Infringement as set forth in 15 U.S.C. § 1114; the Federal Law of Unfair Competition as set forth in 15 U.S.C. § 1125; the Common Law of Unfair Competition; the Federal Trademark Dilution Act as set forth in 15 U.S.C. § 1125; and, the Texas Anti-Dilution Statute as set forth in Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002). Defendants Starbucks® U.S. Brands Corporation and Starbucks® Corporation d/b/a Starbucks® Coffee Company ("Starbucks") contest those claims, and have concurrently asserted counterclaims against Bell, alleging: federal trademark dilution, in violation of 15 U.S.C. § 1125(c) and § 1127; federal trademark infringement, in violation of 15 U.S.C. § 1114(1); violation of 15 U.S.C. § 1125(a); violation of the Texas Anti-Dilution Statute, Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002); violation of Texas Common Law Trademark Dilution; and, the common law doctrine of unfair competition. Bell of course contests these counter-claims.

6. Bell concedes receipt of the cease and desist demands from Starbucks and further concedes that he ignored such; instead retaining counsel and filing suit. However, beyond continuing to sell the beer that he had on hand at the time of receipt of such notification, and the related memorabilia and small advertising products (caps, t-shirts, etc.), out of his Old Acoustic Café, he has undertaken no other

product production, sales or advertising or promotional efforts.

7. On the other hand, he readily conceded in his trial testimony that he has encouraged his friends in the music industry to favorably mention and endorse Star Bock Beer, that he sought out, benefitted from and encouraged extensive local and national media coverage of this "David vs. Goliath" controversy, and that his ultimate ambition is to be "just as big and successful as Starbucks."

8. Bell continues to make use, in commerce, of the "Starbock" and/or "Star Bock" logos, but with an important distinction. In the correspondence and official notifications to and from the United States Patent and Trademark Office, Bell sought a trademark for "Starbock Beer." Currently, and for the last several months prior to temporarily suspending operations shortly after the trial, Bell used a somewhat distinctive and modified logo (Exhibit 1) that has "Star" on one line, "Bock" beneath it, and "Beer" beneath that in red superimposed over a blue star on a white field, in a circular logo, with "Since 2003" immediately below the three words, and in circular form around the outside of the logo, the information "Born in Galveston—The Old Quarter Acoustic Café". As noted above, this product is sold exclusively at the The Old Quarter Acoustic Café, on a limited number of nights per week, and only in association with the presentation of live musical performances by acoustical artists. Bell's crowds are of relatively small size, the facility only seating a few dozen people at most, and his patrons tend to be both locals and regulars, for the most part. No Starbucks®

Coffee Company products are sold in the facility, and Star Bock Beer is not sold outside the facility.

9. Bell testified that he had his beer brewed by a contract brewer in Brenham, Texas. He does not know the recipe for the beer or indeed any of its ingredients. He oversees no aspects of the production of the beer, has no idea actually how it is made, and can only state that the production of his beer is in compliance with state health laws. Other than that simple statement, he has no knowledge whatever of its contents, preparation, aging, or kegging. It is sold in draft form, not in bottles or cans. He had a limited production made in the early stages of this controversy, and once that was sold out, he suspended any further production, awaiting the outcome of this litigation. Tragically, in regard to which the Court expresses its most heartfelt condolences, shortly after the completion of the trial of this matter, local media reported the untimely and regretful passing of Bell's beloved wife. Bell has indefinitely ceased operation of the The Old Quarter Acoustic Café and consequently, as a practical (not legal) matter, this entire controversy may have thereby been rendered moot. The Court does not speculate in that regard, and notes that this information is officially outside the record of these proceedings; but simply cannot rule in the matter without a real world consideration of the overall facts of this case, which certainly includes taking judicial notice of such a significant event affecting not only the life of the Plaintiff, but his economic circumstances as well.

