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

Sugarland Properties, Inc.	§	
	§	
Plaintiff,	§	
v.	§	Civil Action No.: 4:11-cv-4439
	§	
Edmund D. Samora, and	§	
Edmund D. Samora, LLC	§	
	§	
Defendants.	§	

PLAINTIFF'S ORIGINAL COMPLAINT
AND REQUEST FOR INJUNCTIVE RELIEF

Plaintiff, Sugarland Properties, Inc. ("SPI"), files this suit for trademark infringement, trademark dilution, and unfair competition against Edmund D. Samora and Edmund D. Samora, LLC.

1. The Court has jurisdiction over the subject matter of this action under 15 U.S.C. § 1121, 28 U.S.C. § 1338(b), and the doctrine of pendent jurisdiction.

2. SPI, by itself and through its licensees, has offered for sale to the public various products and services in connection with the "FIRST COLONY" mark, since at least as early as 1975.

3. Although defendants are not affiliated with SPI, defendants have been using the phrase "FIRST COLONY" in commerce without SPI's authorization.

4. Defendants operate a taxi service in and around Sugar Land, Texas. Defendants have affixed signs containing the phrase "First Colony Taxi" to their taxis.

5. On at least two occasions, SPI has advised defendants that defendants' use of the phrase "FIRST COLONY" infringes SPI's trademarks. However, defendants have refused to discontinue their use of the phrase "FIRST COLONY" in connection with their business. Defendants' continued infringement of SPI's trademarks is willful and deliberate.

6. Defendants' unauthorized use of the phrase "FIRST COLONY" as part of the trade name and service mark for their business, as alleged above, is likely to cause confusion as to defendants' affiliation a) with SPI or b) with SPI's products and services.

7. Defendants' unauthorized use of the phrase "FIRST COLONY," as alleged above, constitutes infringement of SPI's federally registered mark (No. 3,323,420), in violation of 15 U.S.C. § 1125(a). Unless enjoined, defendants will continue their unauthorized use of the phrase "FIRST COLONY," resulting in a continuing likelihood of confusion and irreparable injury to SPI, for which SPI has no adequate remedy at law.

8. Defendants' actions, as alleged above, constitute injury to and dilution of SPI's trade name, trademarks, and service marks under 15 U.S.C. § 1125(c). Unless enjoined, defendants will continue their infringing activities, resulting in irreparable injury to SPI, for which SPI has no adequate remedy at law.

9. Defendants' actions, as alleged above, constitute injury to and dilution of SPI's trade name, trademarks, and service marks under § 16.29 of the Texas Business & Commerce Code. Unless enjoined, defendants will continue their

infringing activities, resulting in irreparable injury to SPI, for which SPI has no adequate remedy at law.

10. Defendants' actions, as alleged above, constitute common law trademark infringement and unfair competition under Texas law. Unless enjoined, defendants will continue their infringing activities, resulting in irreparable injury to SPI, for which SPI has no adequate remedy at law.

11. SPI is entitled to recover its damages, including costs of suit and attorneys' fees.

Prayer for Relief

SPI prays for the following relief:

A. That defendants and their agents, servants, and employees, and all others in concert or participation with them, be enjoined from using the phrase "FIRST COLONY" as a part of defendants' trade name or in any other manner in connection with defendants' business in Texas;

B. That defendants be ordered, pursuant to 15 U.S.C. § 1118, to modify or destroy all literature, signs, labels, prints, packages, wrappers, containers, advertising materials, stationery, and any other items in their possession or control which contain the phrase "FIRST COLONY", either alone or in combination with other words or symbols;

C. That defendants be ordered to remove all reference to the phrase "FIRST COLONY" in any form from any website or any other online marketing or advertising over which defendants have authority or control;

D. That defendants be ordered to file with the court and to serve on SPI, within thirty (30) days after the entry of an injunction, a report in writing, under oath, setting forth in detail the manner and form in which defendants have complied with the injunction;

E. That SPI recover from defendants its damages, including costs of suit and reasonable attorneys' fees;

F. That SPI recover from defendants prejudgment and post judgment interest at the applicable rates on all amounts awarded herein; and

G. That SPI have such further relief to which it may be entitled.

Dated: December 16, 2011

Respectfully submitted,

/s/ Heather Hoopingarner Thiel

Heather Hoopingarner Thiel
State Bar No. 24046104
Southern District Bar No. 1115564
Law Offices of Tim Headley
7941 Katy Fwy., Suite 506
Houston, Texas 77024-1924
Phone: 713 467 8502
Fax: 713 467 8501
Heather@HeadleyIPLaw.com

Tim Headley
State Bar No. 09325210
Southern District Bar No. 1003
Law Offices of Tim Headley
7941 Katy Fwy., Suite 506
Houston, Texas 77024-1924
Phone: 713 467 8500
Fax: 713 467 8501
Tim@HeadleyIPLaw.com

Attorneys for Sugarland Properties, Inc.

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PLAINTIFF'S RESPONSE IN OPPOSITION TO
THE MOTION TO DISMISS OF DEFENDANT, EDMUND D. SAMORA

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PLAINTIFF'S RESPONSE IN OPPOSITION TO THE MOTION TO DISMISS OF DEFENDANT, EDMUND D. SAMORA

Plaintiff, Sugarland Properties, Inc., ("SPI") responds to Mr. Edmund D. Samora's motion to dismiss. Dkt. No. 9. Mr. Samora requests that the Court dismiss all claims against him because, he alleges, (1) SPI did not assert sufficient facts to support its claims against defendants, and (2) no facts exist sufficient to support SPI's claims.

Mr. Samora repeatedly mischaracterizes the facts, misinterprets the law, and colors as "factually insufficient" SPI's claims by alleging defenses to liability. However, by raising such defenses, Mr. Samora sets forth questions of material fact, and shows that SPI's claims sufficiently put Mr. Samora on notice. Because Mr. Samora's motion is without merit, SPI respectfully requests that the Court deny his motion.

