

ESTTA Tracking number: **ESTTA824495**

Filing date: **06/02/2017**

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

Proceeding	92065794
Party	Defendant MT Industries, Inc.
Correspondence Address	RICHARD L ALBERT LAW OFFICES OF RICHARD L ALBERT 4605 LANKERSHIM BLVD, SUITE 203 NORTH HOLLYWOOD, CA 91602 UNITED STATES rick@albertlawoffices.com
Submission	Motion to Suspend for Civil Action
Filer's Name	Richard L. Albert
Filer's e-mail	rick@albertlawoffices.com
Signature	/Richard L. Albert/
Date	06/02/2017
Attachments	Motion to Suspend Proceedings.pdf(131042 bytes) Ex. 1 Opinion and Order Dismissing entire Action.pdf(102265 bytes) Ex. 2 Order Granting in Part Motion to Alter.pdf(88227 bytes) Ex. 3 Amended Judgment.pdf(153182 bytes) Ex. 4 Txt Mtn PLT's Extension of Time to File Appeal.pdf(121451 bytes)

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

The Marshall Tucker Band, Inc.,)	Cancellation No.: 92065794
)	Registration Nos.: 4616427, 4616428
Petitioner,)	
)	Interlocutory Attorney: Elizabeth A. Dunn
v.)	
)	Paralegal Specialist: Millicent Canady
M T Industries, Inc.,)	
)	
Registrant.)	MOTION TO SUSPEND PROCEEDING
)	
)	
)	

PLEASE TAKE NOTICE that Registrant MT Industries, Inc. will and hereby does move the Board for an Order:

1. Suspending the proceedings until the period has expired for Petitioner to appeal the judgement entered in Registrant’s favor in *The Marshall Tucker Band, Inc. and Doug Grav v. M T Industries, Inc. and Ron Rainey*, Civil Action No. 7:16-cv-00420-MGL, or if notice of appeal is filed in that action, until a final decision has been rendered.

This motion is brought pursuant to the *U.S. Trademark Law Rules of Practice* §2.117(a), CFR §2.1117(a) and applicable case law.

FACTS SUPPORTING SUSPENSION OF THE PROCEEDINGS

On March 2, 2017 the Court in Civil Action No. 7:16-cv-00420-MGL issued her Memorandum and Order granting defendants’ motion to dismiss the entire action, (Ex. 1, Federal Court Docket Entry No. 75) which Order was altered in part by the Court on April 25, 2017 (Ex. 2, Federal Court Docket Entry No. 84) resulting in a modified judgment entered on the same date

(Ex. 3, Federal Court Docket Entry No. 86). That civil action, brought by Petitioner against Registrant, concerned and was materially based upon the same trademark registrations Petitioner now seeks to have cancelled by the USPTO. (*see*, Exs 1 and 2). While the time to appeal in federal court is typically 30 days after a judgment is entered, Petitioner recently asked the Court to extend that time to give notice of appeal until 30 days from the date of entry of the Court's order ruling on defendants' Motion for Attorney Fees, which is still being briefed, which extension was granted by the Court on May 25, 2017. (Ex. 4, Federal Court Docket Entry No. 104). Had the extension not been requested, Petitioner's time to appeal would have expired on May 25, 2017, and assuming a notice of appeal was not filed, a suspension of these proceedings would not have been necessary.

THE BOARD MAY SUSPEND THE PROCEEDINGS BASED ON A CIVIL PROCEEDING

If a party or parties to a pending case are engaged in a civil action which may have a bearing on the case, proceedings before the Board may be suspended until termination of the civil action. *Trademark Rule* §2.117(a).

A true and correct copy of the District Court's Memorandums and Orders, Judgment, and Text Order granting Petitioner's request to extend the deadline to file notice of appeal, are attached hereto as Exhibits 1, 2, 3, and 4. The issues raised by Petitioner in the civil action included a request for cancellation of the USPTO trademark registrations which are the subject of the petition pending before the TTAB, and causes of action against Registrant alleging trademark dilution and infringement of the Marks at issue in these proceedings, which were dismissed with prejudice by the Court. (*see*, Exs 2, 3). Because Petitioner was seeking in federal court cancellation of the same trademark registrations it seeks to cancel in these proceedings, and

Petitioner has recently indicated that it is considering to appeal the judgment which has a bearing on determination of the petition before the Board, a suspension is warranted.

For the reasons stated above, Registrant respectfully asked the Board to suspend these proceedings until such time as the time to file notice of appeal in the federal court case has expired, or notice of appeal is filed, until such time as a final decision on the action s rendered.