10. Bell testified that he began the production of his Star Bock Beer in the May-June 2003 time frame,

although apparently he was selling a generic, unnamed draft beer prior to that time. He came up with the name around Christmas, 2002, ordered the beer, and then filed for a trademark on March 1, 2003. He testified that in conversation with customers and friends, he blended the terms "Lone Star" (which is a Texas-based beer of long standing), and "Shiner Bock" (again referring to one type of beer brewed by the Shiner Brewery in Shiner, Texas, also of long standing). He claims that by borrowing "Star" from the one and "Bock" from the other, he came up with Starbock Beer. He claims that it was not his intention then, and has never been, his intention to infringe or unfairly capitalize upon the dominant Starbucks trade name. While the Court sincerely believes that Plaintiff was innocently motivated at the time he came up with the name and began selling the named beer, given his trial testimony that he very much enjoyed the media attention given to this controversy and that he now wants to be as "big and successful" as Starbucks, the Court has some apprehension that his perceptions may have morphed over the evolution of this controversy into something somewhat less innocent than he originally intended.

11. Patricia Chapman was presented as the sole Starbucks fact witness. She is in charge of brand strategy for the Starbucks family of corporations. She is extremely bright, articulate, and professional, and appeared remarkably knowledgeable of both her company and the marketplace dynamics affecting her company. Based upon her testimony, this Court believes that Starbucks is a well run, competent and professional corporation. It has an ambitious marketing strategy and has been extraordinarily

profitable. She testified that enormous care and effort goes into each of the products Starbucks produces, from original recipe design through final preparation, field testing, market testing, production and marketing. The highest level of quality control goes into each product, and is constantly monitored and maintained. This of course differs markedly from the *ad hoc*, remote and secondhand production of Star Bock Beer. Ms. Chapman also described the "siren" logo that Starbucks uses: a green-and-white circular logo depicting a long-haired woman in the center with the words "STARBUCKS COFFEE" in the outer band. Significantly, the logo differs markedly from that used currently by Bell, as set out in Exhibit 1.

12. Plaintiff did not present any expert testimony in the case, relying instead on the sole testimony of Plaintiff. Defendants countered with the presentation of a statistical expert, Professor Edward A. Blair, Ph.D. Dr. Blair appeared, as did Ms. Chapman, to be exceptionally articulate, intelligent and professional. He undertook an exhaustive statistical analysis of marketplace responses with regard to potential confusion in consumers having to do with Starbock and Star Bock relative to Starbucks. He found that 25% of consumers believed that "Star Bock" beer was affiliated with Starbucks and that 43% believed the same of "Starbock" beer. He also found that for 48% of consumers, "Star Bock" beer brought Starbucks to mind, and for 58% of consumers, "Starbock" beer brought Starbucks to mind. On the basis of his uncontroverted testimony, the Court is satisfied that there is a significant likelihood of confusion when those two terms are compared to Starbucks. However, the Court is not

satisfied with the further conclusion that the distinctive logo currently utilized by Plaintiff, as set out in Exhibit 1, is likely to cause any confusion whatsoever. In its present form, the logo used by Bell provides for a sufficiently distinctive difference between Starbucks and the Star Bock Beer name, to avoid consumer confusion. The current logo unequivocally indicates that the product was born in Galveston (not Seattle) in 2003 (not 1971), and is sold in only The Old Quarter Acoustic Café (which sells no Starbucks products whatever).

13. On the basis of the trial testimony, the exhibits admitted into the record and the remarkably thorough and extensive submissions and arguments of counsel, the Court finds that Bell's sale of Star Bock Beer and related minor promotional items out of The Old Quarter Acoustic Café, in Galveston, Texas, or any subsequently owned local establishment bearing the logo set out in Exhibit 1, and sold in conjunction with the musical activities presented at the Café does not in any way infringe, unfairly compete, dilute or otherwise impugn the Starbucks brands or trademarks. The Court further finds that the sale and use of that brand, in the logo presented in Exhibit 1, at The Old Quarter Acoustic Café, in Galveston, Texas, or a subsequent local facility is a reasonable business practice. The Court declines to require Plaintiff to terminate those activities and finds that counter-Plaintiffs have failed in sustaining their burdens of proof as regards any causes of action herein asserted against Plaintiff, pertaining to the sale of Star Bock Beer in that facility, or a subsequent local facility, under the brand name set out in Exhibit 1.