1. Nature and Stage of Proceeding

In 2011, SPI contacted Mr. Samora directly, and requested that he stop infringing SPI's FIRST COLONY marks, and that he change the name of his business. After Mr. Samora refused to comply, SPI, through counsel, transmitted two letters to Mr. Samora. The letters of November 7, 2011, and December 5, 2011, formally requested Mr. Samora to stop using SPI's marks. On December 12, 2011, Mr. Samora responded. Again, he refused to stop using SPI's marks. On December 16, 2011, SPI filed this suit to attempt to remedy the harm caused by defendants', Edmund D. Samora's and Edmund D. Samora, LLC's, unauthorized use of SPI's FIRST COLONY marks.

2. Facts

Since at least as early as 1975, SPI, both individually and through its licensees, has offered for sale to the public various products and services in connection with SPI's

FIRST COLONY mark. SPI owns Federal Trademark Registration Number 3,323,420, for FIRST COLONY, for use in connection with (1) organizing community events, and (2) newsletters related to community deed-restriction compliance and community events.

Defendants have been using the phrase FIRST COLONY in commerce without SPI's authorization, and defendants are not affiliated with SPI. Defendants operate a taxi service in and around Sugar Land, Texas. Defendants affixed signs bearing the phrase "First Colony Taxi" to their taxis. On several occasions, SPI advised defendants that defendants' use of SPIs' FIRST COLONY mark infringes SPI's marks. However, defendants have refused to discontinue their use of SPI's FIRST COLONY mark in connection with their business. Defendants' continued use of SPI's marks is willful and deliberate. Defendants' unauthorized use of the mark FIRST COLONY as part of the trade name and service mark for their business is likely (1) to cause confusion as to defendants' affiliation with SPI, or with SPI's products and services, and (2) to cause irreparable injury to SPI, for which SPI has no adequate remedy at law.

As set forth in SPI's original complaint, these facts establish plausible claims for relief against defendants, because the factual assertions, and the reasonable inferences drawn therefrom, satisfy the notice pleading standard of Federal Rule of Civil Procedure 8(a). Nonetheless, in support of its claims, SPI can set forth additional detailed factual allegations, including the following.

In 1973, SPI established a real estate development (the "Development") in Fort Bend County, near the city of Sugar Land, Texas. SPI created its FIRST COLONY

mark for use in connection with the Development. The phrase FIRST COLONY is arbitrary for the location and for the goods and services provided by SPI. Before SPI developed that area, there was no established area in Fort Bend County, or in the greater Houston area, known as "FIRST COLONY".

Both SPI and defendants operate businesses not only in Fort Bend County, but they also both operate businesses in the city of Sugar Land, Texas. Both SPI and defendants offer for sale to the public their goods and services in and around the Development. The products and services offered by SPI and its licensees, in connection with SPI's FIRST COLONY marks, include (1) the sale, leasing and development of real estate; (2) newsletters related to community deed restriction compliance and community events; (3) organizing community events; (4) building construction; (5) real estate brokerage and management services; and (6) planning and developing master-planned communities. Defendants use the phrase FIRST COLONY TAXI as the name of their business, and as a service mark. This phrase differs from SPI's FIRST COLONY marks *only* in defendants' addition of the word TAXI. Defendants frequently locate their taxis near the Sugar Land Marriott Town Square, which is located in Sugar Land Town Square, another SPI property. People do not give long or careful consideration to calling a taxi. When a taxi bears a mark developed for, and long associated with, a development, customers are likely to assume that taxi services offered near, or at, that development are associated with the development.

Through more than thirty years of using, licensing, and enforcing its marks, SPI has developed good will, fame, and a reputation for quality and excellence. SPI

controls the use of its FIRST COLONY marks by licensing the marks to qualified businesses, and enforces its rights in the marks by pursuing infringers. The unauthorized use of FIRST COLONY, in connection with goods and services over which SPI has no control, and in close proximity to the Development, is likely to damage the reputation and good will that SPI created in its FIRST COLONY marks.

3. Statement of Issues

There are four issues for the Court to decide:

- Whether, under the liberal pleading standard of Federal Rule of Civil Procedure 8, the assertions in SPI's original complaint put Mr. Samora on notice, and sufficiently state a plausible claim that defendants' use of FIRST COLONY TAXI infringes SPI's rights in its FIRST COLONY marks;
- Whether, under the liberal pleading standard of Federal Rule of Civil Procedure 8, the assertions in SPI's original complaint put Mr. Samora on notice and sufficiently stated a plausible claim under Section 16.29 of the Texas Business & Commerce Code;
- Whether, in the light most favorable to SPI and with every doubt resolved in its behalf, this response asserts sufficient facts to establish that the phrase FIRST COLONY is not geographically descriptive, and that defendants' use of the phrase FIRST COLONY in connection with their business is not fair use; and
- Whether, in the light most favorable to SPI and with every doubt resolved in its behalf, the complaint asserts sufficient facts to establish that SPI has enforceable exclusive rights in its FIRST COLONY mark.

4. Standard of Review

In the Fifth Circuit, "a motion to dismiss under Rule 12(b)(6) is viewed with disfavor and is rarely granted." *Harrington v. State Farm Fire & Cas. Co.*, 563 F.3d 141, 147 (5th Cir. 2009). As a result, the Court must liberally construe the allegations in SPI's original complaint, and must draw all reasonable inferences in SPI's favor. *Lovick v. Ritemoney, Ltd.*, 378 F.3d 433, 437 (5th Cir. 2004). The object of the Court's analysis under Federal Rule of Civil Procedure 12(b)(6) is not whether SPI will ultimately prevail; rather, it is merely "whether in the light most favorable to [SPI] and with every doubt resolved in [SPI's] behalf, the complaint states a valid claim for relief" against defendants. *Lowrey v. Texas A&M Univ.*, 117 F.3d 242, 247 (5th Cir. 1997).