Dated this 2nd day of June, 2017

Respectfully submitted,

/Richard L. Albert/

Richard L. Albert (Cal. Bar No. 204359)
Law Offices of Richard L. Albert
4605 Lankershim Blvd., STE 203
North Hollywood, CA 91602
(818) 752-2776 (Phone)
(818) 752-7471 (Fax)
rick@albertlawoffices.com

Attorney for Registrant M T Industries, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing ANSWER TO PETITION has been served on SARAH S. BROOKS, ESQ. by forwarding said copy via email to: sbrooks@sycr.com

Signature: /Richard L. Albert/

Date: June 2, 2017



IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
SPARTANBURG DIVISION

THE MARSHALL TUCKER BAND, INC.	§	
and DOUG GRAY,	§	
Plaintiffs,	§	
	§	
vs.	§	CIVIL ACTION NO. 7:16-00420-MGL
	§	
M T INDUSTRIES, INC. and RON RAINEY,	§	
Defendants.	§	

MEMORANDUM OPINION AND ORDER
GRANTING DEFENDANTS' MOTION TO DISMISS

I. INTRODUCTION

Plaintiffs filed this case alleging claims for trademark infringement, trademark dilution, declaratory judgment, and trademark cancellation under federal law and claims of trademark infringement, breach of contract, conversion, violation of the South Carolina Unfair Trade Practices Act, declaratory judgment, and breach of contract accompanied by a fraudulent act under state law. The Court has jurisdiction over the matter under 28 U.S.C. §§ 1331 and 1367. Pending before the Court is Defendants' motion to dismiss the Second Amended Complaint (SAC) pursuant to Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6). Having carefully considered the motion, the response, the reply, the record, and the applicable law, the Court will grant Defendants' motion to dismiss.

II. PROCEDURAL HISTORY

The factual history of this case is well-known to the parties, and thus, the Court need not reiterate the facts here. *See* ECF No. 51. Regarding the procedural history as is relevant here, Defendants filed their motion to dismiss the SAC on January 18, 2017. ECF No. 64. Plaintiffs then filed their response in opposition, ECF No. 69, to which Defendants filed their reply, ECF No. 73. The Court, having been fully briefed on the relevant issues, is now prepared to discuss the merits of the motion.

III. STANDARD OF REVIEW

A. Subject Matter Jurisdiction

Federal courts have limited jurisdiction, possessing “only that power authorized by Constitution and statute.” *Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 377 (1994). A motion to dismiss for lack of subject matter jurisdiction must be granted if the court lacks statutory authority at any time to hear and decide the dispute. Fed. R. Civ. P. 12(b)(1). “The burden of proof for a Rule 12(b)(1) motion to dismiss is on the party asserting jurisdiction.” *Ramming v. United States*, 281 F.3d 158, 161 (5th Cir. 2001). If the defendant contends the pleading fails to allege facts upon which subject matter jurisdiction can be based, then “all the facts alleged in the complaint are assumed to be true and the plaintiff, in effect, is afforded the same procedural protection as he would receive under a Rule 12(b)(6) consideration.” *Adams v. Bain*, 697 F.2d 1213, 1219 (4th Cir. 1989).

B. Failure to State a Claim

“The purpose of a Rule 12(b)(6) motion is to test the sufficiency of a complaint.” *Edwards v. City of Goldsboro*, 178 F.3d 231, 243 (4th Cir. 1999). To survive a motion to dismiss, the Federal Rules of Civil Procedure require a complaint contain “a short and plain statement of the claim showing that the pleader is entitled to relief.” Fed. R. Civ. P. 8(a) (2).

Although Rule 8(a) does not require “detailed factual allegations,” it requires “more than an unadorned, the-defendant-unlawfully-harmed-me accusation,” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007)), to “give the defendant fair notice of what the . . . claim is and the grounds upon which it rests,” *Twombly*, 550 U.S. at 555 (quoting *Conley v. Gibson*, 355 U.S. 41, 47 (1957)). In other words, “a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Iqbal*, 556 U.S. at 678 (quoting *Twombly*, 550 U.S. at 570). A claim is facially plausible “when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* (citing *Twombly*, 550 U.S. at 556).

The court may consider only the facts alleged in the complaint, which may include any documents either attached to or incorporated in the complaint, and matters of which the court may take judicial notice. *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 322 (2007). Although the court must accept the plaintiff’s factual allegations as true, any conclusory allegations are unentitled to an assumption of truth, and even those allegations pled with factual support need be accepted only to the extent “they plausibly give rise to an entitlement to relief.” *Iqbal*, 556 U.S. at 678-79 (stating the court need not “accept as true a legal conclusion couched as a factual allegation” (internal quotation marks omitted)). In sum, factual allegations must be enough to

raise a right to relief above the speculative level, on the assumption all the allegations in the complaint are true, even if doubtful in fact. *Twombly*, 550 U.S. at 555.