14. The Court does, however, find that Bell's broader use of the terms Starbock Beer and Star Bock Beer and/or the sale of beer in a more generalized context would likely cause infringement, unfair competition, and dilution to the Starbucks brands and trademarks, and such practices consequently are hereby **PROHIBITED**.

15. The Court finds, nevertheless, that Defendants have sustained no actual damages arising from any alleged infringement, unfair competition or dilution, and considering the equities and the enormous economic disparity between the parties involved in the case, the Court respectfully declines to award attorneys' fees or to assess costs. The Court finds that each party shall bear his or its own taxable costs, expenses and attorneys' fees arising from this litigation.

16. The Court finds that Bell is authorized to use his Star Bock Beer logo, as presented in Exhibit 1, with regard to the sale of beer and related minor promotional items exclusively at The Old Quarter Acoustic Café, or subsequent local establishment run by Bell. The Court finds that Bell is **PROHIBITED** from the more generalized use of the term Starbock Beer with regard to sales in any broader venue than The Old Quarter Acoustic Café or a subsequent local establishment. "Local" is herein defined as Galveston, Texas, Galveston Island, Galveston County, Texas.

#### CONCLUSIONS OF LAW

1. The first issue is whether declaratory judgment is appropriate. If an actual controversy

does not exist, the Court does not have subject matter jurisdiction. See, e.g., *Orix Credit Alliance, Inc. v. Wolfe*, 212 F.3d 891, 895 (5th Cir. 2000). In an intellectual property case, an actual controversy exists "(1) when the declaratory plaintiff has a real and reasonable apprehension of litigation and (2) when the declaratory plaintiff has engaged in a course of conduct that brings it into adversarial conflict with the declaratory defendant." *Texas v. West Publ'g Co.*, 882 F.2d 171, 175 (5th Cir. 1989).

2. In this case, an actual controversy exists. Plaintiff has already engaged in the activity objectionable to Defendants. At the time this suit was filed, Defendants had taken action against Plaintiff in the trademark registration process and had threatened further legal action against Plaintiff.

3. Plaintiff first asks for a declaratory judgment that his mark does not infringe Defendants' mark. Defendants have counterclaimed that Plaintiff's mark does infringe their mark.

Any person who shall, without consent of the registrant...use in commerce any...colorable imitation of a registered mark in connection with the sale, offering for sale...or advertising of any goods or services on or in connection with such use is likely to cause confusion, or to cause mistake, or to deceive...shall be liable in a civil action....

15 U.S.C. § 1114(1).

4. The preliminary decision of the United States Patent and Trademark Office that no conflicts exist between Starbock and Defendants' mark is accorded some weight, but it is not dispositive. Even if the USPTO had already granted registration to Plaintiff, this does not mean that Plaintiff necessarily has a right to use the mark. "The rights to use and register are not identical." *In re E. I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1364 (C.C.P.A. 1973); see also *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 194 (5th Cir. 1998).

5. The owner of the mark must show the validity of the mark and that use of that mark or an imitation of it by the other party is likely to cause confusion. *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F.Supp. 1513, 1536 (S.D. Tex. 1996).

6. Defendants have a registered mark. Registration is prima facie evidence of validity of the mark as to the uses specified in the registration. See *id.* at 1536-37. Plaintiff has not offered evidence to rebut this presumption. Therefore, Defendants meet the first requirement of the statute.

7. In determining whether likelihood of confusion exists, the Court must consider the following factors: "(1) the type of mark allegedly infringed, (2) the similarity between the two marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant's intent, and (7) any evidence of actual

confusion."<sup>1</sup> *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 664 (5th Cir. 2000); see also *Elvis*, 141 F.3d at 194.

8. "The type of trademark refers to the strength of the mark" and its distinctiveness. See *Elvis*, 141 F.3d at 201. A mark may be generic, descriptive, suggestive, arbitrary, or fanciful. See *Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 252 (5th Cir. 1997). As to coffee, "Starbucks" is either arbitrary or fanciful, categories which receive more protection. Federal registration is also prima facie evidence of distinctiveness. See 15 U.S.C. §§ 1057(b), 1115(a); *Creative Gifts, Inc. v. UFO*, 235 F.3d 540, 545 (10th Cir. 2000). Defendants also offered evidence as to the strength and pervasiveness of the mark.