A complaint does not need detailed factual allegations to meet this test, but only a short and plain statement containing enough facts to state a plausible claim for relief. *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555, 127 S. Ct. 1955, 1964-1965 (2007). A claim is plausible when the complaint contains enough "factual content to allow the Court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Ashcroft v. Iqbal*, 556, U.S. 662, 129 S. Ct. 1937, 1949 (2009). Plausibility does not equate to probability; rather, it "raise[s] a reasonable expectation that discovery will reveal evidence of [a required element]." *Twombly*, 550 U.S. at 556, 127 S. Ct. at 1965. "Determining whether a complaint states a plausible claim for relief will ... be a context-specific task that requires the reviewing court to draw on its judicial experience and common sense." *Iqbal*, 129 S. Ct. at 1950.

5. Summary of the Argument

Defendants' unauthorized use of FIRST COLONY in the name of their business, and as a service mark, infringes SPI's FIRST COLONY marks because SPI owns legally enforceable rights in those marks, and, between authorized uses and defendants' unauthorized use, a likelihood of confusion exists. Furthermore, defendants' unauthorized use of FIRST COLONY is unfair competition, causing injury to and dilution of SPI's FIRST COLONY marks. Defendants' use is not fair use because defendants use FIRST COLONY as a service mark, and because FIRST COLONY is not geographically descriptive. Finally, SPI's FIRST COLONY marks are enforceable because the phrase identifies and distinguishes SPI, notwithstanding the existence of (1) authorized licensees of the marks, or (2) a concurrent FIRST COLONY registration to a Virginia company for use in connection with tea.

Mr. Samora cannot contend credibly that SPI's original complaint fails to provide adequate notice of the federal, state, or common law claims against him, because the factual allegations, and reasonable inferences drawn therefrom, satisfy the Rule 8 notice pleading standard.

6. Argument and Authorities

a. SPI raised plausible claims for relief for unfair competition under the Lanham Act, specifically 15 U.S.C. § 1125(a), and under Texas common law.

SPI asserted sufficient facts, as set forth above, to support its claims for infringement and unfair competition. In denying a motion to dismiss under Federal Rule of Civil Procedure 12(b)(6), the Court in *Farouk* found that a plaintiff's pleadings established a sufficiently plausible claim for trademark infringement when the plaintiff (1)

asserted ownership of a mark, (2) asserted the defendant's unauthorized use of that mark in commerce, (3) asserted that defendant's use of the mark resembled plaintiff's genuine use, and (4) asserted that customers, pursuant to these assertions, were likely to be confused as to the source of the products. *Farouk Sys., Inc. v. Costco Wholesale Corp.*, 700 F. Supp. 2d 780, 785-86 (S.D. Tex. 2010). In its original complaint, and comparable to the facts asserted in *Farouk,* SPI asserted that: (1) it has rights in the phrase FIRST COLONY, (2) defendants' use of FIRST COLONY in commerce is unauthorized, (3) defendants' use closely resembles SPI's use, and (4) consumers, in light of those assertions, were likely to be confused as to the source of the offered goods and services. In light of *Farouk*, SPI's original complaint asserted sufficient facts to establish (1) ownership in a legally protectable mark, and (2) a likelihood of confusion.

Claims for trademark infringement and for unfair competition under both the Lanham Act and Texas law are governed by the same test. *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 235 n.7 (5th Cir. 2010). "The plaintiff must first 'establish ownership in a legally protectable mark, and second, ... show infringement by demonstrating a likelihood of confusion.'" *Amazing Spaces*, 608 F.3d at 235-236. Notwithstanding the sufficiency of SPI's original complaint, SPI sets forth below, in more detail, the two elements of infringement and unfair competition.

i. SPI sufficiently asserted its ownership of a legally protectable mark.

SPI asserted ownership of Federal Registration No. 3,323,420, on the principal register, for FIRST COLONY. "Any registration … of a mark registered on the principal register … shall be prima facie evidence of the validity of the registered mark and of the

registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein." 15 U.S.C. § 1115(a); *see also* 15 U.S.C. § 1057. SPI further established ownership in its legally protectable FIRST COLONY marks by asserting more than thirty years' use of that mark in commerce. *See* SPI's complaint, paragraph 2. Because ownership of a mark is established by use, not by registration, the owners of both registered and unregistered marks may obtain protection. *Union Nat'l Bank of Texas, Laredo v. Union Nat'l Bank of Texas, Austin,* 909 F.2d 839, 842 (5th Cir.1990). Furthermore, the same tests to determine whether they are protectable and whether they have been infringed apply to both registered and unregistered marks. *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 536 (5th Cir. 1998). "To be protectable, a mark must be distinctive, either inherently or by achieving secondary meaning in the mind of the public." *Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 329 (5th Cir. 2008). SPI asserted Federal Registration No. 3,323,420 as evidence of the distinctive nature of its FIRST COLONY mark. *See* 15 U.S.C. § 1115(a), *and E. & J. Gallo Winery v. Spider Webs Ltd.*, 129 F.Supp.2d 1033, 1038 (S.D. Tex. 2001) (*Gallo I*). In light of its registration and its long-standing use, SPI's ownership in its FIRST COLONY marks relates to not only the goods and services set forth in Federal Registration No. 3,323,420, but also to the variety of goods and services in connection with which SPI has used its FIRST COLONY marks since at least as early as 1975.

ii. SPI sufficiently asserted that a likelihood of confusion exists.

Determining whether a likelihood of confusion exists is a case-specific analysis. In the Fifth Circuit, a Court will consider:

> "the following nonexhaustive 'digits of confusion' in evaluating likelihood of confusion: (1) the type of trademark; (2) mark similarity; (3) product similarity; (4) outlet and purchaser identity; (5) advertising media identity; (6) defendant's intent; (7) actual confusion; and (8) care exercised by potential purchasers. No digit is dispositive, and the digits may weigh differently from case to case, 'depending on the particular facts and circumstances involved.' The court should consider all relevant evidence."

