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TRADEMARK

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

ARTURO SANTANA GALLEGO

Petitioner,

v.

SANTANA'S GRILL, INC.

Registrant.

Cancellation No. 92043152
Registration No. 2,682,978

I hereby certify that this correspondence and all marked attachments are being deposited with the United States Postal Service as first-class mail in an envelope addressed to: Commissioner for Trademarks, 2900 Crystal Drive, Arlington, VA 22202-3514, on

April 30, 2004

(Date)

AnneMarie Kaiser
AnneMarie Kaiser

**REGISTRANT'S MOTION TO SUSPEND CANCELLATION PROCEEDING
PENDING THE OUTCOME OF ANOTHER PROCEEDING**

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



05-03-2004

U.S. Patent & TMO/TM Mail Rcpt Dt. #22

ATT: BOX TTAB NO FEE

Dear Sir:

Pursuant to 37 C.F.R. § 2.117(a) and T.B.M.P. § 510.02(a), Santana's Grill, Inc. ("Registrant"), hereby requests that the Trademark Trial and Appeal Board (the "Board") suspend the above-identified Cancellation proceeding pending the disposition of a related civil action filed by Registrant against Arturo Casteneda (dba Santana's Mexican Food), Arturo Santana Lee (dba Santana's Mexican Food) and Pedro Santana Lee (dba Santana's Mexican Food) (collectively referred to herein as "Defendants") on November 24, 2003 in the United States District Court for the Southern District of California (Civil Action No. 03-CV-2340 L (RBB) (the "Civil Action"). As discussed herein below, Petitioner is now also a named party to the Civil Action.

This motion is based on the following grounds:

1. The Civil Action involves issues in common with those before the Board;
2. The outcome of the Civil Action will be dispositive of this Cancellation proceeding;
3. The Civil Action also includes broader issues which may only be resolved by a federal court; and
4. Granting this suspension is likely to save the Petitioner and Registrant the expense associated with propounding and responding to discovery, taking testimony and preparing briefs, and it will also conserve the resources of the Board in the event that the outcome of the related Civil Action resolves some or all of the issues before the Board in the subject Cancellation proceeding.

In light of the reasons set forth above and the memorandum set forth below, Registrant requests that the Cancellation proceeding before the Board be suspended until final determination of the Civil Action.

I. CHRONOLOGY OF EVENTS

On February 4, 2003, U.S. Trademark Registration No. 2,682,978 for the mark SANTANA'S MEXICAN FOOD. . .ES MUY BUENO and Design, issued to Registrant ("the '978 registration"). The Registration issued with respect to restaurant services in International Class 42.

On June 20, 2003, Registrant sent to Defendants Arturo Castaneda and Arturo Santana Lee a letter asserting that Defendants' use of SANTANA'S MEXICAN FOOD and related marks may constitute trademark infringement and unfair competition under federal and state laws. The

letter requested that the Defendants cease and desist from all use of SANTANA'S MEXICAN FOOD and related marks.

On November 24, 2003, Registrant filed the Civil Action. A copy of the Complaint in the Civil Action is attached hereto as Exhibit A.

On March 26, 2004, Petitioner filed a Petition to Cancel against the '978 Registration. The Cancellation proceeding is based, in part, on the grounds that Registrant is not the owner of the registered mark and that the registration was obtained through fraud. The Cancellation proceeding against the '978 Registration was assigned Cancellation No. 92043152.

On March 31, 2004, Defendants filed their Answer to the Complaint and Counterclaims. A copy is attached hereto as Exhibit B.

On April 23, 2004, Registrant filed its Reply to the Counterclaims of Defendants in the pending Civil Action, naming Petitioner Arturo Santana Gallego as a Counterdefendant. A copy of the Reply and Counterclaims is attached hereto as Exhibit C. Thus, Petitioner is now a party to the pending Civil Action.

II. MEMORANDUM IN SUPPORT OF MOTION TO SUSPEND

As indicated above, in the Cancellation proceeding, Petitioner is requesting that the Board determine that validity of the '978 Registration. Similarly, Registrant, as plaintiff in the Civil Action, is requesting that the Court determine the respective rights of the parties to use and register the mark at issue in this proceeding. Consequently, it is clear that the outcome of the Civil Action will be dispositive of the issues raised in the Cancellation proceeding. This reason alone justifies suspension of the Cancellation proceeding. See The Other Telephone Co. v. Connecticut National Telephone Co., 181 U.S.P.Q. 125 (T.T.A.B. 1974), petition denied, 181 U.S.P.Q 779 (Comm'r 1974).

Moreover, to the extent that the Cancellation proceeding and the Civil Action share common issues, the decision of the Federal District Court is binding on the Board. The decision of the Board, however, is not binding on the Federal District Court. Consequently, it would be preferable to resolve the issues common to the Civil Action and the Cancellation proceeding in the Federal District Court first as this would conserve the time and resources of the parties and the Board. See Tokaido v. Honda Assoc. Inc., 179 U.S.P.Q. 861, 862 (T.T.A.B. 1973).

Furthermore, as some of the claims involved in the Civil Action are not within the jurisdiction of the Board, judicial economy strongly favors suspending the Cancellation proceeding pending resolution of the Civil Action. See Whopper-Burger, Inc. v. Burger King Corp., 171 U.S.P.Q. 805, 807 (T.T.A.B. 1971).

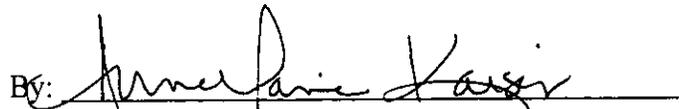
Section 510.02(a) of the Trademark Trial and Appeal Board Manual of Procedure provides that “[w]henver it comes to the attention of the Board that a party or the parties to a case pending before it are involved in a civil action which may have a bearing on the Board case, proceedings before the Board may be suspended until final determination of the civil action.” See also 37 C.F.R. § 2.117(a). The Civil Action will be dispositive of this Cancellation proceeding, as well as the broader disputes between the parties. Further, the outcome of the Civil Action will be binding on the Board. Thus, Applicant respectfully requests that the Board suspend the Cancellation proceeding pending resolution of the Civil Action.

Finally, pursuant to 37 C.F.R. § 2.120, in the event that the Board does not find in favor of suspending the Cancellation proceeding, Registrant respectfully requests that the Board reset the time period for Registrant to respond to the Notice of Cancellation, as well as the close of the discovery period and the testimony periods.

Respectfully submitted,

KNOBBE MARTENS OLSON & BEAR LLP

Dated: *April 30, 2004*

By: 

Frederick S. Berretta
Anne Marie Kaiser
550 West C Street, 12th Floor
San Diego, CA 92101
(619) 235-8550
Attorneys for Registrant
Santana's Grill, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the foregoing **REGISTRANT'S MOTION TO SUSPEND CANCELLATION PROCEEDING PENDING THE OUTCOME OF ANOTHER PROCEEDING** upon Petitioner's counsel by depositing one copy thereof in the United States Mail, first-class postage prepaid, on April 30, 2004, addressed as follows:

George W. Finch
VAN ETEN SUZUMOTO & BECKET LLP
1620 26th Street, Suite 6000 North
Santa Monica, CA 90404


AnneMarie Kaiser

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CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

1 Frederick S. Berretta (State Bar No. 144,757)
2 KNOBBE, MARTENS, OLSON & BEAR, LLP
3 550 West C Street
4 Suite 1200
5 San Diego, CA 92101
6 (619) 235-8550
7 (619) 235-0176 (FAX)

BY: DEPUTY

8 Attorneys for Plaintiff
9 SANTANA'S GRILL INC.

10 IN THE UNITED STATES DISTRICT COURT
11 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

12 SANTANA'S GRILL INC.,
13 a California Corporation,

14 Plaintiff,

15 v.

16 ARTURO CASTANEDA (dba
17 Santana's Mexican Food), ARTURO
18 SANTANA LEE (dba Santana's Mexican
19 Grill) and PEDRO SANTANA LEE (dba
20 Santana's Mexican Food),

Defendants.

Civil Action No.:

'03 CV 2340

L (RBB)

COMPLAINT FOR:

- (1) INFRINGEMENT OF U.S. TRADEMARK REGISTRATIONS;
- (2) FALSE DESIGNATION OF ORIGIN UNDER FEDERAL LAW;
- (3) TRADEMARK INFRINGEMENT UNDER CALIFORNIA LAW;
- (4) UNFAIR COMPETITION UNDER CALIFORNIA LAW;
- AND
- (5) TRADE NAME INFRINGEMENT UNDER CALIFORNIA LAW

DEMAND FOR JURY TRIAL

21 Plaintiff SANTANA'S GRILL INC. ("Santana's Grill" or "Plaintiff") hereby
22 complains of Defendants ARTURO CASTANEDA, ARTURO SANTANA LEE, and
23 PEDRO SANTANA LEE and alleges as follows:

24 JURISDICTION AND VENUE

25 1. This is an action for trademark infringement and false designation of origin
26 and arises under the trademark laws of the United States, more particularly the Lanham Act,
27 15 U.S.C. § 1051, *et seq.* This is also an action under California Law for trademark
28 infringement arising under California Business & Professions Code §§ 14335, *et seq.*, unfair

1 competition arising under California Business & Professions Code §§ 17200, *et seq.*, and
2 trade name infringement under California Business & Professions Code §§ 14402, *et seq.*

3 2. This Court has original subject matter jurisdiction over the federal claims
4 under 28 U.S.C. §§ 1331 and 1338 and has supplemental jurisdiction over the state law
5 claims under 28 U.S.C. § 1367.