9. Because "Starbucks" is an arbitrary or fanciful mark and because Defendants have shown that it is a very strong and distinctive mark, it is entitled to strong protection. See *Elvis*, 141 F.3d at 201.

10. When considering the second factor, the similarity between the two marks, the Court must

<sup>1</sup> This is a non-exclusive list. Earlier courts also considered the sophistication of the consumers, the quality of the allegedly infringing product, and the likelihood that the owner of the first mark would enter the market occupied by the owner of the second mark. See, e.g., *Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 257 (5th Cir. 1997); *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 171 (5th Cir. 1986); *In re E. I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973); *Polaroid Corp. v. Polorad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961).

look at the whole mark, not just one particular feature. See *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 171 (5th Cir. 1986). The "appearance, sound, and meaning" of the two marks must be compared. *Elvis*, 141 F.3d at 201. When the words are identical, different pictorial representations may suffice to differentiate the two marks. See *Sears, Roebuck & Co. v. Allstate Driving Sch., Inc.*, 301 F.Supp. 4, 13 (S.D.N.Y. 1969).

11. Here, the difference in "Star Bock Beer" as used in Plaintiff's beer label and the bare words "Starbock" or "Star Bock" becomes important. The words "Starbock" and "Star Bock" are very similar in appearance, sound, and meaning to the word "Starbucks." See, e.g., *Exxon Corp. v. Texas Motor Exch., Inc.*, 628 F.2d 500 (5th Cir. 1980) (finding strong similarity between "Texon" and "Exxon"). However, the "Star Bock Beer" label, with the red and blue coloring, "Born in Galveston" wording, separation of the three words of the name onto three lines, and the large star, is very different in appearance and meaning (and also more different in sound) from the word "Starbucks" and Defendants' "siren" logo. (Pl.'s Ex. 1; Defs.' Ex. 15.)

12. The meaning of the words should also be taken into consideration. Where the words have well known and understood, widely differing meanings, a small difference in spelling or appearance may be sufficient to distinguish them and avoid a finding of confusing similarity. On the other hand, with coined words which are meaningless so far as the English language is concerned, slight variations in spelling or arrangement of letters are often insufficient to direct

the buyer's attention to the distinction between marks.

*Seven-Up Co. v. Tropicana Prods., Inc.*, 356 F.2d 567, 568 (C.C.P.A. 1966).

13. In this analysis, whether Plaintiff uses "Starbock," "Star Bock," or "Star Bock Beer" is important. "Starbucks" can certainly be considered a meaningless coined word, as could "Starbock." But "Star Bock Beer" is composed of three common words that have meaning independent of any trademark. This meaningful combination could easily be distinguished by consumers from the meaningless "Starbucks."

14. The third factor the Court must consider is the similarity of the products. Products do not have to be in direct competition to be similar, nor do they have to be nearly identical. See *Westchester*, 214 F.3d at 666; *Pure Foods v. Minute Maid Corp.*, 214 F.2d 792, 796 (5th Cir. 1954).

15. Defendants formerly produced a beer in conjunction with another company, and Defendants now have a Starbucks-branded liqueur on the market. Defendants do not now produce a beer, nor have they indicated any intention of doing so again in the future. Defendants' main business, of course, is coffee. While coffee, coffee liqueur, and beer are all beverages, they are not typically purchased for the same purpose or occasion (unlike, for example, coffee and tea, beer and wine coolers, or lemonade and iced tea).

16. Whether products are “closely related in distribution and use” helps determine the similarity of the products. *John Walker & Sons, Ltd., v. Tampa Cigar Co.*, 124 F.Supp. 254, 256 (S.D. Fla. 1954), *aff’d* 222 F.2d 460 (5th Cir. 1955). Plaintiffs and Defendants’ products do not currently appear in the same distribution channels, nor do people purchase beer and coffee for the same purpose. The products are similar enough to make confusion *reasonable*, but not so similar that confusion is automatic.