Xtreme Lashes, LLC v. Xtended Beauty, Inc., 576 F.3d 221, 226-227 (5th Cir. 2009) (reversing summary judgments of non-infringement of the "XTREME LASHES" and "EXTEND YOUR BEAUTY" marks by the use of "XTENDED BEAUTY"). "The absence or presence of any one factor ordinarily is not dispositive; indeed, a finding of likelihood of confusion need not be supported even by a majority of the ... factors." *Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 329 (5th Cir. 2008). Proof of actual confusion is not a prerequisite, and no single factor is dispositive of the likelihood of confusion. *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1122 n.9 (5th Cir. 1991). To show a likelihood of confusion, "it is repeatedly held that the parties need not be in competition and that the goods or services need not be identical." *Beef/Eater Restaurants, Inc. v. James Burrough Ltd.*, 398 F.2d 637, 639 (5th Cir. 1968).

In its original complaint, SPI asserted sufficient facts to support a likelihood of confusion. First, despite Mr. Samora's claim that there is "self-evident dissimilarity in the wording," (*See* Motion to Dismiss, page 5.) the marks at issue are nearly identical, differing only in defendants' addition of the word TAXI to SPI's FIRST COLONY mark. Second, defendants offer their services in the same geographical area, that is Sugar Land, Texas, and the surrounding areas, in which SPI has operated since at least as

early as 1975. And, often, defendants offer their services in and around the Development. Third, the goods and services provided by defendants and by SPI, by itself and through its licensees, are targeted to the same consumers—residents of and visitors to (1) the Development, (2) Sugar Land, Texas, and (3) the surrounding communities. These facts are sufficient to support SPI's claim that a likelihood of confusion exists. *See* Plaintiff's Original Complaint, page 2. For these reasons and others, a significant likelihood of confusion exists as to SPI's affiliation with, or sponsorship of, defendants' services.

b. SPI raised plausible claims for relief for injury and dilution under Texas Business & Commerce Code § 16.29.

SPI established a plausible claim for injury and dilution under Section 16.29 of the Texas Business & Commerce Code, by asserting that (1) SPI owns FIRST COLONY, (2) FIRST COLONY is the subject of Federal Registration No. 3,323,420, which is distinctive by presumption, (3) defendants use FIRST COLONY TAXI in connection with their taxi service, (4) defendants' use of FIRST COLONY is unauthorized, and (5) defendants' use is likely to injure or dilute SPI's FIRST COLONY marks. Section 16.29 of the Texas Business & Commerce Code provides:

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

TEX. BUS. & COM. CODE ANN. § 16.29 (*emphasis added*). Thus, although Mr. Samora asserts otherwise (*See* Motion to Dismiss, page 8.), the statute expressly permits recovery for marks other than those registered in Texas. *Id*.

"In order to succeed on a dilution claim, [SPI] must show that it owns a distinctive mark and that there is a likelihood of dilution." *E. & J. Gallo Winery v. Spider Webs Ltd.*, 286 F.3d 270, 278 (5th Cir. 2002) (*Gallo II*) (citing *Pebble Beach Co. v. Tour 18 I, Ltd.,* 942 F.Supp. 1513, 1564 (S.D.Tex.1996), *aff'd as modified,* 155 F.3d 526 (5th Cir.1998)). "A registered mark is presumed to be distinctive and should be afforded the utmost protection." *Gallo I*, 129 F.Supp.2d at 1038. In view of SPI's federal registration, and as discussed above, SPI's FIRST COLONY marks are distinctive.

"A likelihood of dilution can be caused by either "1) 'blurring,' a diminution in the uniqueness or individuality of the mark, or 2) 'tarnishment,' an injury resulting from another's use of the mark in a manner that tarnishes or appropriates the goodwill and reputation associated with the plaintiff's mark." *Gallo II*, 286 F.3d at 279. "Interpreting the Texas anti-dilution statute, both federal and state courts have determined that, if the claimant holds a distinctive mark, 'it is enough [for dilution] that the defendant has made significant use of a very similar mark.'" *Abraham v. Alpha Chi Omega*, 781 F. Supp. 2d 396, 430 (N.D. Tex. 2011) (citing *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F. Supp. 1513, 1564 (S.D. Tex. 1996), and *Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Imp. Corp.*, 53 S.W.3d 799, 812 (Tex.App.-Austin 2001) (TAB 1)[1]). Defendants' significant use of the phrase FIRST COLONY in connection with their business is sufficient to establish a likelihood of dilution.

[1] Attached Exhibit A includes TAB 1 to TAB 4.

c. SPI raised plausible claims for relief for injury and dilution under the Lanham Act, specifically 15 U.S.C. § 1125(c), and under common law.

Mr. Samora alleges that SPI did not plead sufficiently a claim for injury and dilution, and cannot plead such a claim, not because SPI failed in pleading the fundamental elements of that claim, but because he alleges that SPI's use of FIRST COLONY is "geographically descriptive" and renders defendants' use permissible fair use. Mr. Samora is incorrect.

i. "FIRST COLONY" Is Not Primarily Geographically Descriptive.

SPI's FIRST COLONY mark is not primarily geographically descriptive. When SPI created the Development, SPI selected FIRST COLONY as an arbitrary designation. Courts have rejected the argument that a development could become the victim of its own success, by distinguishing situations, in which the plaintiff coins and creates an arbitrary name for a geographic locale, from situations in which businesses use the name of an already existing geographic locale in their mark. *Pebble Beach Co. v. Tour 18 I. Ltd.,* 942 F. Supp. 1513 (S.D.Tex.1996), *aff'd as modified,* 155 F.3d 526 (5th Cir.1998) (enforcing PINEHURST because the mark was arbitrary and not geographically descriptive when coined by the plaintiffs, and because any developed geographic connotation was directly attributable to the success of the development itself); *see also Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Improvement Corp.,* 53 S.W.3d 799 (Tex.App.—Austin 2001) (TAB 1); and *Prestwick, Inc. v. Don Kelly Bldg. Co.,* 302 F.Supp. 1121, 1124 (D.Md.1969). SPI can establish, as set forth above, that its FIRST COLONY marks are not geographically descriptive, and

that any geographic connotation is due directly to SPI's efforts to build and promote a development in the area.