6 3. Venue is proper in this judicial district under 28 U.S.C. § 1391.

7 **THE PARTIES**

8 4. Santana's Grill is a California Corporation having a principal place of business
9 at 5852 Box Canyon Road, La Jolla, CA 92037 and operating restaurants either directly or
10 through licensees under the name "Santana's Mexican Grill" at 1525 Morena Boulevard, San
11 Diego, CA 92110; 1480 Rosecrans Street, San Diego, CA 92106; 580 South Pacific Street,
12 San Marcos, CA 92069; 3742 Midway Drive, San Diego, CA 92110; and 719 West
13 Washington Street, San Diego, CA 92103. In addition, Santana's Grill may be opening
14 additional restaurants in the foreseeable future.

15 5. Plaintiff is informed and believes, and thereon alleges, that Defendant Arturo
16 Castaneda is an individual residing in San Diego County and operates restaurants located at
17 56547 29 Palms Highway, Yucca Valley, CA 92284 and 73680 Sun Valley Dr., Twentynine
18 Palms, CA 92277 and may be planning to open additional restaurants in the foreseeable
19 future.

20 6. Plaintiff is informed and believes, and thereon alleges, that Defendant Arturo
21 Santana Lee is an individual residing in San Diego County and operates restaurants at 411
22 Broadway, El Cajon, CA 92021 and 9824 Campo Road, Spring Valley, CA 91977 and may
23 be planning to open additional restaurants in the foreseeable future.

24 7. Plaintiff is informed and believes, and thereon alleges, that Defendant Pedro
25 Santana Lee is an individual residing in San Diego County and currently operates, or will in
26 the future operate, a restaurant at 5330 El Cajon Boulevard, San Diego, CA 92115.

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1 GENERAL ALLEGATIONS

2 8. Santana's Grill is the owner of three trademark registrations relating to its
3 restaurant business: U.S. Registration No. 2,631,458 for SANTANA'S MEXICAN
4 FOOD...ES MUY BUENO, U.S. Registration No. 2,682,978 for SANTANA'S MEXICAN
5 FOOD and design, and U.S. Registration No. 2,634,976 for SANTANA'S MEXICAN
6 GRILL. The registrations are attached hereto as Exhibits A, B, and C respectively.

7 9. Santana's Grill has used the mark SANTANA'S MEXICAN FOOD...ES
8 MUY BUENO since 1991, the mark SANTANA'S MEXICAN FOOD and design since
9 1993, and the mark SANTANA'S MEXICAN GRILL since 1997 (note that the use date on
10 U.S. Registration No. 2,682,978 is erroneously listed as 1988 and is being corrected to
11 conform with the facts as herein alleged). Santana's Grill has used the Santana's Mexican
12 Grill trade name since 1997.

13 10. In using its marks and trade name, Santana's Grill has spent significant
14 amounts of money in advertising and marketing efforts to promote its restaurant services
15 associated with its trademarks and trade name.

16 11. Plaintiff is informed and believes, and thereon alleges, that sometime in 1997
17 or 1998, in connection with the above-noted restaurants and without the permission of
18 Santana's Grill, Defendant Arturo Castaneda began using Santana's Grill's trade name and
19 registered mark SANTANA'S MEXICAN GRILL and marks and designs identical or
20 virtually identical to Santana's Grill's registered marks SANTANA'S MEXICAN
21 FOOD...ES MUY BUENO and SANTANA'S MEXICAN FOOD and design. Plaintiff is
22 informed and believes, and thereon alleges, that the overall impression created by Defendant
23 Arturo Castaneda's use of "Santana's Mexican Food," "Santana's Mexican Grill," "Santana's
24 Mexican Grill...Es muy bueno," "Santana's Mexican Food...Es muy bueno" both standing
25 alone and along with the design associated with Santana's Grill's marks leads consumers to
26 believe that Castaneda's restaurants are owned, operated or affiliated with Santana's Grill
27 thereby causing confusion and deception in the market.

28 ///

1 12. Plaintiff is informed and believes, and thereon alleges that Defendant Arturo
2 Castaneda, in doing the above-alleged acts, has acted deliberately, willfully, and in bad faith
3 in order to trade on the goodwill of Santana's Grill and deceive consumers, thereby willfully
4 injuring the trademark rights of Santana's Grill.

5 13. Sometime in 1997 Plaintiff entered into an oral agreement with Defendant
6 Arturo Santana Lee that permitted him to open the restaurant at 411 Broadway, El Cajon, CA
7 92021 and granted him a limited license to use Santana's Grill's trademarks and trade name
8 only at that location and only so long as Defendant Arturo Santana Lee operated his
9 restaurant in substantially the same manner and with the same menu choices, quality and
10 appearance as that of the restaurants operated by Santana's Grill. In connection with this oral
11 agreement, Plaintiff arranged for and signed the lease for the restaurant at 411 Broadway,
12 provided insurance for the facility, and aided the set-up and start of the restaurant.

13 14. Plaintiff is informed and believes, and thereon alleges, that sometime in 1998
14 Defendant Arturo Santana Lee ceased operating his restaurant in substantially the same
15 manner as the restaurants operated by Santana's Grill, yet continued to use, in connection
16 with the above-noted restaurants and without the permission of Santana's Grill, its registered
17 mark and trade name SANTANA'S MEXICAN GRILL and marks identical or virtually
18 identical to Santana's Grill's registered marks SANTANA'S MEXICAN FOOD...ES MUY
19 BUENO and SANTANA'S MEXICAN FOOD and design. Plaintiff is informed and
20 believes, and thereon alleges that the overall impression created by Defendant Arturo Santana
21 Lee's use of "Santana's Mexican Food," "Santana's Mexican Grill," "Santana's Mexican
22 Grill...Es muy bueno," "Santana's Mexican Food...Es muy bueno" both standing alone and
23 along with the design associated with Santana's Grill's marks leads consumers to believe that
24 Santana Lee's restaurants are owned, operated or affiliated with Santana's Grill thereby
25 causing confusion and deception in the market.

26 15. Plaintiff is informed and believes, and thereon alleges, that sometime in 2002
27 Defendant Arturo Santana Lee opened a restaurant at 9824 Campo Road, Spring Valley, CA
28 91977 and began to use, in connection with the above-noted restaurant and without the

1 permission of Santana's Grill, its trade name and registered mark SANTANA'S MEXICAN
2 GRILL and marks identical or virtually identical to Santana's Grill's registered marks
3 SANTANA'S MEXICAN FOOD...ES MUY BUENO and SANTANA'S MEXICAN FOOD
4 and design. Plaintiff is informed and believes, and thereon alleges, that the overall
5 impression created by Defendant Arturo Santana Lee's use of "Santana's Mexican Food,"
6 "Santana's Mexican Grill," "Santana's Mexican Grill...Es muy bueno," "Santana's Mexican
7 Food...Es muy bueno" both standing alone and along with the design associated with
8 Santana's Grill's marks leads consumers to believe that Santana Lee's restaurants are owned,
9 operated or affiliated with Santana's Grill thereby causing confusion and deception in the
10 market.

11 16. Plaintiff is informed and believes, and thereon alleges that, Defendant Arturo
12 Santana Lee, in doing the above-alleged acts, has acted deliberately, willfully, and in bad
13 faith in order to trade on the goodwill of Santana's Grill and deceive consumers, thereby
14 willfully injuring the trademark rights of Santana's Grill.

15 17. Plaintiff is informed and believes, and thereon alleges, that sometime in 2003,
16 in connection with the above-noted restaurant and without the permission of Santana's Grill,
17 Defendant Pedro Santana Lee began, or will begin, using Santana's Grill's trade name and
18 registered mark SANTANA'S MEXICAN GRILL and marks and designs identical or
19 virtually identical to Santana's Grill's registered marks SANTANA'S MEXICAN
20 FOOD...ES MUY BUENO and SANTANA'S MEXICAN FOOD and design. Plaintiff is
21 informed and believes, and thereon alleges, that the overall impression created by Defendant
22 Pedro Santana Lee's use of "Santana's Mexican Food," "Santana's Mexican Grill,"
23 "Santana's Mexican Grill...Es muy bueno," "Santana's Mexican Food...Es muy bueno" both
24 standing alone and along with the design associated with Santana's Grill's marks leads
25 consumers to believe that Lee's restaurants are owned, operated or affiliated with Santana's
26 Grill thereby causing confusion and deception in the market.