17. Fourthly, the Court must consider the identity of retail outlets and purchasers. “[I]f the parties’ goods and services are offered at the same level of distribution and at the same type of facilities, the identity of service factor is met.” *Pebble Beach*, 942 F.Supp. at 1545.

18. Plaintiff’s product is currently offered only at his specific-function “acoustical” bar. Defendants offered no evidence that their products are sold at bars (although their liqueur may be available at some bars, it is undoubtedly not available at Plaintiff’s bar). Neither Party offered evidence as to the identity of purchasers. At this time, there is no evidence that the products share a common pool of retail outlets and purchasers.

19. The fifth factor in the likelihood of confusion analysis is the identity of advertising media. Even though the Parties do not have to advertise on the same scale for media to be identical, there must be evidence that “the parties aim their advertising campaigns at the same region and the same consumers.” *Pebble Beach*, 942 F.Supp. at 1546.

20. Defendants do advertise in the Galveston area, as they do throughout the United States and the world. Plaintiff has received national publicity due to this litigation exercise, but he does not advertise other than through promotional items distributed at his bar and through his website. Neither Party offered probative evidence on whether they targeted the same consumers. While some consumers have probably seen advertisements for both Defendants’ and Plaintiff’s products, there is no evidence that the Parties have *targeted* the same consumers.

21. Next, the Court must consider the intent of the alleged infringer. If intent to benefit from the mark of another is found, “it may provide compelling evidence of a likelihood of confusion.” *Oreck*, 803 F.2d at 173; *see also Elvis*, 141 F.3d at 203; *Sunbeam*, 123 F.3d at 258. Intent to confuse can also be described as “intent to benefit from the goodwill associated with a protectable mark.” *Pebble Beach*, 942 F.Supp. at 1546.

22. Plaintiff has offered an explanation of how he came up with the name—combining “Lone Star” and “Shiner Bock”—that is free from any intent to infringe Defendants’ mark. While Defendants have shown that Plaintiff intended to benefit from the publicity surrounding this trial and the trademark registration proceedings, this demonstrates only that Plaintiff intended to benefit from *allegations* of infringement, not from actual infringement. There is no evidence to support a conclusion that Plaintiff intended for anyone to buy his product because of a mistaken association with Defendants’ mark, nor is

there evidence that Plaintiff created the mark with an intent to infringe.

23. Finally, the Court must consider evidence of actual confusion. Defendants' expert, Dr. Edward Blair, properly examined consumer response to the similarity between "Starbock" and "Star Bock" on one hand and "Starbucks" on the other. Even if the words sound alike, "[t]he fact that one mark may bring another mark to mind does not in itself establish likelihood of confusion as to the source." *In re P. Ferrero*, 479 F.2d 1395 (C.C.P.A. 1973); see also *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 462 (7th Cir. 2000).

24. Blair asked consumers both questions: whether "Starbock" or "Star Bock" brought to mind another company and whether they believed it to be affiliated with another company. He found that 25% of consumers believed that "Star Bock" beer was affiliated with Starbucks and that 43% believed the same of "Starbock" beer. He also found that for 48% of consumers, "Star Bock" beer brought Starbucks to mind, and for 58% of consumers, "Starbock" beer brought Starbucks to mind. (Defs. Ex. 14a.)

25. These percentages suffice to show a significant level of actual confusion. See, e.g., *Exxon*, 628 F.2d at 507 (finding 15% association significant); *Tiffany & Broadway, Inc. v. Comm'r of Patents & Trademarks*, 167 F. Supp. 2d 949, 955 (S.D. Tex. 2001) (finding 15% association significant).

26. The similarity must be judged from the perspective of a consumer who does not have the

opportunity to see the products side-by-side. See, e.g., *Gen. Adjustment Bureau, Inc., v. Fuess*, 192 F.Supp. 542, 547 (S.D. Tex. 1961). By presenting consumers with the word "Starbock" or "Star Bock" but not showing them any representation of "Starbucks," Blair fairly tested this reaction.