IV. CONTENTIONS OF THE PARTIES

In Defendants' motion to dismiss, Defendants contend Plaintiffs' federal claims for trademark infringement and trademark dilution fail as a matter of law because Plaintiffs have failed to show Defendant M T Industries, Inc. (Defendant MTI) used The Marshall Tucker Band mark (Mark) in commerce as required under federal law. Based on this position, Defendants allege the Court should grant their Rule 12(b)(1) motion to dismiss for lack of subject matter jurisdiction because Plaintiffs' federal trademark infringement and trademark dilution claims are the only independent source of the Court's subject matter jurisdiction. Therefore, according to Defendants, if the Court were to hold Plaintiffs' federal trademark infringement and trademark dilution claims fail as a matter of law, the Court would have no independent source of subject matter jurisdiction over Plaintiffs' federal claims for declaratory judgment and trademark cancellation. Further, Defendants maintain the Court would no longer have supplemental jurisdiction over Plaintiffs' remaining state law claims. Thus, Defendants argue the entire case should be dismissed under Rule 12(b)(1). Defendants also assert in the alternative each of Plaintiffs' claims fail as a matter of law under Rule 12(b)(6).

Plaintiffs dispute each of these assertions. In Plaintiffs' response, they also note the SAC incorrectly identifies the statute under which Plaintiffs assert their federal trademark infringement claim as 15 U.S.C. § 1114(1), when in fact the statute should be 15 U.S.C. § 1125(a). Defendants explain in their reply the analysis under either statute is largely the same.

V. DISCUSSION AND ANALYSIS

A. Plaintiffs' Federal Trademark Infringement and Trademark Dilution Claims

Applying the above standards to the instant matter, the Court initially notes the parties agree the Court lacks subject matter jurisdiction over the entire action if Plaintiffs' federal trademark infringement and trademark dilution claims fail. ECF No. 73 at 1-2; ECF No. 69 at 3, 30. However, Plaintiffs maintain they have pled plausible federal causes of action for trademark infringement and trademark dilution under the Lanham Act, 15 U.S.C. § 1125, and they thus urge Defendants' Rule 12(b)(1) motion should be denied.

The Court will first examine Plaintiffs' claim for federal trademark infringement. In conducting this analysis, the Court will treat Plaintiffs' claim as one arising under 15 U.S.C. § 1125(a) in accordance with Plaintiffs' request in their response, ECF No. 69 at 2 n.2, rather than as it is pled in the SAC under 15 U.S.C. § 1114(1). A plaintiff alleging a claim for federal trademark infringement under § 1125(a) must prove the following elements:

(1) that it possesses a mark; (2) that the defendant used the mark; (3) that the defendant's use of the mark occurred in commerce; (4) that the defendant used the mark in connection with the sale, offering for sale, distribution, or advertising of goods or services; and (5) that the defendant used the mark in a manner likely to confuse consumers.

People for Ethical Treatment of Animals v. Doughney, 263 F.3d 359, 364 (4th Cir. 2001) (internal quotation marks omitted) (citing 15 U.S.C. § 1125(a)).

Defendants' primary basis for seeking dismissal of Plaintiffs' federal trademark infringement claim is Plaintiffs have purportedly failed to plead any specific, improper use of the Mark by Defendant MTI in commerce. Defendants aver the SAC contains no allegations of any actual use of the Mark in commerce that could be infringing; rather, Plaintiffs rely on the

statements made by Defendant MTI when it applied to register two federal trademarks consisting of the Mark to satisfy the use in commerce requirement.

Defendant MTI filed its applications with the United States Patent and Trademark Office (USPTO) on December 6, 2013, to register the Mark for “Digital media, namely pre-recorded DVDs, downloadable audio and video recordings, and CDs featuring and promoting music; Musical sound recordings; Musical video recordings; Phonograph records featuring music,” in International Class 9. ECF No. 63 ¶ 335. Under 15 U.S.C. § 1051(a), the USPTO requires every applicant for a trademark to sign a Declaration, which appears on the USPTO’s current Trademark/Service Mark Application, Principal Register form. This Declaration provides in relevant part the signatory “believes applicant to be entitled to use [the Mark] in commerce.” ECF No. 63-8 at 6, ECF No. 63-9 at 6. Moreover, in the applications at issue, Defendant MTI stated its belief the Mark “is now in use in . . . commerce.” ECF No. 63-8 at 5, ECF No. 63-9 at 5. Importantly, other than these statements made by Defendant MTI in the course of its applications to register the trademarks at issue, the SAC is devoid of any other allegations of Defendants’ use of the Mark in commerce.