27 18. Plaintiff is informed and believes, and thereon alleges that, Defendant Pedro
28 Santana Lee, in doing the above-alleged acts, has acted deliberately, willfully, and in bad

1 faith in order to trade on the goodwill of Santana's Grill and deceive consumers, thereby
2 willfully injuring the trademark rights of Santana's Grill.

3 **CLAIMS FOR RELIEF**

4 **I. FIRST CLAIM FOR RELIEF**

5 **[Infringement of Federally Registered Trademark Under 15 U.S.C. § 1114]**

6 19. Santana's Grill realleges and incorporates by reference the allegations of
7 Paragraphs 1 through 18, as fully set forth herein.

8 20. This is a claim for infringement of a federally registered trademark and arises
9 under the Lanham Act, 15 U.S.C. § 1114.

10 21. Santana's Grill is informed and believes, and thereupon alleges, that Arturo
11 Castaneda's, Arturo Santana Lee's and Pedro Santana Lee's past, present and future usage of
12 Santana's Grill's trademarks as complained of herein constitutes infringement of Santana's
13 Grill's trademark registrations and related rights under U.S. trademark laws. 15 U.S.C. §
14 1091, *et seq.*; and 15 U.S.C. § 1114.

15 22. Santana's Grill is informed and believes, and thereupon alleges, that such
16 infringement was and continues to be a deliberate and willful attempt to confuse consumers in
17 a manner constituting extraordinary, malicious, wanton, and oppressive conduct.

18 23. By reason of the above actions, Santana's Grill has suffered and will continue
19 to suffer irreparable injury to its rights and substantial loss of goodwill and reputation unless
20 and until Arturo Castaneda, Arturo Santana Lee and Pedro Santana Lee are restrained from
21 continuing their wrongful acts, and Santana's Grill has no adequate remedy at law.

22 24. By reason of the above actions, Santana's Grill has suffered monetary
23 damages in an amount to be determined at trial.

24 25. By reason of the above actions, Santana's Grill is entitled to the full range of
25 relief under the provisions of the Lanham Act and the U.S. Laws relating to trademarks and
26 unfair competition, including preliminary and permanent injunctive relief. 15 U.S.C. §§
27 1116-1118.

28 *///*

1 **II. SECOND CLAIM FOR RELIEF**

2 **[Unfair Competition and False Designation of Origin Under 15 U.S.C. § 1125(a)]**

3 26. Santana's Grill realleges and incorporates by reference the allegations of
4 Paragraphs 1 through 25 as fully set forth herein.

5 27. This is a claim for unfair competition and false designation of origin and arises
6 under the Lanham Act, 15 U.S.C. § 1125(a).

7 28. The trademarks used by Santana's Grill for its restaurant services are
8 designations of origin, identify Santana's Grill as the exclusive source of its services, and
9 distinguishes its services in the marketplace.

10 29. By using Santana's Grill's trademarks in connection with their restaurant
11 services, Arturo Castaneda, Arturo Santana Lee and Pedro Santana Lee have falsely
12 designated the origin of their goods, in violation of 15 U.S.C. § 1125(a).

13 30. Santana's Grill is informed and believes, and thereupon alleges, that such false
14 designation of origin was and continues to be a deliberate and willful attempt to deceive as to
15 the association, sponsorship, endorsement or origin of the restaurant services provided by
16 Arturo Castaneda, Arturo Santana Lee and Pedro Santana Lee in a manner constituting
17 extraordinary, malicious, wanton, and oppressive conduct.

18 31. By reason of the above actions, Santana's Grill has suffered and will continue
19 to suffer irreparable injury to its rights and substantial loss of goodwill and reputation unless
20 and until Arturo Castaneda, Arturo Santana Lee and Pedro Santana Lee are restrained from
21 continuing their wrongful acts, and Santana's Grill has no adequate remedy at law.

22 32. By reason of the above actions, Santana's Grill has suffered monetary
23 damages in an amount to be determined at trial.

24 33. By reason of the above actions, Santana's Grill is entitled to the full range of
25 relief under the provisions of the Lanham Act and the U.S. Laws relating to trademarks and
26 unfair competition, including preliminary and permanent injunctive relief. 15 U.S.C. §§
27 1116-1118.

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1 **III. THIRD CLAIM FOR RELIEF**

2 **[Trademark Infringement Under California Law]**

3 34. Santana's Grill realleges and incorporates by reference the allegations of
4 Paragraphs 1 through 33 as fully set forth herein.

5 35. This is a claim for trademark infringement and arises under California
6 Business and Professions Code § 14335, *et seq.*, and California common law.

7 36. Santana's Grill is informed and believes, and thereupon alleges, that Arturo
8 Castaneda's, Arturo Santana Lee's and Pedro Santana Lee's past, present and future usage of
9 Santana's Grill's registered trademarks as herein alleged, constitutes infringement of
10 Santana's Grill's registered trademark rights protectible against unauthorized use and
11 infringement under the common law and statutes of the state of California, particularly under
12 California Business and Professions Code § 14335, *et seq.*

13 37. By reason of the above actions, Santana's Grill has suffered and will continue
14 to suffer irreparable injury to its rights and substantial loss of goodwill and reputation unless
15 and until Arturo Castaneda, Arturo Santana Lee and Pedro Santana Lee are restrained from
16 continuing their wrongful acts, and Santana's Grill has no adequate remedy at law.

17 38. By reason of the above actions, Santana's Grill has suffered monetary
18 damages in an amount to be determined at trial.

19 39. By reason of the above actions, Santana's Grill is entitled to preliminary and
20 permanent injunctive relief, an accounting of Arturo Castaneda's, Arturo Santana Lee's and
21 Pedro Santana Lee's profits, compensatory damages, and exemplary damages under
22 California Common Law.

23 **IV. FOURTH CLAIM FOR RELIEF**

24 **[Unfair Competition Under California Law]**

25 40. Santana's Grill realleges and incorporates by reference the allegations of
26 Paragraphs 1 through 39 as fully set forth herein.

27 41. This is a claim for unfair competition and arises under California Business and
28 Professions Code § 17200, *et seq.*, and California common law.

1 42. Santana's Grill is informed and believes, and thereupon alleges, that Arturo
2 Castaneda's, Arturo Santana Lee's and Pedro Santana Lee's behavior, as described above,
3 constitutes unfair competition under the common law and statutes of the State of California,
4 particularly under California Business and Professions Code § 17200, *et seq.*

5 43. By reason of the above actions, Santana's Grill has suffered and will continue
6 to suffer irreparable injury to its rights and substantial loss of goodwill and reputation unless
7 and until Arturo Castaneda, Arturo Santana Lee and Pedro Santana Lee are restrained from
8 continuing their wrongful acts, and Santana's Grill has no adequate remedy at law.

9 44. By reason of the above actions, Santana's Grill has suffered monetary
10 damages in an amount to be determined at trial.

11 45. Santana's Grill is informed and believes, and thereupon alleges, that Arturo
12 Castaneda's, Arturo Santana Lee's and Pedro Santana Lee's unlawful acts were motivated by
13 oppression, fraud, and malice, for which Santana's Grill is entitled to an award of exemplary
14 damages under California Civil Code § 3294.

15 **V. FIFTH CLAIM FOR RELIEF**

16 **[Trade Name Infringement Under California Law]**

17 46. Santana's Grill realleges and incorporates by reference the allegations of
18 Paragraphs 1 through 45 as fully set forth herein.

19 47. This is a claim for trade name infringement and arises under California
20 Business and Professions Code § 14402, *et seq.*, and California common law.

21 48. Santana's Grill has been using its trade name "Santana's Mexican Grill" since
22 1998 in the restaurant services business.

23 49. Santana's Grill is informed and believes, and thereupon alleges, that Arturo
24 Castaneda's, Arturo Santana Lee's and Pedro Santana Lee's past, present and future usage of
25 Santana's Grill's trade name constitutes infringement of Santana's Grill's trade name under
26 the common law and statutes of the state of California, particularly under California Business
27 and Professions Code § 14402, *et seq.*

28 ///

1 2) An Order declaring that Defendants, their officers, directors, owners, partners,
2 employees, servants, and agents, and all those in active concert and participation with
3 Defendants, be enjoined and restrained, during the pendency of this action and permanently
4 thereafter from violating Plaintiff's rights by way of:

5 a) Using any name, mark or designation, for or in connection with
6 advertising, marketing, promoting, selling and/or distributing of any of Defendants'
7 products or services, which is likely to cause confusion, mistake, or deception with
8 respect to Plaintiff's trademarks.

9 b) Practicing unfair competition, unfair trade practices, false designation
10 of origin, trademark dilution, false advertising, or misappropriation against Plaintiff.