27. The survey also met the other requirements of the Fifth Circuit, such as asking why consumers associated the mark with Defendants and drawing from a pool of consumers likely to purchase beer. See *Exxon*, 628 F.2d at 507. Therefore, the results of the survey should be given great weight in the Court's analysis. *Id.* at 506-507.

28. Defendants have shown evidence of significant actual confusion between the words "Star Bock" as used for beer and their "Starbucks" mark. Defendants have also shown evidence of significant actual confusion between the word "Starbock" as used for beer and their "Starbucks" mark.

29. The Court finds that Plaintiffs use of the word "Starbock," as presented in Plaintiffs trademark application, and his use of "Star Bock" in word form without the word "beer" or any design elements, manifestly infringes Defendants' mark. The words "Starbock" or "Star Bock" and "Starbucks" are remarkably similar in sight and sound. Defendants have presented uncontroverted and credible expert testimony showing that consumers are likely to believe that a beer called "Starbock" or "Star Bock" is connected to Defendants. Although Plaintiffs and Defendants' products are not identical, the fact that both are beverages adds to the likelihood of

confusion. Plaintiff's small-guy-against-behemoth-corporation theme starkly conflicts with his trial testimony unequivocally expressing his ambitious desire to make his beer a national product; such a national market would also increase the likelihood of confusion and interference with Defendants' mark.

30. However, the Court finds that Plaintiff's use of his "Star Bock Beer" logo, as presented in Plaintiff's Exhibit 1, does not infringe Defendants' mark. Defendants did not present evidence of actual confusion or the likelihood of confusion between the logo and Defendants' mark "Starbucks" or Defendants' "siren" logo. Plaintiff's logo is sufficiently different from Defendants' mark. But the Court's finding only applies to Plaintiff's current use of this logo on beer and a small amount of promotional items available only at his bar (or any subsequent local establishment owned or operated by Plaintiff) in Galveston, Texas. Given Plaintiff's current limited use of the logo; the minute, local channels of distribution and sale; the identity of a relatively small specific interest group of acoustical music consumers; and the identity of modest and bar-activity-specific advertising media are sufficiently different from those used by Defendants so as not to cause a strong likelihood of confusion, or indeed any realistic confusion at all.

31. Plaintiff next asks for a declaratory judgment that he has not engaged in unfair competition under the Lanham Act, 15 U.S.C. § 1125(a). Defendants counterclaim that Plaintiff has violated this statute.

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof . . . which- (a) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action . . .

15 U.S.C. § 1125(a).

32. "The same facts which support an action for service mark infringement also support claims for . . . Lanham Act unfair competition." *Pebble Beach*, 942 F.Supp. 1554. The likelihood of confusion analysis is the same. *See id.*; see also *Daddy's Junky Music v. Big Daddy's Family Music*, 109 F.3d 275, 288 (6th Cir. 1997); *Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 703 (5th Cir. Unit A, 1981).

33. As discussed above, Plaintiff's use of the mark "Starbock" or "Star Bock" creates a likelihood of confusion, but his use of the "Star Bock Beer" logo (as presented in Plaintiff's Ex. 1.) on beer and a small amount of promotional items in his bar in Galveston, Texas does not create such confusion. Therefore, his use of "Starbock" or "Star Bock" constitutes unfair competition under the Lanham Act, but his use of the "Star Bock Beer" logo does not.

34. Plaintiff also asks for a judgment that he has not violated the common-law prohibition on unfair competition. Again, Defendants counterclaim that Plaintiff has engaged in common-law unfair competition. "Unfair competition...is a tort and is governed by the law of the state wherein the cause of action arises." *Jud Plumbing Shop On Wheels, Inc. v. Jud Plumbing & Heating Co.*, 695 S.W.2d 75, 78 (Tex. App.-San Antonio 1985, reh'g denied).

35. In Texas, unfair competition arises when "deception would naturally and probably result" from the use of the similar mark, or when "the public [is] likely to be deceived or confused." *Id.* Neither fraudulent intent nor actual deception must be shown. *See id.* The mark must have acquired a secondary meaning in order to receive protection. *See Hudgens v. Goen*, 673 S.W.2d 420, 423 (Tex. App.-Ft. Worth 1984, writ ref'd n.r.e.).