Mr. Samora relies on the U.S. Census Bureau to support his allegation that the phrase FIRST COLONY is geographically descriptive. The U.S. Census Bureau, for the 1990 census, used the phrase FIRST COLONY to describe a census designated place ("CDP") near Sugar Land, Texas. However, a CDP is a place that lacks "both a legally-defined boundary and an active, functioning governmental structure, chartered by the state and administered by elected officials." *Census Designated Place (CDP) Program for the 2010 Census—Final Criteria*, 73 FR 8269-01 (TAB 2) . A CDP designation alone does not render SPI's FIRST COLONY marks geographically descriptive.

ii. Defendants' Use Is Not "Fair Use."

Defendants' use of the phrase FIRST COLONY in connection with their business is not "fair use." Under the Lanham Act, "[a]ny fair use, including a nominative or descriptive fair use … other than as a designation of source for the person's own goods or services …" is not actionable. 15 U.S.C. § 1125(c)(3)(A). "Other than as a designation of source" means that a court must **not** allow a "fair use" defense, if the court finds that the defendant has been using the mark in question as a trademark or service mark. *Service Merchandise v. Service Jewelry Stores*, 737 F. Supp. 983, 997 (S.D. Tex. 1990); *see also Venetianaire Corp. of America v. A & P Import Co.*, 429 F.2d 1079 (2nd Cir. 1970). Mr. Samora cited *Dominion* to support his allegation that defendants' use is fair use. In its unpublished 1986 opinion, the Virginia district court in *Dominion* found Dominion Federal Savings and Loan's advertisement to be a "permitted fair use", because the advertisement referred to an adjacent development, as a location

identifier. *Dominion Fed. Sav. & Loan Ass'n v. Ridge Dev. Corp.*, CIV.A. 86-0140-A, 1986 WL 15438 (E.D. Va. July 24, 1986) (TAB 3). However, defendants' use is not permitted fair use, because, even though SPI's and defendants' primary businesses differ, defendants' appropriation of the phrase FIRST COLONY as a service mark is not entitled to the same protection as the *Dominion* bank's descriptive use. Defendants are using SPI's marks in the name of defendants' business to identify and distinguish defendants' services from others, not simply to advertise the location of their business.

d. SPI has exclusive rights and authority in its FIRST COLONY mark.

In order for a mark to be protectable, it must be capable of distinguishing the owner's goods from those of others. 15 U.S.C. § 1052. According to Mr. Samora, SPI's FIRST COLONY marks are not enforceable because SPI's FIRST COLONY marks are "not known by consumers to identify a single source of goods or services." Motion to Dismiss, page 10. Mr. Samora cited *Finger Furniture* to support his allegation. The Court in *Finger Furniture* refused to enforce a mark used frequently by competitors. *Finger Furniture Co., Inc. v. Mattress Firm, Inc.*, 2005 WL 1606934, *4 (S.D. Tex. 2005) (TAB 4). However, contrary to the plaintiff in *Finger Furniture,* SPI tightly controls use of its FIRST COLONY marks. SPI's marks are used by a variety of SPI's direct licensees, and, during more than thirty years of ownership and enforcement, SPI has exercised a high degree of restrictive control over the marks' use. As a result, the FIRST COLONY marks have acquired widespread fame and public recognition in connection with SPI's development.

In addition, Mr. Samora cites Federal Trademark Registration Number 1,192,242, registered in 1982 to The First Colony Coffee & Tea Company, Inc. for use in

connection with tea, as evidence that the phrase FIRST COLONY is not distinctive of SPI's goods and services. However, the Lanham Act expressly authorizes certain concurrent registrations, when confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks. 15 U.S.C. § 1052(d). Between FIRST COLONY, in Virginia for tea, and FIRST COLONY, in Texas for use in connection with a real estate development, the USPTO found NO likelihood of confusion, and therefore permitted concurrent registrations. Moreover, defendants are not selling tea in Virginia. Defendants provide services in Fort Bend County, in and around the Development. Because defendants operate their business in SPI's front yard, the resulting likelihood of confusion is high.

e. The Court should not permit Mr. Samora to engage in the unauthorized practice of law.

Mr. Samora's motion and brief relate to both Mr. Samora's interests and the interests of Edmund D. Samora, LLC. Mr. Samora avails himself of the advantages that a limited liability corporation affords; the Court should not permit him to abandon that decision now for his own convenience. "It has been the law for the better part of two centuries, for example, that a corporation may appear in the federal courts only through licensed counsel. As the courts have recognized, the rationale for that rule applies equally to all artificial entities. Thus, save in a few aberrant cases, the lower courts have uniformly held that 28 U.S.C. § 1654, providing that 'parties may plead and conduct their own cases personally or by counsel,' does not allow corporations, partnerships, or associations to appear in federal court otherwise than through a licensed attorney."

Rowland v. California Men's Colony, Unit II Men's Advisory Council, 506 U.S. 194, 201-02, 113 S. Ct. 716, 721 (1993).

f. Even if SPI failed to plead sufficiently, the Court should afford SPI an opportunity to amend its original complaint.

"A court should give the plaintiffs an opportunity to amend their complaint rather than dismiss if it appears that a more carefully drafted complaint might state a claim upon which relief may be granted." *Mills v. Injury Benefits Plan of Schepps-Foremost, Inc.*, 851 F. Supp. 804, 806 (N.D. Tex. 1993); *see also Dussouy v. Gulf Coast Investment Corporation,* 660 F.2d 594, 604 (5th Cir. 1981). "In view of the consequences of dismissal on the complaint alone, and the pull to decide cases on the merits rather than on the sufficiency of pleadings, district courts often afford plaintiffs at least one opportunity to cure pleading deficiencies before dismissing a case, unless it is clear that the defects are incurable or the plaintiffs advise the court that they are unwilling or unable to amend in a manner that will avoid dismissal." *Great Plains Trust Co. v. Morgan Stanley Dean Witter & Co.*, 313 F.3d 305, 329 (5th Cir. 2002); *see also Abecassis v. Wyatt*, 785 F. Supp. 2d 614, 626 (S.D. Tex. 2011). "Factors for the court to consider in determining whether a substantial reason to deny a motion for leave to amend include 'undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, undue prejudice to the opposing party, and futility of amendment.'" *In re Enron Corp. Sec.*, 465 F. Supp. 2d 687, 710-11 (S.D. Tex. 2006).

If afforded the opportunity, and as described above, SPI can assert additional facts, which will even more clearly establish its claims for relief under the Lanham Act,

the Texas Business and Commerce Code, and the common law. Therefore, even if the Court were to find SPI's claims were not sufficiently pleaded, leave to re-plead, not dismissal, would be the appropriate remedy.

7. Conclusion

The phrases FIRST COLONY and FIRST COLONY TAXI are nearly identical. SPI is the longstanding owner and user of FIRST COLONY for use in connection with a variety of goods and services in Fort Bend County, Texas. SPI has licensed its FIRST COLONY marks to a wide variety of businesses in the Development area, has enforced its ownership, and has developed extensive good will, fame, and a reputation for excellence in conjunction with its FIRST COLONY marks. Defendants' unauthorized use of FIRST COLONY as a service mark in connection with defendants' taxi business in and around the Development creates a likelihood of consumer confusion, and constitutes unfair competition, infringement, and injury and dilution. Despite Mr. Samora's assertions to the contrary, the phrase FIRST COLONY is not merely geographical, and defendants' use is not fair use. Furthermore, Mr. Samora's allegations present questions of material fact, and establish that Mr. Samora effectively was put on notice of the claims against him.

SPI respectfully requests that the Court deny Mr. Samora's motion to dismiss on all counts, and permit the case to proceed against defendants. In the alternative, SPI requests permission to amend its original complaint to set forth additional detailed facts. Finally, SPI requests that the Court expressly prohibit Mr. Samora from proceeding *pro se* on behalf of his company.

Dated: February 17, 2012

Respectfully submitted,

/s/ Heather Hoopingarner Thiel
Heather Hoopingarner Thiel
Attorney-in-charge
State Bar No. 24046104
Southern District Bar No. 1115564
Law Offices of Tim Headley
7941 Katy Fwy., Suite 506
Houston, Texas 77024-1924
Phone: 713 467 8502
Fax: 713 467 8501
Heather@HeadleyIPLaw.com

Tim Headley
Of Counsel
State Bar No. 09325210
Southern District Bar No. 1003
Law Offices of Tim Headley
7941 Katy Fwy., Suite 506
Houston, Texas 77024-1924
Phone: 713 467 8500
Fax: 713 467 8501
Tim@HeadleyIPLaw.com

Attorneys for Sugarland Properties, Inc.

CERTIFICATE OF SERVICE

I certify that on February 17, 2012, the foregoing document is being transmitted by email to Mr. Samora, as agreed to by Mr. Samora, on behalf of both defendants.

/s/ Heather Hoopingarner Thiel
Heather Hoopingarner Thiel

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

SUGARLAND PROPERTIES, INC.,	§	
	§	
Plaintiff,	§	
	§	
v.	§	CIVIL ACTION NO. H-11-4439
	§	
EDMUND D. SAMORA and	§	
EDMUND D. SAMORA, LLC,	§	
	§	
Defendants.	§	

ORDER

Pending before the court is Defendant's Motion To Dismiss Plaintiff's Complaint For Failure To State A Claim Upon Which Relief Can Be Granted (Docket Entry No. 9). Although Plaintiff's Response alleges facts that could support the claims described there, many of those facts and allegations are absent from Plaintiff's Original Complaint. Plaintiff is **ORDERED** to file an amended complaint within twenty days from the date of entry of this Order. Defendant's Motion To Dismiss (Docket Entry No. 9) is **DENIED without prejudice** to defendant's right to file a properly supported motion for summary judgment according to the timetable the court will discuss at the April 20, 2012, Initial Pretrial and Scheduling Conference.

SIGNED at Houston, Texas, on this 30th day of March, 2012.

SIM LAKE
UNITED STATES DISTRICT JUDGE

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

Sugarland Properties, Inc.	§	
	§	
Plaintiff,	§	
v.	§	Civil Action No.: 4:11-cv-4439
	§	
Edmund D. Samora, and	§	
Edmund D. Samora, LLC	§	
	§	
Defendants.	§	

Plaintiff's First Amended Complaint And Request For Injunctive Relief

Plaintiff, Sugarland Properties, Inc. ("SPI"), files this suit for trademark infringement, trademark dilution, and unfair competition against Edmund D. Samora and Edmund D. Samora, LLC (collectively, "Samora").

1. The Court has jurisdiction over the subject matter of this action under 15 U.S.C. § 1121, 28 U.S.C. § 1338(b), and the doctrine of pendent jurisdiction.

2. In 1973, SPI established a real estate development (the "Development") in Fort Bend County, near the city of Sugar Land, Texas. SPI created its FIRST COLONY mark for use in connection with the Development.

3. SPI operates its business in Fort Bend County, and in the city of Sugar Land, Texas. SPI offers for sale to the public its goods and services in Fort Bend County, in the city of Sugar Land, Texas, and in and around the Development.

4. SPI, by itself and through its licensees, has offered for sale to the public various products and services in connection with its FIRST COLONY mark, since at least as early as 1975. The products and services offered by SPI and its licensees, in connection with SPI's FIRST COLONY mark, include:

   a. the sale, leasing and development of real estate;
   b. newsletters related to community deed restriction compliance and community events;
   c. organizing community events;
   d. building construction;
   e. real estate brokerage and management services;
   f. planning and developing master-planned communities;
   g. library services;
   h. community association services;
   i. podiatrist services;
   j. child care and educational services;
   k. flying club services;
   l. health care services;
   m. news reporting services;
   n. sports association services; and
   o. religious services.