11 c) Practicing any conduct aimed at or likely to result in diverting business
12 intended for Plaintiff or injuring Plaintiff's goodwill and business reputation by way
13 of imitation, misrepresentation, false statements, advertising, fraud and/or deception.

14 3) An Order declaring that Defendants be directed to file with this Court and
15 serve on Plaintiff within thirty (30) days after the service of any injunction(s) a report in
16 writing under oath, setting forth in detail the manner in which each of the Defendants have
17 complied with the aforementioned injunction(s).

18 4) A binding Declaration from this Court stating the legal rights and duties of the
19 respective parties and Ordering that:

20 a) Plaintiff is the rightful and exclusive owner of its trademarks and trade
21 name that bear all the rights and privileges accorded distinctive trademarks.

22 b) Defendants do not have any trademark rights in Plaintiff's trademarks
23 or trade name.

24 c) Defendants have a duty to avoid using any trademark or trade name in
25 connection with their business that is likely to cause confusion in the marketplace,
26 injury to Plaintiff's business reputation, or dilution of the distinctive quality of
27 Plaintiff's trademarks.

28 ///

1 d) Defendants' trademark infringement, false designation of origin, and
2 trade name infringement be determined to be deliberate and willful.

3 e) Plaintiff is entitled to an accounting for all profits of Defendants
4 derived by them by reason of the wrongful acts complained of in this Complaint.

5 f) Plaintiff is entitled to general and special money damages suffered by
6 Plaintiff in an amount to be determined at trial, and treble damages under 15 U.S.C.
7 § 1117.

8 g) A constructive trust be imposed on all revenue, income and things of
9 value derived by Defendants in the marketing and selling of services and/or goods
10 using the infringing marks or designations.

11 h) Plaintiff is entitled to exemplary damages under California Civil Code
12 § 3294 for Defendants' oppressive, fraudulent and malicious use of Plaintiff's
13 trademarks and trade name.

14 i) Plaintiff is entitled to reasonable attorney's fees under 15 U.S.C. §
15 1117 and/or under California statutes or common law.

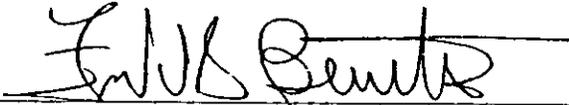
16 j) Plaintiff is entitled to prejudgment and post-judgment interest and costs
17 of this action.

18 k) Plaintiff is entitled to all other injunctive and monetary relief that the
19 Court deems is required by justice.

20
21 Respectfully submitted,

22 KNOBBE, MARTENS, OLSON & BEAR, LLP

23
24 Dated: November 24, 2003

By: 

Frederick S. Berretta

25
26 Attorneys for Plaintiff
SANTANA'S GRILL INC.

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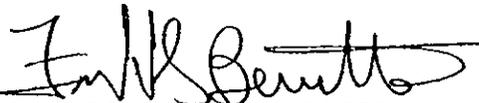
DEMAND FOR JURY TRIAL

Plaintiff hereby demands a jury trial as to all issues triable by jury.

Respectfully submitted,

KNOBBE, MARTENS, OLSON & BEAR, LLP

Dated: November 24, 2003

By: 
Frederick S. Berretta

Attorneys for Plaintiff
SANTANA'S GRILL INC.

S:\DOCS\MZGMZG-1003.DOC

Int. Cl.: 42

Prior U.S. Cls.: 100 and 101

United States Patent and Trademark Office

Reg. No. 2,631,458

Registered Oct. 8, 2002

**SERVICE MARK
PRINCIPAL REGISTER**

SANTANA'S MEXICAN FOOD...ES MUY BUENO

SANTANA'S GRILL, INC. (CALIFORNIA COR-
PORATION)
2067 CECELIA TERRACE
SAN DIEGO, CA 92110

FOR: RESTAURANT SERVICES, IN CLASS 42
(U.S. CLS. 100 AND 101).

FIRST USE 0-0-1988; IN COMMERCE 0-0-1988.

NO CLAIM IS MADE TO THE EXCLUSIVE
RIGHT TO USE "MEXICAN FOOD", APART FROM
THE MARK AS SHOWN.

THE ENGLISH TRANSLATION OF "ES MUY
BUENO" IS "IT'S VERY GOOD".

SER. NO. 76-345,538, FILED 12-5-2001.

SHAVELL MCPHERSON, EXAMINING ATTORNEY

Int. Cl.: 42

Prior U.S. Cls.: 100 and 101

United States Patent and Trademark Office

Reg. No. 2,682,978

Registered Feb. 4, 2003

**SERVICE MARK
PRINCIPAL REGISTER**



... Es Muy Bueno

HOME OF FAMOUS
CALIFORNIA
BURRITO

SANTANA'S GRILL, INC. (CALIFORNIA CORPORATION)
2067 CECELIA TERRACE
SAN DIEGO, CA 92110

"CALIFORNIA BURRITO", APART FROM THE MARK AS SHOWN.

FOR: RESTAURANT SERVICES, IN CLASS 42 (U.S. CLS. 100 AND 101).

THE ENGLISH TRANSLATION OF "ES MUY BUENO" IS "IT'S VERY GOOD".

FIRST USE 0-0-1988; IN COMMERCE 0-0-1988.

SER. NO. 76-345,542, FILED 12-5-2001.

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "MEXICAN FOOD" AND "CALI-

JEFFERY COWARD, EXAMINING ATTORNEY

Int. Cl.: 42

Prior U.S. Cls.: 100 and 101

United States Patent and Trademark Office

Reg. No. 2,634,976

Registered Oct. 15, 2002

**SERVICE MARK
PRINCIPAL REGISTER**

SANTANA'S MEXICAN GRILL

SANTANA'S GRILL, INC. (CALIFORNIA CORPORATION)
2067 CECELIA TERRACE
SAN DIEGO, CA 92110

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "MEXICAN GRILL", APART FROM THE MARK AS SHOWN.

FOR: RESTAURANT SERVICES, IN CLASS 42 (U.S. CLS. 100 AND 101).

SER. NO. 76-345,537, FILED 12-5-2001.

FIRST USE 7-0-1998; IN COMMERCE 7-0-1998.

SHAVELL MCPHERSON, EXAMINING ATTORNEY

1 VAN ET TEN SUZUMOTO & BECKET LLP
DANIEL L. GOODKIN #131347
2 GEORGE FINCH #47784
M. CRIS ARMENTA #177403
3 1620 26th Street, Suite 6000 North
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5 Attorneys for Arturo Castañeda,
6 Arturo Santana Lee, Pedro Santana Lee,
and Santana Mexican Grill, Inc.
7

8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA
10

11 SANTANA'S GRILL, INC., a California
Corporation,

12 Plaintiff,

13 vs.

14 ARTURO CASTANEDA (dba Santana's
15 Mexican Food), ARTURO SANTANA LEE
(dba Santana's Mexican Grill), and PEDRO
16 SANTANA LEE (dba Santana's Mexican
Food),

17 Defendants.
18

19 ARTURO CASTANEDA, an individual;
ARTURO SANTANA LEE, an individual;
20 PEDRO SANTANA LEE; an individual;
SANTANA MEXICAN GRILL, INC., a
California corporation,

21 Counterclaimants,
22

23 vs.

24 SANTANA'S GRILL, INC., a California
corporation; and CLAUDIA SANTANA
VALLARTA, an individual.
25

26 Counterdefendants.
27
28

CASE NO. 03 CV 2340 L (RBB)

Dept. Courtroom 14, Fifth Floor

**ANSWER OF DEFENDANTS ARTURO
CASTAÑEDA, ARTURO SANTANA LEE,
AND PEDRO SANTANA LEE TO
COMPLAINT, AND COUNTERCLAIMS
OF ARTURO CASTAÑEDA, ARTURO
SANTANA LEE, PEDRO SANTANA LEE
AND SANTANA MEXICAN GRILL, INC.**

Demand for Jury Trial

Discovery Cutoff: TBA
Motion Cutoff: TBA
Trial Date: TBA

1
2 **ANSWER**

3 Defendants ARTURO CASTAÑEDA, ARTURO SANTANA LEE, and PEDRO
4 SANTANA LEE ("Defendants") hereby answer the Complaint of SANTANA'S GRILL, INC.
5 ("Plaintiff") as follows:

6 **JURISDICTION AND VENUE**

7 1. Defendants admit that Plaintiff purports to bring causes of action under the
8 Lanham Act and under California trademark and unfair competition laws. Except as expressly
9 admitted, Defendants deny each and every allegation of Paragraph 1 of the Complaint.

10 2. Defendants admit that Plaintiff purports to invoke the jurisdiction of the Court
11 under 28 U.S.C. §§ 1331 and 1338 and the supplemental jurisdiction of the Court for state law
12 claims. Except as expressly admitted, Defendants deny each and every allegation of Paragraph 2
13 of the Complaint.