As noted above, as a prerequisite to liability under § 1125(a), defendants must use “in commerce” a protected trademark. *Doughney*, 263 F.3d at 364. Registration of a trademark, standing alone, is insufficient to constitute a use in commerce as required to state a claim under the Lanham Act. *See* 15 U.S.C. § 1127 (defining the term “use in commerce” to mean “the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark”); *see also, e.g., Omega S.A. v. Omega Eng’g, Inc.*, 396 F. Supp. 2d 166, 174 (D. Conn. 2005) (“Neither the application for a trademark registration nor the existence of a pending

trademark application give rise to a claim of trademark infringement’); *Kusek v. Family Circle, Inc.*, 894 F. Supp. 522, 532 (D. Mass. 1995) (stating although “federal registration [of a trademark] gives the owner of a mark legal rights and benefits, its mere registration does not create the mark nor amount to ‘use’ of the mark,” and, therefore, “trademark registration *per se* cannot be considered as a use in commerce”).

Taking the facts alleged in the SAC in the light most favorable to Plaintiffs, as the Court must, the Court nonetheless holds Plaintiffs have failed to state a claim for federal trademark infringement under § 1125(a). As already noted, to establish Defendants’ use of the Mark in commerce, Plaintiffs entirely rely on the statements made by Defendants in their applications to register the Mark with the USPTO. Completely absent from the SAC are any allegations of Defendants’ actual use of the Mark in commerce. Inasmuch as registration of the Mark, without more, is insufficient to constitute a use in commerce, Plaintiffs’ federal trademark infringement claim fails as a matter of law.

The Court now turns to Plaintiffs’ federal trademark dilution claim under § 1125(c). To state a *prima facie* dilution claim under § 1125(c), a plaintiff must show the following:

“(1) that the plaintiff owns a famous mark that is distinctive; (2) that the defendant has commenced using a mark in commerce that allegedly is diluting the famous mark; (3) that a similarity between the defendant’s mark and the famous mark gives rise to an association between the marks; and (4) that the association is likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark.”

Rosetta Stone Ltd. v. Google, Inc., 676 F.3d 144, 168 (4th Cir. 2012) (quoting *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 264 (4th Cir. 2007)). As above, Defendants asseverate Plaintiffs have purportedly failed to plead any specific, improper use of the Mark by Defendant MTI in commerce as required to state a claim for federal trademark dilution.

Again, taking the facts alleged in the SAC in the light most favorable to Plaintiffs, the Court holds Plaintiffs have failed to plead a federal trademark dilution claim under § 1125(c). To show Defendants' use of the Mark in commerce, Plaintiffs rely on Defendants' statements in their applications to register the Mark. As explained above, such allegations are insufficient to constitute a use in commerce as required under § 1125(c). The Court need spill no more ink on this matter. Suffice it to say the Court holds Plaintiffs' federal trademark dilution claim fails as a matter of law for the same reasons as set forth above. Consequently, the Court will grant Defendants' Rule 12(b)(1) motion as to Plaintiffs' federal trademark infringement and trademark dilution claims.

B. Plaintiffs' Federal Declaratory Judgment and Trademark Cancellation Claims

The Court now turns to Plaintiffs' federal claims seeking declaratory judgment and trademark cancellation. First, Plaintiffs seek a declaratory judgment under 28 U.S.C. § 2201 to determine the ownership of the Mark. However, claims under § 2201 require the Court to have an independent basis of federal jurisdiction, for that statute is unable to create jurisdiction where none otherwise exists. *Skelly Oil Co. v. Phillips Petroleum Co.*, 339 U.S. 667, 671 (1950) (holding § 2201 has only a "procedural" operation and does not extend the jurisdiction of the federal courts); *see Nike, Inc. v. Already, LLC*, 663 F.3d 89, 95 (2d Cir. 2011) ("The Declaratory Judgment Act does not expand the subject matter jurisdiction of the federal courts."). In that the Court has dismissed Plaintiffs' federal trademark infringement and trademark dilution claims, the Court no longer has an independent basis of federal jurisdiction over this federal declaratory judgment claim. Therefore, the Court will also dismiss Plaintiffs' federal declaratory judgment claim.

Next, Plaintiffs request cancellation of the allegedly infringing marks. Under 15 U.S.C. § 1119, the Court may order the cancellation of a federally registered trademark in “any action involving a registered mark.” However, § 1119 likewise fails to provide the Court with an independent source of federal jurisdiction. *See Ditri v. Coldwell Banker Residential Affiliates, Inc.*, 954 F.2d 869, 873 (3d Cir. 1992) (holding a petition to the USPTO is the “primary means of securing a cancellation” and that § 1119 provides no independent basis for jurisdiction); *Windsurfing Int’l Inc. v. AMF Inc.*, 828 F.2d 755, 758-59 (Fed. Cir. 1987) (holding the Lanham Act does not “authorize suits for [trademark] cancellation in district courts”). Given the Court has already dismissed Plaintiffs’ federal trademark infringement and trademark dilution claims, which were the only claims providing independent jurisdiction over the action, the Court will dismiss Plaintiffs’ federal trademark cancellation claim as well for lack of subject matter jurisdiction.