36. Defendants' mark has acquired sufficient secondary meaning to receive protection. The word "Starbucks" is a meaningless term that, through extensive advertising and successful sales, has come to be strongly associated with Defendants' products. Defendants therefore meet the first prong of the test.

37. As to the likelihood of confusion, the same standards apply as with the trademark infringement claims. "A trademark infringement and unfair competition action under Texas common law presents essentially 'no difference in issues than those under federal trademark infringement actions.'" *Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Improvement Corp.*, 53 S.W.3d

799, 806 n.3 (Tex. App.-Austin 2001, writ denied) (quoting *Zapata Corp. v. Zapata Trading Int'l, Inc.*, 841 S.W.2d 45, 47 (Tex. App.-Houston [14th Dist] 1992, no writ)).

38. Therefore, as explained above, Plaintiff's use of "Star Bock" and "Starbock" constitute unfair competition because it is likely that consumers will confuse those words with "Starbucks." However, Plaintiff's use of his "Star Bock Beer" logo (as presented in Plaintiff's Ex. 1.) under the localized and limited conditions described above is not likely to cause consumer confusion and does not constitute unfair competition under Texas law.

39. Next, Plaintiff asks for a judgment that he is not diluting Defendants' mark under the federal trademark dilution statute. Defendants counterclaim that Plaintiff's mark does dilute their mark. "The owner of a famous mark shall be entitled...to an injunction against another person's commercial use in commerce of a mark or trade name, if such use...causes dilution of the distinctive quality of the mark ...." 15 U.S.C. § 1125(c). As the record shows, Defendants' mark is undoubtably famous and therefore qualifies for protection against dilution.

40. Dilution is:

the lessening of the capacity of a famous mark to identify and distinguish goods and services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other

parties, or (2) the likelihood of confusion, mistake, or deception.

15 U.S.C. § 1127.

41. According to the Supreme Court, this statute “unambiguously requires a showing of actual dilution.” *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433, 123 S. Ct. 1115, 1124, 155 L. Ed. 2d 1 (2003). The Supreme Court held that “at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actual dilution.” *Id.*

42. Defendants have produced evidence that a significant percentage of consumers surveyed believed that a beer called “Starbock” or “Star Bock” was put out by, affiliated or connected with, or approved or sponsored by Defendants. This evidence goes beyond a mere mental association. It shows that Plaintiffs’ mark lessens Defendants’ ability “to identify and distinguish goods and services.” *Id.* at 434, 123 S. Ct. at 1125.

43. Therefore, Plaintiffs’ use of “Star Bock” and “Starbock” does dilute Defendants’ mark under federal law. However, Defendants have not produced any evidence that Plaintiffs’ use of his “Star Bock Beer” logo, as presented in Plaintiffs’ Ex. 1, actually dilutes their mark. Because the Supreme Court specifically requires this evidence to sustain a finding of dilution, the Court finds that Plaintiffs’ use of his Exhibit 1 logo does not dilute Defendants’ mark.

44. Finally, Plaintiff asks for a declaratory judgment that he has not violated the Texas Anti-Dilution Statute. Defendants counterclaim that he has either violated the statute or the common law prohibition on dilution. The statute states:

A person may bring an action to enjoin an act likely to injure a business reputation or to dilute the distinctive quality of a mark registered under this chapter or Title 15, U.S.C. . . . regardless of whether there is competition between the parties or confusion as to the source of goods or services.

Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002).

45. The Fifth Circuit has determined that a mark need not be “famous” to fall within this statute as long as it is “distinctive.” *Advantage Rent-A-Car, Inc., v. Enterprise Rent-A-Car, Inc.*, 238 F.3d 378, 381 (5th Cir. 2001). This distinguishes the statute from the federal law. Defendants’ registration of the mark is prima facie evidence of distinctiveness. See *Pebble Beach*, 942 F.Supp. at 1536-37.