14 3. Defendants admit that Plaintiff purports that venue is proper within the
15 Southern District of California pursuant to 28 U.S.C. § 1391. Except as expressly admitted,
16 Defendants deny each and every allegation in Paragraph 3 of the Complaint.

17 **THE PARTIES**

18 4. Defendants lack sufficient knowledge or information to form a belief as to the
19 truth of the allegations set forth in Paragraph 4 of the Complaint, and on that ground Defendants
20 deny each and every allegation in Paragraph 4 of the Complaint.

21 5. Defendants deny that Arturo Castañeda is an individual residing in San
22 Bernardino County and operates restaurants located at 56547 29 Palms Highway, Yucca Valley,
23 California and 73680 Sun Valley Drive, Twentynine Palms, California 92277. Except as
24 expressly admitted, Defendants deny each and every allegation of Paragraph 5 of the Complaint.

25 6. Defendants deny that Arturo Santana Lee is an individual residing in San
26 Diego County, but admit that he operates restaurants at 411 Broadway, El Cajon, California
27 92021, and 9824 Campo Road, Spring Valley, California. Except as expressly admitted,
28 Defendants deny each and every allegation of Paragraph 6 of the Complaint.

1 33. Defendants deny each and every allegation contained in Paragraph 32 of the
2 Complaint.

3 **THIRD CLAIM FOR RELIEF**

4 **[Unfair Competition and False Designation of Origin]**

5 34. Defendants repeat and reallege the answers in Paragraphs 1 through 33 above
6 as if fully set forth in this paragraph. Except as expressly admitted in Paragraphs 1 through 33
7 above, Defendants deny each and every allegation in Paragraphs 1 through 33 of the Complaint.

8 35. Defendants deny each and every allegation contained in Paragraph 35 of the
9 Complaint.

10 36. Defendants deny each and every allegation contained in Paragraph 36 of the
11 Complaint.

12 37. Defendants deny each and every allegation contained in Paragraph 37 of the
13 Complaint.

14 38. Defendants deny each and every allegation contained in Paragraph 38 of the
15 Complaint.

16 39. Defendants deny each and every allegation contained in Paragraph 39 of the
17 Complaint.

18 **FOURTH CLAIM FOR RELIEF**

19 **[Unfair Competition Under California Law]**

20 40. Defendants repeat and reallege the answers in Paragraphs 1 through 39 above
21 as if fully set forth in this paragraph. Except as expressly admitted in Paragraphs 1 through 39
22 above, Defendants deny each and every allegation in Paragraphs 1 through 39 of the Complaint.

23 41. Defendants deny each and every allegation contained in Paragraph 41 of the
24 Complaint.

25 42. Defendants deny each and every allegation contained in Paragraph 42 of the
26 Complaint.

27 43. Defendants deny each and every allegation contained in Paragraph 43 of the
28 Complaint.

1 44. Defendants deny each and every allegation contained in Paragraph 44 of the
2 Complaint.

3 45. Defendants deny each and every allegation contained in Paragraph 45 of the
4 Complaint.

5 **FIFTH CLAIM FOR RELIEF**

6 **[Trade Name Infringement Under California Law]**

7 46. Defendants repeat and reallege the answers in Paragraphs 1 through 45 above
8 as if fully set forth in this paragraph. Except as expressly admitted in Paragraphs 1 through 45
9 above, Defendants deny each and every allegation in Paragraphs 1 through 45 of the Complaint.

10 47. Defendants deny each and every allegation contained in Paragraph 47 of the
11 Complaint.

12 48. Defendants deny each and every allegation contained in Paragraph 48 of the
13 Complaint.

14 49. Defendants deny each and every allegation contained in Paragraph 49 of the
15 Complaint.

16 50. Defendants deny each and every allegation contained in Paragraph 50 of the
17 Complaint.

18 51. Defendants deny each and every allegation contained in Paragraph 51 of the
19 Complaint.

20 52. Defendants deny each and every allegation contained in Paragraph 52 of the
21 Complaint.

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1 **TENTH AFFIRMATIVE DEFENSE**

2 **[No Likelihood of Confusion]**

3 65. Defendants' use of the marks presents no likelihood of confusion.

4 **ELEVENTH AFFIRMATIVE DEFENSE**

5 **[Generic Marks]**

6 66. The words or symbols used by the Defendants describe the products or services
7 offered by Defendants, rather than distinguishing between competing versions of the products or
8 services.

9 **TWELFTH AFFIRMATIVE DEFENSE**

10 **[Laches]**

11 67. Each of the purported claims set forth in the Complaint is barred in whole or in part
12 by the doctrine of laches.

13 **THIRTEENTH AFFIRMATIVE DEFENSE**

14 68. Each of the purported claims set forth in the Complaint is barred in whole or in part
15 by the doctrine of unclean hands.

16 **FOURTEENTH AFFIRMATIVE DEFENSE**

17 69. Each of the purported claims set forth in the Complaint is barred in whole or in part
18 by the doctrines of waiver or estoppel.

19 **COUNTERCLAIMS**

20 **JURISDICTION**

21 1. Counterclaimants Arturo Castañeda, Arturo Santana Lee, Pedro Santana Lee, and
22 Santana Mexican Grill, Inc. seek cancellation Plaintiff's federal trademark Registration No.
23 2,631,458, Registration No. 2,682,978, and Registration No. 2,634,976. Counterclaimants also
24 assert certain state law supplemental claims against Counterdefendants Santana's Grill, Inc. and
25 Claudia Vallarta Santana. Counterclaimants claims' arise under the trademark laws of the United
26 States. Original jurisdiction over such claims is conferred by 28 U.S.C. §§ 1331, 1338(a), and 15
27 U.S.C. §§ 1119, 1121, and supplemental jurisdiction over the state law claims is conferred by 28
28 U.S.C. § 1367.

1 VENUE

2 2. Counterclaimants are informed and believe, and based thereon allege, that the
3 principal place of business of counterdefendant Santana's Grill, Inc. is within the Southern District
4 of California, and that counterdefendant Claudia Vallarta Santana resides in the County of San
5 Diego. Venue therefore is proper in the Southern District of California under 28 U.S.C. § 1391(b).
6

7 PARTIES

8 3. Counterclaimant Arturo Castañeda is an individual residing within San Bernardino
9 County and is doing business as Santana's Mexican Food within San Bernardino County.

10 4. Counterclaimant Arturo Santana Lee is an individual residing within Mexico and is
11 doing business as Santana's Mexican Food within San Diego County.

12 5. Counterclaimant Pedro Santana Lee is an individual residing within the County of
13 San Diego.

14 6. Counterclaimant Santana Mexican Grill, Inc., is a California corporation, is
15 authorized to do business within the State of California, and has its principal place of business
16 within the County of San Diego.

17 FACTUAL BACKGROUND

18 7. In approximately December 1986, Arturo Santana Gallego began operating a
19 Mexican Restaurant located at 1480 Rosecrans Street, San Diego, California ("Point Loma
20 Restaurant"). By 1988, Arturo Santana Gallego had changed the name of the Point Loma
21 Restaurant to "Santana's Mexican Food." Also by 1988, Arturo Santana Gallego began using the
22 mark ES MUY BUENO in association with the SANTANA'S MEXICAN FOOD mark at the
23 Point Loma Restaurant and a second restaurant known as the Yucca Valley Restaurant. Arturo
24 Santana Gallego continued using these marks in connection with the Point Loma Restaurant until
25 1992, when he gave the restaurant to his son, Abelardo Santana Lee and his son's wife, Claudia
26 Vallarta Santana; and continued using them in connection with the Yucca Valley Restaurant until
27 he sold the Yucca Valley Restaurant in 1998 to Arturo Castañeda. In connection with the
28 transfers of his interests in the Point Loma Restaurant and of the Yucca Valley Restaurant, Arturo

1 Santana Gallego did not grant, give, transfer or assign anyone any exclusive right to use the marks,
2 "SANTANA'S MEXICAN FOOD", or "SANTANA'S MEXICAN FOOD . . . ES MUY BUENO."

3 8. Based on information and belief, Abelardo Santana Lee and Claudia Vallarta
4 Santana are the co-owners of the Plaintiff, Santana's Grill, Inc.

5 9. Defendants Arturo Santana Lee and Pedro Santana Lee are also sons of Arturo
6 Santana Gallego. Arturo Santana Lee opened a restaurant using the mark SANTANA'S
7 MEXICAN GRILL in 1997, located at 411 Broadway, El Cajon, California ("El Cajon
8 Restaurant"). In 2003, Defendant Arturo Santana Lee formed the California corporation, Santana
9 Mexican Grill, Inc.

10 10. Arturo Santana Gallego invented the "California Burrito," a burrito that included
11 potatoes and meat in order to address a market and economic need at the time of the invention;
12 Arturo Santana Gallego served the "California Burrito" first at the Yucca Valley Restaurant and
13 later at the Point Loma Restaurant.

14 11. In 1998, Arturo Santana Gallego entered into an agreement to sell Yucca Valley
15 Restaurant to defendant Arturo Castañeda, including the non-exclusive right to use the marks
16 SANTANA'S MEXICAN FOOD and SANTANA'S MEXICAN FOOD . . . ES MUY BUENO.
17 Mr. Castañeda was unaware of any purported claims of Abelardo Santana Lee, Claudia Vallarta
18 Santana, or Santana's Grill, Inc., to the exclusive right to use those marks when he purchased the
19 Yucca Valley Restaurant.

20 12. On or about December 5, 2001, Counterdefendant Santana's Grill, Inc., applied to
21 the USPTO for the registration of the following service marks:

22 SANTANA'S MEXICAN FOOD . . . ES MUY BUENO

23 SANTANA'S MEXICAN FOOD . . . ES MUY BUENO HOME OF FAMOUS
24 CALIFORNIA BURRITO (and design)

25 SANTANA'S MEXICAN GRILL

26 13. Based on information and belief, Counterdefendants Santana's Grill, Inc., and
27 Claudia Vallarta Santana submitted declarations to the USPTO that contained false representations
28 and omitted material facts. If the USPTO had been aware of the false representations or the

1 omitted material facts, the USPTO would not have granted Registration Nos. 2,631,458;
2 2,682,978; or 2,634,976. These material misstatements and omissions include:

3 a. Counterdefendants Santana's Grill, Inc., and Claudia Vallarta Santana claimed that
4 Santana's Grill, Inc. first used the words SANTANA'S MEXICAN FOOD on or before 1988,
5 however, Santana's Grill, Inc. was not in existence until ten years later, in 1998;

6 b. Counterdefendants Santana's Grill, Inc. and Claudia Vallarta Santana claimed that
7 "no other person, firm, corporation or association has the right to use the marks in commerce,"
8 knowing that such a claim was untrue;

9 c. Counterdefendants Santana's Mexican Grill, Inc. and Claudia Vallarta Santana
10 claimed, in a subsequent declaration, that the term SANTANA'S MEXICAN FOOD had been in
11 use since 1988, without disclosing USPTO that Arturo Santana Gallego and not
12 Counterdefendants had been using the mark since 1988.

13 d. Counterdefendants Santana's Mexican Grill, Inc. and Claudia Vallarta Santana
14 failed to advise the USPTO that the marks were not used in commerce, but that if deemed to have
15 been used in commerce, the first user of the marks SANTANA'S MEXICAN FOOD and
16 SANTANA'S MEXICAN FOOD . . . ES MUY BUENO was Arturo Santana Gallego, and the first
17 user of the mark SANTANA'S MEXICAN GRILL was Arturo Santana Lee.

18 **FIRST COUNTERCLAIM FOR RELIEF AGAINST PLAINTIFF**

19 **[Cancellation of Service Marks,**

20 **Pursuant to 15 U.S.C. § 1119**

21 **By Counter-Claimants Against Santana's Grill, Inc.]**

22 14. Counterclaimants reallege and incorporate herein each and every allegation of
23 paragraphs 1 through 14, inclusive, as if set forth in full herein.

24 15. On information and belief, Plaintiff's Registration Nos. 2,631,458 and 2,682, 978
25 and 2,634,976 should be cancelled on any of various grounds, including that they were obtained
26 by fraud (including false representations or material omissions) that resulted in the USPTO's
27 issuance of the registrations.

1 22. As a result, counterclaimant Santana's Mexican Grill is entitled to compensatory
2 damages, injunctive relief, an accounting, profits, and exemplary damages.

3 **FOURTH COUNTERCLAIM FOR RELIEF**

4 **[Violation of California's Unfair Competition Law**

5 **by Counterclaimants against Counterdefendant Santana's Grill, Inc.]**

6 23. Counterclaimants hereby incorporate by reference each and every allegation
7 contained in Paragraphs 1 through 23, inclusive, as if set forth in full herein.

8 24. Counterclaimant Santana Grill, Inc.'s actions, in procuring the registrations for the
9 marks by fraud, in using the identical term first used by the California corporation Santana's
10 Mexican Grill, Inc. in connection with its restaurant services, and in attempting to control and
11 damage the businesses of the Counterclaimants, have been unlawful, fraudulent and unfair, in
12 violation of Section 17200 of the California Business and Professions Code.

13 25. Defendants are entitled to an award of restitution, and to injunctive relief by an
14 order prohibiting such further unfair, unlawful and/or fraudulent conduct.

15 **FIFTH COUNTERCLAIM FOR RELIEF**

16 **[False Designation of Origin**

17 **15 U.S.C. § 1125**

18 **by Counterclaimants against Counterdefendant Santana's Grill, Inc.]**

19 26. Counterclaimants hereby incorporate by reference each and every allegation
20 contained in Paragraphs 1 through 25, inclusive, as if set forth in full herein.

21 27. Counterdefendant Santana's Grill, Inc. has used the term HOME OF FAMOUS
22 CALIFORNIA BURRITO and a combination of terms including that phrase and such is a false or
23 misleading description or fact, in violation of 15 U.S.C. §1125(a).

24 28. Counterdefendant Santana's Grill, Inc.'s use of the terms is likely to cause
25 confusion, to cause mistake or to deceive and constitutes a deliberate and unfair attempt to
26 deceive, in a manner constituting extraordinary, malicious, wanton, and oppressive conduct.

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- G. For an order of restitution on the Fourth Claim for Relief;
- H. For an order for injunctive relief on the Fourth and Fifth Claims for Relief;
- I. For an order of attorneys' fees on all claims for relief;
- J. For costs, on all claims for relief; and
- K. For such other relief as the Court deems appropriate.

DATED: March 31, 2004

VAN ETEN SUZUMOTO & BECKET LLP

By: 
M. Cris Armenta

Attorneys for Defendants Arturo Castañeda,
Arturo Santana Lee, Pedro Santana Lee, and for
Counterclaimants Arturo Castañeda, Arturo
Santana Lee, Pedro Santana Lee and Santana
Mexican Grill, Inc.

SERVICE LIST

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Frederick Beretta
Knobbe Martens Olson & Bear LLP
550 West C Street
Suite 1200
San Diego, CA 92101

COPY

FILED

04 APR 23 PM 1:52

CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

BY: DEPUTY

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Attorneys for Plaintiff/Counterdefendant/Counter-
Claimant, SANTANA'S GRILL INC., and
Counterdefendant, CLAUDIA VALLARTA SANTANA

9 IN THE UNITED STATES DISTRICT COURT
10 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

11 SANTANA'S GRILL, INC., a California
12 corporation,
13 Plaintiff,

14 v.

15 ARTURO CASTANEDA (dba Santana's Mexican
16 Food), ARTURO SANTANA LEE (dba Santana's
17 Mexican Grill), and PEDRO SANTANA LEE
18 (dba Santana's Mexican Food),
19 Defendants.

20 ARTURO CASTANEDA, ARTURO SANTANA
21 LEE, PEDRO SANTANA LEE, and SANTANA
22 MEXICAN GRILL, INC., a California
23 corporation,
24 Counterclaimants,

25 v.

26 SANTANA'S GRILL, INC., a California
27 corporation, and CLAUDIA VALLARTA
28 SANTANA, an individual,
Counterdefendants.

SANTANA'S GRILL, INC., a California
corporation,
Counterclaimant,

v.

SANTANA MEXICAN GRILL, INC., a
California corporation, and ARTURO SANTANA
GALLEGO,
Counterdefendants.

Case No.: 03 CV 2340 L (RBB)

SANTANA'S GRILL INC.'S
AND CLAUDIA VALLARTA
SANTANA'S REPLY TO
COUNTERCLAIMS OF
DEFENDANTS

SANTANA'S GRILL INC.'S
COUNTERCLAIMS AGAINST
SANTANA MEXICAN GRILL,
INC. AND ARTURO SANTANA
GALLEGO

DEMAND FOR JURY TRIAL

1 Plaintiff/Counterdefendant SANTANA's GRILL INC. and Counterdefendant
2 CLAUDIA VALLARTA SANTANA ("collectively referred to as "Counterdefendants"
3 unless individually referred to as "Santana's Grill" and/or "Vallarta Santana") hereby reply to
4 the Counterclaims of Defendants ARTURO CASTANEDA (dba Santana's Mexican Food),
5 ARTURO SANTANA LEE (dba Santana's Mexican Grill), and PEDRO SANTANA LEE
6 (dba Santana's Mexican Food), and Counterclaimant SANTANA MEXICAN GRILL, INC.
7 (collectively "Counterclaimants") as follows:

8 **JURISDICTION**

9 1. Counterdefendants admit that Counterclaimants purport to assert causes of
10 action under the trademark laws of the United States and the laws of California.
11 Counterdefendants admit this Court has jurisdiction over the subject matter of those claims
12 pursuant to 28 U.S.C. §§ 1331, 1338(a) and 15 U.S.C. §§ 1119, 1121, and supplemental
13 jurisdiction pursuant to 28 U.S.C. § 1367. Except as stated and admitted, Counterdefendants
14 deny the allegations of Paragraph 1 of Counterclaimants' Counterclaims.