C. Plaintiffs’ Remaining State Law Claims

Upon holding Plaintiffs’ federal trademark infringement and trademark dilution claims fail as a matter of law and dismissing Plaintiffs’ federal declaratory judgment and trademark cancellation claims, the Court must now determine whether it should exercise supplemental jurisdiction over Plaintiffs’ state law claims under 28 U.S.C. § 1367(a). “The district courts may decline to exercise supplemental jurisdiction over a claim under subsection (a) if . . . (3) the district court has dismissed all claims over which it has original jurisdiction; or (4) in exceptional circumstances, there are other compelling reasons for declining jurisdiction.” *Id.* § 1367(c)(3)-(4). “Once a district court has dismissed the federal claims in an action, it maintains ‘wide discretion’ to dismiss the supplemental state law claims over which it properly has supplemental

jurisdiction.” *Yashenko v. Harrah’s NC Casino Co.*, 446 F.3d 541, 553 n.4 (4th Cir. 2006) (quoting *Carnegie-Mellon Univ. v. Cohill*, 484 U.S. 343, 353-54 (1988)). In exercising this discretion, a district court must consider “convenience and fairness to the parties, the existence of any underlying issues of federal policy, comity, and considerations of judicial economy.” *Shanaghan v. Cahill*, 58 F.3d 106, 110 (4th Cir. 1995) (citing *Cohill*, 484 U.S. at 350 n.7). In the event a court declines to exercise supplemental jurisdiction, the “period of limitations” for remaining claims “shall be tolled while the claim is pending [in federal court] and for a period of 30 days after it is dismissed unless State law provides for a longer tolling period.” 28 U.S.C. § 1367(d).

After dismissing Plaintiffs’ claims arising under federal law, Plaintiffs’ remaining claims alleging South Carolina common law trademark infringement, breach of contract, conversion, violation of the South Carolina Unfair Trade Practices Act, declaratory judgment, and breach of contract accompanied by a fraudulent act all, of course, arise under South Carolina law. Here, the Court is unable to hold the parties would be inconvenienced or unfairly prejudiced by declining to exercise supplemental jurisdiction over the remaining claims, nor does the Court find there to be any underlying issues of federal policy involved in Plaintiffs’ state law claims. The Court holds the comity factor to weigh in favor of declining to exercise supplemental jurisdiction, and considerations of judicial economy demand the Court decline to exercise supplemental jurisdiction. Therefore, the Court declines to exercise supplemental jurisdiction over Plaintiffs’ remaining state law claims.

Given these holdings are dispositive of the issues before the Court, the Court need not address the parties’ remaining arguments. *See Karsten v. Kaiser Found. Health Plan of Mid-Atl.*

States, Inc., 36 F.3d 8, 11 (4th Cir. 1994) (“If the first reason given is independently sufficient, then all those that follow are surplusage; thus, the strength of the first makes all the rest *dicta*.”).

VI. CONCLUSION

Wherefore, based on the foregoing discussion and analysis, it is the judgment of the Court Defendants’ motion to dismiss is **GRANTED**, and Plaintiffs’ federal claims are **DISMISSED WITH PREJUDICE**. Plaintiffs’ remaining state law claims are **DISMISSED WITHOUT PREJUDICE** so they can pursue them in state court if they wish to do so.

IT IS SO ORDERED.

Signed this 1st day of March, 2017, in Columbia, South Carolina.

s/Mary Geiger Lewis
MARY GEIGER LEWIS
UNITED STATES DISTRICT JUDGE



IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
SPARTANBURG DIVISION

THE MARSHALL TUCKER BAND, INC.	§	
and DOUG GRAY,	§	
Plaintiffs,	§	
	§	
vs.	§	CIVIL ACTION NO. 7:16-00420-MGL
	§	
M T INDUSTRIES, INC. and RON RAINEY,	§	
Defendants.	§	

MEMORANDUM OPINION AND ORDER GRANTING IN PART AND
DENYING IN PART PLAINTIFFS’ RULE 59(e) MOTION TO ALTER OR AMEND

I. INTRODUCTION

Pending before the Court is Plaintiffs’ Federal Rule of Civil Procedure 59(e) Motion to Alter or Amend the Court’s Order granting Defendants’ motion to dismiss (Plaintiffs’ 59(e) motion). The Court has jurisdiction over the matter under 28 U.S.C. § 1331. Having carefully considered Plaintiffs’ 59(e) motion, the response, the reply, the record, and the applicable law, the Court will grant in part and deny in part Plaintiffs’ 59(e) motion.