5. SPI owns Federal Trademark Registration Number 3,323,420, for FIRST COLONY, for use in connection with (1) organizing community events, and (2) newsletters related to community deed-restriction compliance and community

events. "A registered mark is presumed to be distinctive and should be afforded the utmost protection." *E. & J. Gallo Winery v. Spider Webs Ltd.*, 129 F.Supp.2d 1033, 1038 (S.D. Tex. 2001).

6. SPI has enforceable rights in its FIRST COLONY mark. SPI's FIRST COLONY mark is not primarily geographically descriptive. When SPI created the Development, SPI selected FIRST COLONY as an arbitrary designation. Courts have rejected the argument that a development could become the victim of its own success, by distinguishing situations, in which the plaintiff coins and creates an arbitrary name for a geographic locale, from situations in which businesses use the name of an already existing geographic locale in their mark. *Pebble Beach Co. v. Tour 18 I. Ltd.,* 942 F. Supp. 1513 (S.D.Tex.1996), *aff'd as modified,* 155 F.3d 526 (5th Cir.1998) (enforcing PINEHURST because the mark was arbitrary and not geographically descriptive when coined by the plaintiffs, and because any developed geographic connotation was directly attributable to the success of the development itself); *see also Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Improvement Corp.,* 53 S.W.3d 799 (Tex.App.—Austin 2001); and *Prestwick, Inc. v. Don Kelly Bldg. Co.,* 302 F.Supp. 1121, 1124 (D. Md.1969). SPI can establish, as set forth above, that its FIRST COLONY marks are not geographically descriptive, and that any geographic connotation is due directly to SPI's efforts to build and promote a development in the area.

7. SPI tightly controls use of its FIRST COLONY mark. SPI directly licenses the use of its FIRST COLONY mark to qualified businesses in the Development area. Over more than thirty years, SPI has exercised a high degree of restrictive

control over the FIRST COLONY mark's use by pursuing infringers and enforcing its rights in the mark. SPI has enforced its FIRST COLONY mark against a wide variety of infringers, including:

a. An air conditioning services company;

b. A bank;

c. A chiropractor;

d. A florist;

e. A food mart;

f. A limousine service;

g. A mulch supply service;

h. An auto repair service;

i. A pest control company;

j. A plumbing services company;

k. A postal center;

l. A roofing and siding company; and

m. A gasoline service station.

8. As a result of SPI's enforcement activities, SPI's FIRST COLONY mark has developed good will, widespread fame, public recognition, and a reputation for quality and excellence.

9. Before SPI created the Development, there was no established area in Fort Bend County, or in the greater Houston area, known as "FIRST COLONY". When SPI created the Development, SPI selected FIRST COLONY as an arbitrary

designation for the location, and for the goods and services, which SPI intended to provide.

10. There is no area in Fort Bend County, Texas, which bears the name FIRST COLONY, and which has an active, functioning governmental structure, chartered by the state and administered by elected officials. Any geographic connotation associated with the phrase FIRST COLONY is due directly to SPI's efforts to build and promote a development in the area. Therefore, SPI's FIRST COLONY mark is not primarily geographically descriptive.

11. SPI's FIRST COLONY mark is distinctive for the goods and services provided by SPI and its direct licensees, because (1) the FIRST COLONY mark is arbitrary for the goods and services provided by SPI and its licensees, and (2) SPI's FIRST COLONY mark, through longstanding use and enforcement, is associated with good will, widespread fame, public recognition, and a reputation for quality and excellence.

12. Although defendants are not affiliated with SPI, defendants have been using the phrase "FIRST COLONY" in commerce without SPI's authorization.

13. Defendants operate a taxi service. Defendants operate their business and offer their services for sale to the public in Fort Bend County, in the city of Sugar Land, Texas, and in and around the Development. Defendants frequently locate their taxis near the Sugar Land Marriott Town Square, which is located in Sugar Land Town Square, another SPI property.

14. Defendants use the phrase FIRST COLONY TAXI as the name of their business, and as a service mark. Defendants have affixed signs containing the phrase "First Colony Taxi" to their taxis.

15. The phrases FIRST COLONY and FIRST COLONY TAXI are nearly identical. The phrases differ ***only*** in defendants' addition of the word TAXI to SPI's FIRST COLONY mark.

16. Consumers do not give long or careful consideration to engaging a taxi. When a taxi bears a mark developed for, and long associated with, a development, customers are likely to assume that taxi services offered near, or at, that development are associated with the development.

17. Defendants' use of the FIRST COLONY mark creates a likelihood of confusion because:

    a. Defendants' trade name is nearly identical to SPI's FIRST COLONY mark;

    b. Both defendants and SPI, by itself and through its licensees, offer their goods and services for sale in the same geographic area, that is, Fort Bend County, Texas, Sugar Land, Texas, and in and around the Development;

    c. The goods and services of both defendants and SPI, by itself and through its licensees, are offered to the public in the same or similar channels of trade; and

    d. The goods and services provided by defendants and by SPI, by itself and through its licensees, are targeted to the same consumers—

residents of and visitors to the Development, Sugar Land, Texas, and the surrounding communities.

18. Determining whether a likelihood of confusion exists is a case-specific analysis. In the Fifth Circuit, a Court will consider:

> "the following nonexhaustive 'digits of confusion' in evaluating likelihood of confusion: (1) the type of trademark; (2) mark similarity; (3) product similarity; (4) outlet and purchaser identity; (5) advertising media identity; (6) defendant's intent; (7) actual confusion; and (8) care exercised by potential purchasers. No digit is dispositive, and the digits may weigh differently from case to case, 'depending on the particular facts and circumstances involved.' The court should consider all relevant evidence."

Xtreme Lashes, LLC v. Xtended Beauty, Inc., 576 F.3d 221, 226-227 (5th Cir. 2009) (reversing summary judgments of non-infringement of the "XTREME LASHES" and "EXTEND YOUR BEAUTY" marks by the use of "XTENDED BEAUTY"). "The absence or presence of any one factor ordinarily is not dispositive; indeed, a finding of likelihood of confusion need not be supported even by a majority of the ... factors." *Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 329 (5th Cir. 2008). Proof of actual confusion is not a prerequisite, and no single factor is dispositive of the likelihood of confusion. *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1122 n.9 (5th Cir. 1991). To show a likelihood of confusion, "it is repeatedly held that the parties need not be in competition and that the goods or services need not be identical." *Beef/Eater Restaurants, Inc. v. James Burrough Ltd.*, 398 F.2d 637, 639 (5th Cir. 1968).

19. Defendants, without authorization, use the phrase "FIRST COLONY TAXI" as a service mark. Defendants use SPI's FIRST COLONY mark in the name of defendants' business to identify and distinguish defendants' services from others,

not simply to advertise the location of their business. Defendants' use is not nominative or descriptive fair use.

20. On at least two occasions, SPI has advised defendants that defendants' use of the phrase "FIRST COLONY" infringes SPI's FIRST COLONY mark. However, defendants have refused to discontinue their use of the phrase "FIRST COLONY" in connection with their business. Defendants' continued infringement of SPI's trademark is willful and deliberate.

21. Defendants' unauthorized use of the phrase "FIRST COLONY," as alleged above, constitutes infringement of SPI's federally registered mark (No. 3,323,420), in violation of 15 U.S.C. § 1114. Unless enjoined, defendants will continue their unauthorized use of the phrase "FIRST COLONY," resulting in a continuing likelihood of confusion and irreparable injury to SPI, for which SPI has no adequate remedy at law.

22. Defendants' unauthorized use of the phrase "FIRST COLONY," as alleged above, constitutes **infringement** of SPI's FIRST COLONY mark, in violation of 15 U.S.C. § 1125(a). Unless enjoined, defendants will continue their unauthorized use of the phrase "FIRST COLONY," resulting in a continuing likelihood of confusion and irreparable injury to SPI, for which SPI has no adequate remedy at law.

23. Defendants' actions, as alleged above, constitute injury to and **dilution** of SPI's FIRST COLONY mark under 15 U.S.C. § 1125(c). Unless enjoined, defendants will continue their infringing activities, resulting in irreparable injury to SPI, for which SPI has no adequate remedy at law.

24. "A likelihood of dilution can be caused by either "1) 'blurring,' a diminution in the uniqueness or individuality of the mark, or 2) 'tarnishment,' an injury resulting from another's use of the mark in a manner that tarnishes or appropriates the goodwill and reputation associated with the plaintiff's mark." *E. & J. Gallo Winery v. Spider Webs Ltd.*, 286 F.3d 270, 279 (5th Cir. 2002). "Interpreting the Texas anti-dilution statute, both federal and state courts have determined that, if the claimant holds a distinctive mark, 'it is enough [for dilution] that the defendant has made significant use of a very similar mark.'" *Abraham v. Alpha Chi Omega*, 781 F. Supp. 2d 396, 430 (N.D. Tex. 2011) (citing *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F. Supp. 1513, 1564 (S.D. Tex. 1996), and *Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Imp. Corp.*, 53 S.W.3d 799, 812 (Tex.App.-Austin 2001). Defendants' significant use of the phrase FIRST COLONY in connection with their business is sufficient to establish a likelihood of dilution.

25. Defendants' actions, as alleged above, constitute injury to and dilution of SPI's FIRST COLONY mark under § 16.29 of the Texas Business & Commerce Code. Unless enjoined, defendants will continue their infringing activities, resulting in irreparable injury to SPI, for which SPI has no adequate remedy at law. Section 16.29 of the Texas Business & Commerce Code provides:

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

TEX. BUS. & COM. CODE ANN. § 16.29 (emphasis added).

26. Defendants' actions, as alleged above, constitute common law trademark infringement and unfair competition under Texas law. Unless enjoined, defendants will continue their infringing activities, resulting in irreparable injury to SPI, for which SPI has no adequate remedy at law.

27. SPI is entitled to recover its damages, including costs of suit and attorneys' fees.

Prayer For Relief

SPI prays for the following relief:

A. That defendants and their agents, servants, and employees, and all others in concert or participation with them, be enjoined from using the phrase "FIRST COLONY" as a part of defendants' trade name or in any other manner in connection with defendants' business in Texas;

B. That defendants be ordered, pursuant to 15 U.S.C. § 1118, to modify or destroy all literature, signs, labels, prints, packages, wrappers, containers, advertising materials, stationery, and any other items in their possession or control which contain the phrase "FIRST COLONY", either alone or in combination with other words or symbols;

C. That defendants be ordered to remove all reference to the phrase "FIRST COLONY" in any form from any website or any other online marketing or advertising over which defendants have authority or control;

D. That defendants be ordered to file with the court and to serve on SPI, within thirty (30) days after the entry of an injunction, a report in writing, under oath, setting

forth in detail the manner and form in which defendants have complied with the injunction;

E. That SPI recover from defendants its damages, including costs of suit and reasonable attorneys' fees;

F. That SPI recover from defendants prejudgment and post judgment interest at the applicable rates on all amounts awarded herein; and

G. That SPI have such further relief to which it may be entitled.

Dated: April 5, 2012

Respectfully submitted,

/s/ Tim Headley

Tim Headley
Attorney-in-charge
State Bar No. 09325210
Southern District Bar No. 1003
Law Offices of Tim Headley
7941 Katy Fwy., Suite 506
Houston, Texas 77024-1924
Phone: 713 467 8500
Fax: 713 467 8501
Tim@HeadleyIPLaw.com

Attorney for Sugarland Properties, Inc.

Certificate Of Service

I certify that on April 5, 2012, the foregoing document is being transmitted by email to Mr. Paul Beik, counsel for defendants.

/s/ Tim Headley
Tim Headley