15 **VENUE**

16 2. Counterdefendants admit the allegations of Paragraph 2 of Counterclaimants'
17 Counterclaims and that Venue is proper pursuant to 28 U.S.C. § 1391.

18 **PARTIES**

19 3. Counterdefendants admit that Counterclaimant Arturo Castaneda is an
20 individual doing business as Santana's Mexican Food within San Bernardino County. Except
21 as stated and admitted, Counterdefendants lack sufficient knowledge and information to
22 admit or deny the allegations of Paragraph 3, and on that basis denies the allegations of
23 Paragraph 3 of the Counterclaimants' Counterclaims.

24 4. Counterdefendants admit that Counterclaimant Arturo Santana Lee is an
25 individual doing business as Santana's Mexican Food within San Diego County. Except as
26 stated and admitted, Counterdefendants lacks sufficient knowledge and information to admit
27 or deny the allegations of Paragraph 4, and on that basis denies the allegations of Paragraph 4
28 of the Counterclaims.

1 the remaining allegations of Paragraph 11, and on that basis denies the remaining allegations
2 of Paragraph 11 of Counterclaimants' Counterclaims.

3 12. Counterdefendants admit the allegations of Paragraph 12 of Counterclaimants'
4 Counterclaims.

5 13. Counterdefendants deny the allegations of Paragraph 13, including subparts
6 (a)-(d), of Counterclaimants' Counterclaims.

7 **FIRST COUNTERCLAIM FOR RELIEF AGAINST PLAINTIFF**

8 **[Cancellation of Service Marks, Pursuant to 15 U.S.C. § 1119**

9 **By Counterclaimants Against Santana's Grill, Inc.]**

10 14. Santana's Grill realleges and incorporates by reference its responses to
11 Paragraphs 1-13 of Counterclaimants' Counterclaims, as if set forth in full herein.

12 15. Santana's Grill denies the allegations of Paragraph 15 of Counterclaimants'
13 Counterclaims.

14 **SECOND COUNTERCLAIM FOR RELIEF**

15 **[Civil Liability for False or Fraudulent Registration, 15 U.S.C. § 1120**

16 **By Counterclaimants Against Counterdefendants Santana's Grill, Inc.**

17 **And Claudia Vallarta Santana]**

18 16. Counterdefendants reallege and incorporate by reference their responses to
19 Paragraphs 1-15 of Counterclaimants' Counterclaims, as if set forth in full herein.

20 17. Counterdefendants deny the allegations of Paragraph 17 of Counterclaimants'
21 Counterclaims.

22 18. Counterdefendants deny the allegations of Paragraph 18 of Counterclaimants'
23 Counterclaims.

24 **THIRD COUNTERCLAIM FOR RELIEF**

25 **[Common Law Trademark Infringement, by Counterclaimant**

26 **Santana Mexican Grill, Inc. against Counterdefendant Santana's Grill, Inc.]**

27 19. Santana's Grill realleges and incorporates by reference its responses to
28 Paragraphs 1-18 of Counterclaimants' Counterclaims, as if set forth in full herein.

1 Ninth Affirmative Defense

2 38. Counterclaimants' claims are barred in whole or in part because they lack
3 standing to sue.

4 PRAYER FOR RELIEF

5 WHEREFORE Counterdefendants pray for judgment against Counterclaimants as
6 follows:

7 1) That this Court dismiss the Counterclaimants' Counterclaims with prejudice
8 and adjudge that the Counterclaimants are not entitled to the relief sought, or any other relief
9 on their Counterclaims;

10 2). That Counterdefendants be awarded their costs of suit; and

11 3) That the Court award Counterdefendants any further relief deemed
12 appropriate.

13 COUNTERCLAIMS OF SANTANA'S GRILL, INC.

14 Counterclaimant SANTANA'S GRILL INC. ("Counterclaimant Santana's Grill")
15 hereby complains of SANTANA MEXICAN GRILL, INC. and of ARTURO SANTANA
16 GALLEGO and alleges as follows:

17 JURISDICTION AND VENUE

18 1. This is an action for trademark infringement and false designation of origin
19 and arises under the trademark laws of the United States, more particularly the Lanham Act,
20 15 U.S.C. § 1051, *et seq.* This is also an action under California Law for trademark
21 infringement arising under California Business & Professions Code §§ 14335, *et seq.*, unfair
22 competition arising under California Business & Professions Code §§ 17200, *et seq.*, and
23 trade name infringement under California Business & Professions Code §§ 14402, *et seq.*

24 2. This Court has original subject matter jurisdiction over the federal claims
25 under 28 U.S.C. §§ 1331 and 1338 and has supplemental jurisdiction over the state law
26 claims under 28 U.S.C. § 1367. Declaratory relief is proper under 28 U.S.C. § 2201(a).

27 3. Venue is proper in this judicial district under 28 U.S.C. § 1391.

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THE PARTIES

4. Counterclaimant Santana's Grill is a California corporation having a principal place of business at 5852 Box Canyon Road, La Jolla, CA 92037 and operating restaurants either directly or through licensees under the name "Santana's Mexican Grill" at 1525 Morena Boulevard, San Diego, CA 92110; 1480 Rosecrans Street, San Diego, CA 92106; 580 South Pacific Street, San Marcos, CA 92069; 3742 Midway Drive, San Diego, CA 92110; and 719 West Washington Street, San Diego, CA 92103.

5. Counterclaimant Santana's Grill is informed and believes, and thereon alleges, that Santana Mexican Grill, Inc. is a California corporation having its principal place of business in San Diego County and that Santana Mexican Grill, Inc. operates restaurants at 411 Broadway, El Cajon, CA 92021 and 9824 Campo Road, Spring Valley, CA 91977 and may be planning to open additional restaurants in the foreseeable future.

6. Counterclaimant Santana's Grill is informed and believes, and thereon alleges, that Arturo Santana Gallego is an individual residing in San Diego County and a proper party to this action pursuant to Rule 13(h) of the Federal Rules of Civil Procedure.

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GENERAL ALLEGATIONS

7. Santana's Grill is the owner of three trademark registrations relating to its restaurant business: U.S. Registration No. 2,631,458 for SANTANA'S MEXICAN FOOD...ES MUY BUENO, U.S. Registration No. 2,682,978 for SANTANA'S MEXICAN FOOD and design, and U.S. Registration No. 2,634,976 for SANTANA'S MEXICAN GRILL.

8. Counterclaimant Santana's Grill has used the mark SANTANA'S MEXICAN FOOD...ES MUY BUENO since 1991 (but also receives the benefit of the use of the mark by its predecessor-in-interest since 1988), the mark SANTANA'S MEXICAN FOOD and design since 1993 (note that the use date on U.S. Registration No. 2,682,978 is erroneously listed as 1988 and has been corrected to conform with the facts as herein alleged), and the mark SANTANA'S MEXICAN GRILL since 1997. Counterclaimant Santana's Grill has used the Santana's Mexican Grill trade name since 1997.

1 9. In using its marks and trade name, Counterclaimant Santana's Grill has spent
2 significant amounts of money in advertising and marketing efforts to promote its restaurant
3 services associated with its trademarks and trade name.

4 10. Counterclaimant Santana's Grill is informed and believes, and thereon alleges,
5 that since its creation, Santana Mexican Grill, Inc. has used, in connection with the above-
6 noted restaurants and without the permission of Counterclaimant Santana's Grill, its
7 registered mark and trade name SANTANA'S MEXICAN GRILL and marks identical or
8 virtually identical to Counterclaimant Santana's Grill's registered marks SANTANA'S
9 MEXICAN FOOD...ES MUY BUENO and SANTANA'S MEXICAN FOOD and design.
10 Counterclaimant Santana's Grill is informed and believes, and thereon alleges that the overall
11 impression created by Santana Mexican Grill, Inc.'s use of "Santana's Mexican Food,"
12 "Santana's Mexican Grill," "Santana's Mexican Grill...Es muy bueno," "Santana's Mexican
13 Food...Es muy bueno" both standing alone and along with the design associated with
14 Counterclaimant Santana's Grill's marks leads consumers to believe that Santana Mexican
15 Grill, Inc.'s restaurants are owned, operated or affiliated with Counterclaimant Santana's
16 Grill thereby causing confusion and deception in the market.

17 11. Counterclaimant Santana's Grill is informed and believes, and thereon alleges
18 that, Santana Mexican Grill, Inc., in doing the above-alleged acts, has acted deliberately,
19 willfully, and in bad faith in order to trade on the goodwill of Counterclaimant Santana's Grill
20 and deceive consumers, thereby willfully injuring the trademark rights of Counterclaimant
21 Santana's Grill.