II. FACTUAL AND PROCEDURAL HISTORY

On March 1, 2017, this Court entered an Order granting Defendants’ motion to dismiss. ECF No. 75. The Court first dismissed Plaintiffs’ federal trademark infringement claim because Plaintiffs failed to establish Defendant M T Industries, Inc.’s (MTI) use of The Marshall Tucker Band mark (Mark) in commerce. *Id.* at 7. The Court likewise held Plaintiffs’ federal trademark

dilution claim failed as a matter of law because Plaintiffs' allegations in their Second Amended Complaint (SAC) were insufficient to plead a use in commerce as required under 15 U.S.C. § 1125(c). *Id.* at 8. In light of the fact the Court dismissed the only claims providing independent jurisdiction over the action, the Court dismissed Plaintiffs' federal declaratory judgment and federal trademark cancellation claims for lack of subject matter jurisdiction. *Id.* at 8-9. Finally, the Court declined to exercise supplemental jurisdiction over Plaintiffs' remaining state law claims. *Id.* at 10. The Court dismissed Plaintiffs' federal claims with prejudice and Plaintiffs' state law claims without prejudice. *Id.* at 11.

Plaintiffs subsequently filed their motion under Rule 59(e) to alter or amend the Court's Order. ECF No. 78. Defendants filed their response in opposition, ECF No. 82, and Plaintiffs filed their reply, ECF No. 83. The Court, having been fully briefed on the relevant issues, is now prepared to discuss the merits of Plaintiffs' 59(e) motion.

III. STANDARD OF REVIEW

There are only three limited bases for a district court to grant a Rule 59(e) motion: "(1) to accommodate an intervening change in controlling law; (2) to account for new evidence not available at trial; or (3) to correct a clear error of law or prevent manifest injustice." *Hutchinson v. Staton*, 994 F.2d 1076, 1081 (4th Cir.1993). A Rule 59(e) motion "may not be used to relitigate old matters, or to raise arguments or present evidence that could have been raised prior to the entry of judgment." *Exxon Shipping Co. v. Baker*, 554 U.S. 471, 486 n.5 (2008) (internal quotation marks omitted). Further, "mere disagreement [with a district court's ruling] does not support a Rule 59(e) motion." *Hutchinson*, 994 F.2d at 1082. "In general[,] reconsideration of a judgment

after its entry is an extraordinary remedy which should be used sparingly.” *Pac. Ins. Co. v. Am. Nat’l Fire Ins. Co.*, 148 F.3d 396, 403 (4th Cir.1998) (internal quotation marks omitted).

IV. CONTENTIONS OF THE PARTIES

In Plaintiffs’ 59(e) motion, Plaintiffs request the Court alter or amend its Order under Rule 59(e)’s third basis: namely, the Court correct a clear error of law or prevent manifest injustice. Plaintiffs first argue the Court should alter or amend its Order because it committed clear error by dismissing Plaintiffs’ federal trademark dilution claim. Plaintiffs insist it is uncontested MTI is currently using the Mark in commerce, and because the Court held the SAC fails to allege commercial use of the Mark as required to maintain Plaintiffs’ federal trademark dilution cause of action, it erred.

Plaintiffs next assert the Court should alter or amend its Order because the Court’s dismissal of Plaintiffs’ federal declaratory judgment and trademark cancellation claims was with prejudice. Plaintiffs aver the Court erred in dismissing these two claims with prejudice because the Court dismissed the claims for lack of subject matter jurisdiction. Plaintiffs maintain the dismissal of these claims should be without prejudice.

Defendants repudiate each of these assertions and contend Plaintiffs’ 59(e) motion must be denied because it is an impermissible attempt to relitigate issues already decided.

V. DISCUSSION AND ANALYSIS

A. Plaintiffs’ Federal Trademark Dilution Claim

Applying the above standards to the instant matter, the Court first turns to Plaintiffs’

argument the Court erred in dismissing Plaintiffs' federal trademark dilution claim. Notably, Plaintiffs refrain from contesting the Court's dismissal of their federal trademark infringement claim, which the Court dismissed for the same reasons as it did their federal trademark dilution claim: namely, Plaintiffs' failure to sufficiently allege MTI's use of the Mark in commerce.

Plaintiffs state their "primary goal in this litigation is to obtain cancellation of the two federal trademarks" MTI registered in 2014. ECF No. 78-1 at 1. Plaintiffs contend the Court erred in dismissing their federal trademark dilution claim because it is purportedly uncontested MTI uses the Mark in commerce. They thus asseverate the Court should not have dismissed their federal trademark dilution claim on the ground they failed to show MTI's use of the Mark in commerce.

The cogency of Plaintiffs' argument eludes the Court. As previously stated by this Court, to state a prima facie dilution claim under 15 U.S.C. § 1125(c), a plaintiff must show the following:

"(1) that the plaintiff owns a famous mark that is distinctive; (2) that the defendant has commenced using a mark in commerce that allegedly is diluting the famous mark; (3) that a similarity between the defendant's mark and the famous mark gives rise to an association between the marks; and (4) that the association is likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark."