46. In contrast to federal law, state law only requires that dilution be “likely,” not actual. Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002). This dilution can occur by blurring, which refers to a lessening of the mark’s ability to distinguish between brands, or by tarnishing, which refers to a diminishing of the good reputation of the mark. See, e.g., *E. & J. Gallo Winery v. Spider Webs Ltd.*, 129 F. Supp. 2d 1033, 1038 (S.D. Tex. 2001).

47. The junior mark must be similar to the senior mark for dilution to occur. *See id.* at 1038 (quoting *Polaroid Corp. v. Polaroid, Inc.*, 319 F.2d 830, 836 (7th Cir. 1963)). Plaintiffs and Defendants' marks are sufficiently similar to meet the threshold requirement for a dilution claim.

48. Defendants' evidence on the likelihood of consumer confusion between Plaintiffs' use of "Star Bock" and "Starbock" and their mark certainly meets the lower state-law test of "likely" dilution by blurring, but Defendants have not produced any evidence that Plaintiffs' use of the "Star Bock Beer" logo, as presented in Plaintiffs' Ex. 1, dilutes or is likely to dilute their mark.

49. While Defendants questioned Plaintiff on his lack of personal control of the quality of his product and their own corporate representative on the importance of the premium reputation of their products, Defendants did not produce any evidence that Plaintiffs' product is actually inferior such that Plaintiffs' use of a similar mark would tarnish the reputation of Defendants' mark.

50. Therefore, Plaintiffs' use of "Star Bock" or "Starbock" violates Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002) because this use dilutes Defendants' mark by blurring, but his use of the "Star Bock Beer" logo as set out in Exhibit 1 does not violate the statute.

51. The Court **GRANTS** Defendants' request for a permanent injunction against Plaintiffs' use of the mark "Starbock" or "Star Bock," except for his use of

"Star Bock Beer" as used in his logo presented in Plaintiffs' Exhibit 1 on beer sold in his Galveston bar (or any other local establishment Plaintiff may own or operate in the defined Galveston area) and on a reasonable amount of promotional items available exclusively at his bar. As Defendants have not asked for any money damages, none are granted.

52. The Court **DENIES** Plaintiffs' request for the Court to cancel Defendants' trademarks. This request is wholly unfounded in fact and law.

53. 15 U.S.C. § 1117(a) states that when a violation of 15 U.S.C. § 1125(a) has been found, the plaintiff is entitled, "subject to the principles of equity," to recover the costs of the action. The Court finds that the Parties litigated this matter in good faith, and therefore it would not be equitable to award costs to Defendants. Moreover, the Court considers the enormous economic disparity between the parties. Defendants conduct a world-wide, sophisticated and highly profitable beverage industry. Plaintiff, however ambitious, is a tiny bar operator who operates only part-time and on a shoestring. The bar is not his primary occupation and is run for almost avocational purposes. Moreover, due to the untimely and tragic death of his beloved wife, which occurred shortly after the trial of this matter, the bar is now closed indefinitely. Additionally, as discussed above, the Court concludes that his limited use of his logo as set out in Exhibit 1 does not infringe, dilute, or otherwise harm Defendants' mark.

54. Further, and because the Court finds that Plaintiffs' use of the words "Star Bock" and

“Starbock” alone violate numerous state and federal laws but that his primary logo, the “Star Bock Beer” logo with the “Born in Galveston” wording as shown in Plaintiff’s Exhibit 1, does not violate any trademark or unfair competition laws, the Court declines to award attorneys’ fees to either Party under the “exceptional case” standard set out in the statute. See 15 U.S.C. § 1117(a). Each Party is to bear its own taxable costs, expenses and attorney’s fees incurred herein to date.

55. To the extent any Finding of Fact constitutes a Conclusion of Law, it is adopted as such. To the extent any Conclusion of Law constitutes a Finding of Fact, it is adopted as such.

Contemporaneous with the entry of its Findings of Fact and Conclusions of Law, the Court will enter its Final Judgment as to all controversies existing herein.

**IT IS SO ORDERED.**

**DONE** this the 19th day of August, 2005, in Galveston, Texas.

/s/ Samuel B. Kent

Samuel B. Kent

United States District Judge