22 12. Counterclaimant Santana's Grill is informed and believes, and thereon alleges,
23 that Arturo Santana Gallego is claiming ownership rights in Counterclaimant Santana's
24 Grill's marks SANTANA'S MEXICAN FOOD and SANTANA'S MEXICAN FOOD...ES
25 MUY BUENO in petitions for cancellation filed with the United States Patent and Trademark
26 Office.

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1 **SECOND CLAIM FOR RELIEF**

2 **[Unfair Competition and False Designation of Origin Under 15 U.S.C. § 1125(a)**

3 **Against Santana Mexican Grill, Inc.]**

4 20. Counterclaimant Santana's Grill realleges and incorporates by reference the
5 allegations of Paragraphs 1 through 19 as fully set forth herein.

6 21. This is a claim for unfair competition and false designation of origin and arises
7 under the Lanham Act, 15 U.S.C. § 1125(a).

8 22. The trademarks used by Counterclaimant Santana's Grill for its restaurant
9 services are designations of origin, identify Counterclaimant Santana's Grill as the exclusive
10 source of its services, and distinguishes its services in the marketplace.

11 23. By using Counterclaimant Santana's Grill's trademarks in connection with its
12 restaurant services, Santana Mexican Grill, Inc. has falsely designated the origin of its goods
13 and services, in violation of 15 U.S.C. § 1125(a).

14 24. Counterclaimant Santana's Grill is informed and believes, and thereupon
15 alleges, that such false designation of origin was and continues to be a deliberate and willful
16 attempt to deceive as to the association, sponsorship, endorsement or origin of the restaurant
17 services provided by Santana Mexican Grill, Inc. in a manner constituting extraordinary,
18 malicious, wanton, and oppressive conduct.

19 25. By reason of the above actions, Counterclaimant Santana's Grill has suffered
20 and will continue to suffer irreparable injury to its rights and substantial loss of goodwill and
21 reputation unless and until Santana Mexican Grill, Inc. is restrained from continuing their
22 wrongful acts, and Counterclaimant Santana's Grill has no adequate remedy at law.

23 26. By reason of the above actions, Counterclaimant Santana's Grill has suffered
24 monetary damages in an amount to be determined at trial.

25 27. By reason of the above actions, Counterclaimant Santana's Grill is entitled to
26 the full range of relief under the provisions of the Lanham Act and the U.S. Laws relating to
27 trademarks and unfair competition, including preliminary and permanent injunctive relief. 15
28 U.S.C. §§ 1116-1118.

1) An Order declaring that:

a) Santana Mexican Grill, Inc.'s actions constitute infringement of Counterclaimant Santana's Grill's registered trademarks in violation of 15 U.S.C. § 1114.

b) Santana Mexican Grill, Inc.'s actions constitute false designation of origin, false description and false representation in violation of 15 U.S.C. § 1125(a).

c) Santana Mexican Grill, Inc.'s actions constitute trademark infringement under California law in violation of California Business and Professions Code § 14335, *et seq.*, and California common law.

d) Santana Mexican Grill, Inc.'s actions constitute unfair competition in violation of California Business and Professions Code § 17200, *et seq.*, and California common law.

e) Santana Mexican Grill, Inc.'s actions constitute trade name infringement under California law in violation of California Business & Professions Code § 14402, *et seq.*, and California common law.

2) An Order declaring that Santana Mexican Grill, Inc., its officers, directors, owners, partners, employees, servants, and agents, and all those in active concert and participation with them, be enjoined and restrained, during the pendency of this action and permanently thereafter from violating Counterclaimant Santana's Grill's rights by way of:

a) Using any name, mark or designation, for or in connection with advertising, marketing, promoting, selling and/or distributing of any of Counterdefendant Santana Mexican Grill, Inc.'s products or services, which is likely to cause confusion, mistake, or deception with respect to Counterclaimant Santana's Grill's trademarks.

b) Practicing unfair competition, unfair trade practices, false designation of origin, trademark dilution, false advertising, or misappropriation against Counterclaimant Santana's Grill.

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1 c) Practicing any conduct aimed at or likely to result in diverting business
2 intended for Counterclaimant Santana's Grill or injuring Counterclaimant Santana's
3 Grill's goodwill and business reputation by way of imitation, misrepresentation, false
4 statements, advertising, fraud and/or deception.

5 3) An Order declaring that Counterdefendant Santana Mexican Grill, Inc. be
6 directed to file with this Court and serve on Counterclaimant Santana's Grill within thirty
7 (30) days after the service of any injunction(s) a report in writing under oath, setting forth in
8 detail the manner in which Counterdefendant Santana Mexican Grill, Inc. has complied with
9 the aforementioned injunction(s).

10 4) A binding Declaration from this Court stating the legal rights and duties of the
11 respective parties and Ordering that:

12 a) Counterclaimant Santana's Grill is the rightful and exclusive owner of
13 its trademarks and trade name that bear all the rights and privileges accorded
14 distinctive trademarks.

15 b) Counterdefendants do not have any trademark rights in
16 Counterclaimant Santana's Grill's trademarks or trade name.

17 c) Counterdefendant Santana Mexican Grill, Inc. has a duty to avoid
18 using any trademark or trade name in connection with its business that is likely to
19 cause confusion in the marketplace, injury to Counterclaimant Santana's Grill's
20 business reputation, or dilution of the distinctive quality of Counterclaimant Santana's
21 Grill's trademarks.

22 d) Counterdefendant Santana Mexican Grill, Inc.'s trademark
23 infringement, false designation of origin, and trade name infringement be determined
24 to be deliberate and willful.

25 e) Counterclaimant Santana's Grill is entitled to an accounting for all
26 profits of Counterdefendant Santana Mexican Grill, Inc. derived by it by reason of the
27 wrongful acts complained of in this Counterclaim.

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1 f) Counterclaimant Santana's Grill is entitled to general and special
2 money damages suffered by Counterclaimant Santana's Grill in an amount to be
3 determined at trial, and treble damages under 15 U.S.C. § 1117.

4 g) A constructive trust be imposed on all revenue, income and things of
5 value derived by Counterdefendant Santana Mexican Grill, Inc. in the marketing and
6 selling of services and/or goods using the infringing marks or designations.

7 h) Counterclaimant Santana's Grill is entitled to exemplary damages
8 under California Civil Code § 3294 for Counterdefendant Santana Mexican Grill's,
9 Inc. oppressive, fraudulent and malicious use of Counterclaimant Santana's Grill's
10 trademarks and trade name.

11 i) Counterclaimant Santana's Grill is entitled to reasonable attorney's
12 fees under 15 U.S.C. § 1117 and/or under California statutes or common law.

13 j) Counterclaimant Santana's Grill is entitled to prejudgment and post-
14 judgment interest and costs of this action.

15 k) Counterclaimant Santana's Grill is entitled to all other injunctive and
16 monetary relief that the Court deems is required by justice.

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18 KNOBBE, MARTENS, OLSON & BEAR, LLP

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20 Dated: April 23, 2004

21 By: 
Frederick S. Berretta
AnneMarie Kaiser

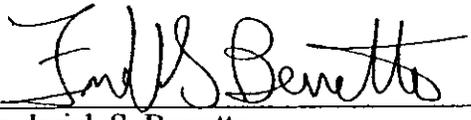
22 Attorneys for Plaintiff/Counterdefendant/
23 Counterclaimant, SANTANA'S GRILL
24 INC., and Counterdefendant,
25 CLAUDIA VALLARTA SANTANA
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1 DEMAND FOR JURY TRIAL

2 Counterdefendants and Counterclaimant hereby demands a jury trial as to all issues
3 triable by jury.

4
5 KNOBBE, MARTENS, OLSON & BEAR, LLP

6
7 Dated: April 23, 2004

8 By: 
9 Frederick S. Berretta
10 AnneMarie Kaiser

11 Attorneys for Plaintiff/Counterdefendant/
12 Counterclaimant, SANTANA'S GRILL
13 INC., and Counterdefendant,
14 CLAUDIA VALLARTA SANTANA

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PROOF OF SERVICE

I am a citizen of the United States of America and I am employed in San Diego, California. I am over the age of 18 and not a party to the within action. My business address is 550 West C Street, Suite 1200, San Diego, California 92101. On April 23, 2004, I served the within **SANTANA'S GRILL INC.'S AND CLAUDIA VALLARTA SANTANA'S REPLY TO COUNTERCLAIMS OF DEFENDANTS/ SANTANA'S GRILL INC.'S COUNTERCLAIMS AGAINST SANTANA MEXICAN GRILL, INC. AND ARTURO SANTANA GALLEGO/DEMAND FOR JURY TRIAL** on the parties or their counsel shown below, by placing it in a sealed envelope addressed as follows:

VIA FIRST CLASS MAIL:

**Daniel L. Goodkin
George Finch
M. Cris Armenta
VAN ETEN SUZUMOTO & BECKET, LLP
1620 26th Street, Suite 6000 North
Santa Monica, CA 90404**

I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on April 23, 2004, at San Diego, California.



Kera A. Harkins

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