Rosetta Stone Ltd. v. Google, Inc., 676 F.3d 144, 168 (4th Cir. 2012) (quoting *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 264 (4th Cir. 2007)). Furthermore, the law is clear, as previously held by this Court, that registration of a trademark, standing alone, is insufficient to constitute a use in commerce as required to state a claim under the Lanham Act. ECF No. 75 at 6-7.

Plaintiffs point to numerous paragraphs in the SAC purporting to establish the uncontested fact that MTI has used and continues to use the Mark in commerce. *See, e.g.*, ECF No. 78-1 at 9-

10. In sum, though, these allegations in the SAC either merely state MTI is using the Mark in commerce or note MTI is using the Mark in relation to the Pre-1984 Sound Recordings. Beyond these limited statements in the SAC, Plaintiffs entirely rely on Defendants' statements in their applications to register the Mark with the USPTO to purportedly establish MTI's use of the Mark in commerce.

The underlying issue in this case is MTI's use of the Mark in commerce beyond the use permitted by the 1984 Letter Agreement, which allows MTI limited use of the Mark in relation to the Pre-1984 Sound Recordings. ECF No. 78-1 at 4. It is uncontested MTI has used the Mark in commerce as permitted by the 1984 Letter Agreement, i.e., limited to the Pre-1984 Sound Recordings. *Id.* at 10. Given the parties' agreement MTI may use the Mark in relation to the Pre-1984 Sound Recordings, Plaintiffs cannot now bring a federal trademark dilution claim solely on the basis of MTI's limited, permissible use of the Mark in this fashion. *See Rosetta Stone Ltd.*, 676 F.3d at 167 (“[T]rademark dilution is ‘the whittling away of the established trademark’s selling power and value through its unauthorized use by others.’” (quoting *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 111 (2d Cir. 2010))). Rather, Plaintiffs must allege facts showing MTI has used the Mark in commerce beyond the use permitted by the 1984 Letter Agreement.

Instead of pleading facts showing MTI's use of the Mark in commerce for purposes other than the Pre-1984 Sound Recordings, Plaintiffs entirely rely on their conclusory statements in the SAC and on Defendants' statements in their applications to register the Mark. In reviewing Defendants' motion to dismiss, this Court was required to accept Plaintiffs' factual allegations as true, which it did; however, as the Court stated, any conclusory allegations are unentitled to an assumption of truth. *See Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). The Court need not

“accept as true a legal conclusion couched as a factual allegation.” *See id.* (internal quotation marks omitted). Plaintiffs’ allegations MTI is using the Mark in commerce are unquestionably legal conclusions couched as factual allegations. These allegations are thus insufficient to constitute a use in commerce as required under § 1125(c).

Moreover, as this Court has previously held, Plaintiffs cannot rely on Defendants’ statements in their applications to register the Mark to establish MTI’s use of the Mark in commerce beyond that permitted by the 1984 Letter Agreement. *See* ECF No. 75 at 6-7.

For all the foregoing, Plaintiffs have failed to show the Court committed a clear error of law in dismissing their federal trademark dilution claim, and the Court will deny in part Plaintiffs’ 59(e) motion as to Plaintiffs’ federal trademark dilution claim.

B. Plaintiffs’ Federal Declaratory Judgment and Trademark Cancellation Claims

The Court now turns to Plaintiffs’ argument the Court erred in dismissing with prejudice their federal claims seeking declaratory judgment and trademark cancellation. The Court dismissed these claims for lack of subject matter jurisdiction in light of the fact the Court dismissed the only claims providing independent jurisdiction over the action: Plaintiffs’ federal trademark infringement and trademark dilution claims. In the conclusion of the Order, the Court dismissed Plaintiffs’ federal claims with prejudice and Plaintiffs’ state law claims without prejudice.

The Court is persuaded by Plaintiffs’ argument, and Defendants’ opposition is unavailing. As a general rule, a dismissal for a defect in subject matter jurisdiction “must be one without prejudice, because a court that lacks jurisdiction has no power to adjudicate and dispose of a claim on the merits.” *S. Walk at Broadlands Homeowner’s Ass’n v. OpenBand at Broadlands, LLC*, 713 F.3d 175, 185 (4th Cir. 2013); *see also* Fed. R. Civ. P. 41(b). *But see* *Roland v. U.S.*

Citizenship & Immigration Servs., 850 F.3d 625, 628-30 (4th Cir. 2017) (affirming the district court's dismissal with prejudice of the plaintiffs' claims because the court lacked subject matter jurisdiction); *Nivens v. Gilchrist*, 444 F.3d 237, 247-48 (4th Cir. 2006) (affirming the district court's dismissal with prejudice of the plaintiffs' claims pursuant to *Younger* abstention, where the court declined to exercise jurisdiction).

Although the Court stated it dismissed Plaintiffs' federal claims seeking declaratory judgment and trademark cancellation for lack of subject matter jurisdiction, it neglected to distinguish between Plaintiffs' federal claims in the conclusion of the Order. The Court will thus grant in part Plaintiffs' 59(e) motion to amend the conclusion to state the Court dismisses with prejudice Plaintiffs' federal trademark infringement and trademark dilution claims and dismisses without prejudice Plaintiffs' federal declaratory judgment and trademark cancellation claims and state law claims.

VI. CONCLUSION

Wherefore, based on the foregoing discussion and analysis, it is the judgment of the Court Plaintiffs' 59(e) motion is **GRANTED IN PART AND DENIED IN PART**. The Court hereby amends the conclusion in its prior Order to state Plaintiffs' federal trademark infringement and trademark dilution claims are **DISMISSED WITH PREJUDICE**, whereas Plaintiffs' federal declaratory judgment and trademark cancellation claims and state law claims are **DISMISSED WITHOUT PREJUDICE**. The Clerk is directed to enter an amended judgment reflecting this change.

IT IS SO ORDERED.

Signed this 25th day of April, 2017, in Columbia, South Carolina.

s/Mary Geiger Lewis
MARY GEIGER LEWIS
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
for the
District of South Carolina

The Marshall Tucker Band, Inc. and Doug Gray

Plaintiffs

v.

M T Industries Inc. and Ron Rainey,

Defendants,

)
)
)
)
)

Civil Action No. 7:16-cv-00420-MGL

AMENDED JUDGMENT IN A CIVIL ACTION

The court has ordered that (check one):

other: the defendants' motion to dismiss is granted and Plaintiffs' federal trademark infringement and trademark dilution claims are DISMISSED WITH PREJUDICE, whereas Plaintiffs' federal declaratory judgment and trademark cancellation claims and state law claims are DISMISSED WITHOUT PREJUDICE.

This action was (check one):

tried by a jury, the Honorable _____ presiding, and the jury has rendered a verdict.

tried by the Honorable _____ presiding, without a jury and the above decision was reached.

decided by the Honorable Mary Geiger Lewis.

Date: April 25, 2017

ROBIN L. BLUME, CLERK OF COURT

s/Ashley Buckingham

Signature of Clerk or Deputy Clerk

Subject: Activity in Case 7:16-cv-00420-MGL Marshall Tucker Band Inc, The et al v. M T Industries Inc et al Order on Motion for Extension of Time to Appeal
From: SCDEfilingstat@scd.uscourts.gov
Date: 5/25/2017 8:57 AM
To: scd_ecf_nef@scd.uscourts.gov

This is an automatic e-mail message generated by the CM/ECF system. Please DO NOT RESPOND to this e-mail because the mail box is unattended.

*****NOTE TO PUBLIC ACCESS USERS***** Judicial Conference of the United States policy permits attorneys of record and parties in a case (including pro se litigants) to receive one free electronic copy of all documents filed electronically, if receipt is required by law or directed by the filer. PACER access fees apply to all other users. To avoid later charges, download a copy of each document during this first viewing. However, if the referenced document is a transcript, the free copy and 30 page limit do not apply.

U.S. District Court

District of South Carolina

Notice of Electronic Filing

The following transaction was entered on 5/25/2017 at 11:57 AM EDT and filed on 5/25/2017

Case Name: Marshall Tucker Band Inc, The et al v. M T Industries Inc et al

Case Number: 7:16-cv-00420-MGL

Filer:

WARNING: CASE CLOSED on 03/01/2017

Document Number: 104(No document attached)

Docket Text:

TEXT ORDER: Pending before the Court is Plaintiffs' Motion for Extension of Time to File Appeal [103]. Having carefully reviewed the motion, the record, and the relevant law, it is the judgment of the Court Plaintiffs' Motion [103] is GRANTED. The parties shall have 30 days from the date of entry of the Court's order ruling on Defendants' Motion for Attorney Fees [77] to file any notice of appeal. IT IS SO ORDERED. Signed by Honorable Mary Geiger Lewis on 5/25/2017.(abuc)

7:16-cv-00420-MGL Notice has been electronically mailed to:

Michael BT Wilkes mwilkes@wilkeslaw.com, ahenderson@wilkeslaw.com

Ellen S Cheek echeek@wilkeslaw.com

Thomas Edward Vanderbloemen tvanderbloemen@gwblawfirm.com, cpenney@gwblawfirm.com,
towens@gwblawfirm.com, zweaver@gwblawfirm.com

Richard Lawrence Albert rick@albertlawoffices.com

Sarah S Brooks sbrooks@sycr.com, smjohnson@sycr.com

7:16-cv-00420-MGL Notice will not be electronically mailed to: