

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEBRASKA

BUC-EE'S, LTD.,

Plaintiff,

vs.

BUCKS, INC. d/b/a BUCKY'S, and STEVEN
BUCHANAN

Defendants.

CASE NO. 8:17-CV-00287

**DEFENDANTS BUCKS, INC. d/b/a BUCKY'S AND STEVEN BUCHANAN'S
BRIEF IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT**

I. INTRODUCTION

Buc-ee's, Ltd. ("Buc-ee's" or "Plaintiff") and Buck's, Inc. and Steve Buchanan (collectively, "Defendants" or "Buck's"), have already litigated their ability to use their respective trademarks before the United States Patent and Trademark Office and this Court in 2008. Buc-ee's was represented by experienced trademark lawyers in Houston and Omaha (the law firms of Osha Liang and Baird Holm). The litigation was resolved by the parties, with counsel, negotiating and executing a clear and unambiguous six-page Co-Existence and Settlement Agreement ("Co-Existence Agreement"). A proper construction of this Co-Existence Agreement, as a matter of law, defeats all of Buc-ee's claims I through VIII regarding Buck's permitted use of the valid and incontestable BUCKY'S mark. Additionally, as conclusively demonstrated in these motion papers, Buc-ee's claims for inducement by fraudulent and material misrepresentation, fraudulent misrepresentation, negligent misrepresentation, and breach of contract are meritless and can be resolved by this Motion.

II. STATEMENT OF MATERIAL FACTS

A. STEVE BUCHANAN AND BUCKY'S

1. Steve Buchanan ("Mr. Buchanan") is an individual who was born and raised in Omaha, Nebraska. (Buchanan Decl. para 2) Mr. Buchanan is an auto mechanic and in 1979 became the owner of an Amoco gas station at the corner of 50th and Dodge Streets in Omaha, Nebraska. (*Id.*) Mr. Buchanan's nickname was at that time, and is today, "Bucky". (*Id.*)

2. After acquiring the 50th and Dodge location, Mr. Buchanan used part of the building as a convenience store and the other part was remodeled to a repair facility. The repair facility was known as BUCHANAN SERVICE and the convenience store was known as BUCKY'S. (Passarelli Decl., Ex. 38) Beginning in 1979, Mr. Buchanan used the BUCKY'S trademark on handwritten fliers, specials, tags, promos and cooler marks. (*Id.*)

3. In 1980, Mr. Buchanan retained the services of Dennis Maillard ("Mr. Maillard") who ran a marketing and advertising consulting business in Omaha, Nebraska, to develop a logo design for the mark BUCKY'S. (*Id.*) In June of 1980, Mr. Maillard developed the stylized logo design for BUCKY'S which is virtually identical to the stylized BUCKY'S logo currently used by Buck's in connection with convenience stores operated in Nebraska, Iowa, Illinois and Missouri. (Buchanan Decl., para 5) Also in 1980, Mr. Buchanan began using the logo design created by Mr. Maillard on direct mail pieces sent to consumers, point of purchase materials, store tags, shelf tags and cooler tags. (Passarelli Decl., Ex. 38)

4. At some time on or before June 13, 2008, Mr. Maillard provided an undated letter confirming that he created the BUCKY'S logo. The letter states:

RE: Bucky's logo.
To Whom It May Concern:
My principle business is advertising. I was responsible for the logo design of "Bucky's" as shown on the enclosure. This design was

developed in June 1980. The logo was used in advertising mailers and for store identification.

Dennis Maillard
Enclosure: Bucky's logo design

(*Id.*, para 8, Ex. 1)

5. Mr. Buchanan used the logo in advertising mailers and for store identification in 1980 and thereafter. (*Id.*, para 5 and Ex. 1)

6. In 1989, Buck's began operating a convenience store under the name BUCKY'S at 30th and Dodge Streets in Omaha, Nebraska. The convenience store at 30th and Dodge was different than the full service gas station at 50th and Dodge in that it was a full sized convenience store and it did not offer auto repair services. (*Id.*, para 6)

B. THE USPTO APPLICATIONS

7. On January 4, 2006, Buck's filed Application Serial No. 76653211 with the United States Patent and Trademark Office ("USPTO") to register the trademark BUCKY'S for use in connection with "retail store services featuring convenience store items and gasoline". (Passarelli Decl., para 3, Ex. 1) The application sought to register the word mark BUCKY'S for "retail store services featuring convenience store items and gasoline." The application stated "the service mark was first used **at least as early** as 1989; was first used in interstate commerce **at least as early** as 1989; and is now used in such commerce." (Emphasis added). (*Id.*)

8. On April 4, 2006, Buc-ee's filed Application Serial No. 78853252 with the USPTO to register the trademark BUC-EE'S for use in connection with "retail store services featuring convenience store items and gasoline". (*Id.*, para 4, Ex. 2) The application stated that the mark was first used at least as early as July 1, 1982, and first used in interstate commerce at least as early as July 1, 1982. (*Id.*)

9. On September 15, 2006, the USPTO issued a Notice of Suspension in connection with the BUC-EE'S trademark application, suspending further action on the application until final disposition of the previously filed BUCKY'S trademark application. (*Id.*, para 5, Ex. 3) Thus, the USPTO was going to proceed with reviewing Buck's trademark application and registering its BUCKY'S trademark while Buc-ee's application remained suspended. (*Id.*)

C. BUC-EE'S BRINGS AN ACTION TO OPPOSE BUCK'S APPLICATION

10. The USPTO published the BUCKY'S application for opposition on February 13, 2007. After requesting and receiving extensions of time to oppose, Buc-ee's filed a Notice of Opposition against the BUCKY'S application with the Trademark Trial and Appeal Board ("TTAB") on June 13, 2007 (the "Opposition Proceeding"). (*Id.*, para 6, Ex. 4)

11. The Notice of Opposition formally announced Buc-ee's claim to trademark rights with respect to its trademark BUC-EE'S, and challenged Buck's application to register its trademark BUCKY'S for "retail store services featuring convenience store items and gasoline". The Notice of Opposition incorporated allegations that registration of the BUCKY'S mark "will falsely suggest a connection between Applicant and Opposer", that Buc-ee's "has priority of use", and that "Applicant's mark BUCKY'S so resembles Opposer's mark BUC-EE'S as to be likely, when applied to the goods and/or services of the Opposer, to cause confusion." (*Id.*, para 7, Ex. 4)

12. The Omaha law firm McGrath North briefly represented Buck's in the Opposition Proceeding. (*Id.* para 8) Buc ee's was represented by the law firm of Osha Liang LLP, a very well respected law firm based in Houston, Texas, that specialized in intellectual property matters, including trademark registrations, USPTO proceedings and litigation involving trademark infringement. (*Id.*)

13. On June 13, 2008, Christopher Bikus (“Mr. Bikus”), of McGrath North, sent a letter to Buc-ee’s counsel Brian Wunder (“Mr. Wunder”), of Osha Liang, enclosing Mr. Maillard’s “To Whom It May Concern” letter. (*Id.* para 9, Ex. 5)

14. On June 20, 2008, Mr. Wunder sent Mr. Bikus a letter disputing the veracity of Mr. Maillard’s letter but nonetheless proposing a settlement pursuant to which each party would pursue concurrent use registrations of their respective trademarks, effectively giving the states of Nebraska, Iowa and Missouri to Buck’s and the rest of the country to Buc-ee’s. (*Id.* para 10, Ex. 6)

15. On August 28, 2008, Buck’s responded to Buc-ee’s First Set of Interrogatories served in connection with the Opposition Proceeding. In response to an interrogatory seeking the date on which Buck’s first sold goods or services under the BUCKY’S mark, Buck’s responded in part, “Applicant states it began offering goods or services under the mark BUCKY’S prior to 1982 at its store located at 50th and Dodge Street in Omaha, Nebraska.” (*Id.* para 11, Ex. 7, p. 3)

16. Also on August 28, 2008, in response to an interrogatory requesting the identity of “all persons who are responsible for the marketing and/or advertising of the mark ‘BUCKY’S’ during the time period from Applicant’s first use of the mark ‘BUCKY’S’ in commerce until the present”, Buck’s identified Mr. Buchanan, Mr. Mailliard (sic), Omaha Neon Sign and Larry Ryben (“Mr. Ryben”) of Omaha Shopper. (*Id.*, para 11, Ex. 7, p. 7)

17. On September 22, 2008, not accepting the representations in Mr. Maillard’s “To Whom It May Concern” letter at face value, Buc-ee’s counsel issued a Subpoena Duces Tecum to Mr. Maillard seeking a variety of information regarding the design and use of the BUCKY’S logo, including but not limited to, “Any documents that support the statement in Exhibit 1 that ‘This design was developed in June 1980.’” and “Any documents that show that the logo referenced in

Exhibit 1 was used in advertising mailers and for store identification between January 1, 1980 and December 31, 1985.” (*Id.*, para 12, Ex. 8)

18. Also on September 22, 2008, not accepting Buck’s 1982 claim of first use at face value, Buc-ee’s counsel issued a Subpoena Duces Tecum to the Custodian of Records, Omaha Neon Sign, seeking “All documents relating to any sign or display that Omaha Neon sign sold or leased to Steve Buchanan, Buck’s, Inc., Bucky’s, or Bucky’s Express between 1979 and 1985, including but not limited to photographs or drawings of the signs or displays, copies of the art or design work used for the signs, purchase orders, invoices, bills of sale, cost estimates, letters or memoranda.” (*Id.*, para 13, Ex. 9)

19. Also on September 22, 2008, and again not accepting Buck’s 1982 claim of first use at face value, Buc-ee’s counsel issued a Subpoena Duces Tecum to the Custodian of Records, Omaha Shopper, seeking “All documents relating to advertising placed in the Omaha Shopper by Steve Buchanan, Buck’s, Inc., Bucky’s, or Bucky’s Express between 1979 and 1985, including but not limited to copies of the actual advertisement that were published in the Omaha Shopper, the art or design work that went into the advertisements, purchase orders, invoices, bills of sale, cost estimates, letters or memoranda.” (*Id.*, para 14, Ex. 10)

20. In addition, on September 22, 2008, and again not accepting Buck’s 1982 claim of first use at face value, Buc-ee’s counsel issued a Subpoena Duces Tecum to Mr. Ryben (Omaha Shopper), seeking “All documents relating to advertising placed in the Omaha Shopper by Steve Buchanan, Buck’s, Inc., Bucky’s, or Bucky’s Express between 1979 and 1985, including but not limited to copies of the actual advertisement that were published in the Omaha Shopper, the art or design work that went into the advertisements, purchase orders, invoices, bills of sale, cost estimates, letters or memoranda.” (*Id.*, para 15, Ex. 11)

21. A month later, on November 24, 2008, still not accepting Buck's 1982 claim of first use at face value, Buc-ee's served an Amended Notice of Deposition of Steve Buchanan on Buck's counsel seeking to depose Mr. Buchanan on December 8, 2008. (*Id.*, para 16, Ex. 12)

D. BUCKY'S INITIATES LITIGATION IN NEBRASKA

22. Responsibility for Buck's defense was transferred to Kutak Rock in early November of 2008. (*Id.*, para 8) Thereafter, John Passarelli ("Mr. Passarelli") of Kutak Rock represented Buck's as lead counsel in the Opposition Proceeding. (*Id.*, para 8)

23. On December 2, 2008, Buck's filed a Complaint for Unfair Competition, Violation of the Nebraska Uniform Deceptive Trade Practice Act and for Declaratory Judgment (the "Complaint") against Buc-ee's in the United States District Court for the District of Nebraska, captioned *Buck's Inc., a Nebraska corporation, Plaintiff vs. Buc-ee's Ltd., a Texas corporation, Defendant*, Case No. 8:08-cv-519 (the "Nebraska Litigation"). (*Id.*, para 17, Ex. 13)

24. The Complaint contained the following allegations:

3. Bucky's currently operates approximately 50 retail stores featuring convenience store items and gasoline under the trademark BUCKY'S in the states of Nebraska, Iowa, Missouri and Illinois. Bucky's made first use of the BUCKY'S trademark in interstate commerce at least as early as May of 1982 at a retail store location in Omaha, Nebraska. Since it adopted the BUCKY'S trademark in May of 1982, Bucky's has sought to expand its chain of BUCKY'S retail stores throughout the midwestern United States and into national markets. Bucky's was established by Steve Buchanan who is also known in the community as BUCKY.

25. By virtue of Defendant's activities as stated herein, an uncertainty has been cast over Bucky's right to freely use its BUCKY'S trademark throughout the United States without interference from or threat of legal action by Defendant.

26. By virtue of Defendant's activities as stated herein, Bucky's has a reasonable apprehension that its expansion of the BUCKY'S trademark into new locations, including but not limited to its immediate plans to expand its use of the BUCKY'S trademark into the states of Kansas and Florida, will result in Defendant filing an infringement litigation against Bucky's.

27. Defendant's conduct as described above has caused harm to Bucky's in all states in which Bucky's currently conducts business under the BUCKY'S trademark, including the state of Nebraska, and in all states into which Bucky's intends to expand its business under the BUCKY'S trademark.

(*Id.*)

25. On December 4, 2008, Buck's counsel filed a motion with the USPTO to suspend the Opposition Proceeding pending the outcome of the Nebraska Litigation. (*Id.*, para 19, Ex. 14) On December 5, 2008, the USPTO granted Buck's motion and suspended the Opposition Proceeding. (*Id.*, para 20, Ex. 15)

26. The Nebraska Litigation involved the same law firms that were involved in the Opposition Proceeding. Specifically, Buck's, Inc. was represented by John Passarelli and Patrick Stephenson of Kutak Rock LLP. Buc-ee's was represented by Brian Wunder, Richard S. Siluk and John W. Montgomery, all of the Osha Liang law firm in Houston, Texas. In addition to Houston counsel, Buc-ee's was represented by John Sharp and Kenneth Hartman of the prominent Baird Holm law firm in Omaha, Nebraska. (*Judicial Notice of pleadings in the Nebraska Litigation*)

27. Both parties, in the Opposition Proceeding and subsequently in the Nebraska Litigation, were well represented by experienced, seasoned lawyers who had extensive experience in intellectual property law generally and trademark law specifically. Presumably these lawyers would be able to fully advise their respective clients with regard to the Opposition Proceeding, the Nebraska Litigation and the related matters involving the scope of discovery available to be employed, the issues to be litigated and ultimately the ability for the Court to ascertain each parties' rights and obligations with respect to the parties' trademarks BUCKY'S and BUC-EE'S. (*Id.*, para 8)

E. BUC-EE'S MOTION PRACTICE

28. Despite Buck's assertion in its Complaint that it had used its BUCKY'S trademark since at least as early as May of 1982, Buc-ee's elected to pursue an aggressive and presumably expensive motion practice. On February 2, 2009, Buc-ee's filed a Motion to Dismiss Under Rules 12(b)(2), 12(b)(3) and 12(b)(6) for Lack of Personal Jurisdiction, Improper Venue, and Failure to State a Claim. (Passarelli Decl., para 21, Ex. 16)

29. Meanwhile Buc-ee's continued to dispute Buck's May of 1982 date of first use as alleged in its Complaint. On February 24, 2009, in response to multiple requests from opposing counsel to provide documentation substantiating Buck's alleged date of first use of its BUCKY'S trademark, Mr. Passarelli sent Mr. Wunder a letter enclosing a financial statement relating to the operation of Buck's full service gas station at 50th and Dodge Streets, in Omaha, Nebraska. The financial statement contains a handwritten notation indicating that the document covered a period beginning May 19, 1982, but did not directly show use of the BUCKY'S trademark. (*Id.*, para 22, Ex. 17)

30. On June 25, 2009, this Court denied Buc-ee's motion to dismiss. Specifically, Judge Bataillon issued a Memorandum and Order which denied Buc-ee's motion to dismiss and ordered Buc-ee's to file an Answer to Buck's Complaint within 20 days. (*Id.*, para 23, Ex. 18)

31. On July 9, 2009, Buc-ee's filed a Motion for Reconsideration; Request for Stay; and Alternative Request for Certification to Take Interlocutory Appeal. (*Id.*, para 24, Ex. 19) On August 10, 2009, this Court issued a Memorandum and Order denying Buc-ee's Motion. (*Id.*, para 25, Ex. 20)

32. On August 19, 2009, Buc-ee's filed a Petition for Writ of Mandamus with the United States Court of Appeals for the Eighth Circuit, applying for a writ of mandamus to the

United States District Court for the District of Nebraska requiring the District Court to grant Buc-ee's Motion to Dismiss for Lack of Personal Jurisdiction, Improper Venue, and Failure to State a Claim. (*Id.*, para 26, Ex. 21)

33. On August 28, 2009, the Court of Appeals issued a Judgment denying Buc-ee's Petition for Writ of Mandamus. (*Id.*, para 27, Ex. 22)

F. SETTLEMENT

34. Having exhausted its available remedies for avoiding the jurisdiction of this Court, on August 31, 2009, the very next business day following the denial of its Petition for Writ of Mandamus, Buc-ee's counsel Mr. Wunder sent Mr. Passarelli a letter setting forth the "ground rules" of a mediation to take place on September 16, 2009, at the office of Kutak Rock, in Omaha, Nebraska. (*Id.*, para 28, Ex. 23)

35. Settlement negotiations were significantly facilitated by representatives of Osha Liang and the two principals and owners of Buc-ee's, Arch Aplin III and Don Wasek, traveling from Houston to Omaha to meet with Mr. Buchanan at the offices of Kutak Rock on September 16, 2009, to discuss an appropriate settlement. Messrs. Aplin, Wasek and Buchanan personally participated in the settlement discussions. (Buchanan Decl., para 10)

36. During a break in the settlement discussions, Mr. Buchanan showed Messrs. Aplin and Wasek the BUCKY'S convenience store located at 35th and Broadway in Council Bluffs, Iowa to show how the signage was presented to customers and how the store operated. (*Id.*, para 11) When Messrs. Buchanan, Aplin and Wasek returned from visiting the Council Bluffs BUCKY's convenience store, the parties concluded their settlement discussions and signed the Co-Existence and Settlement Agreement ("Co-Existence Agreement"). Mr. Buchanan signed the Co-Existence

Agreement on behalf of Buck's and Mr. Aplin signed the Co-Existence Agreement on behalf of Buc-ee's. (Passarelli Decl., para 29, Ex. 24; Buchanan Decl., para 11, Ex. 2)

37. The Co-Existence Agreement is a six-page agreement carefully negotiated and drafted by counsel and by its clear and unambiguous terms called for the parties to thereafter "co-exist" with their marks and to "settle" all claims, theories of recovery, affirmative defenses, counterclaims and any and all other causes of action which either party alleged or could have alleged in either the Opposition Proceeding or the Nebraska Litigation. Relevant provisions demonstrating that the parties intended to settle all claims and intended for the parties to be able to "co-exist" in any geographical territory within the United States are the following excerpts of the Co-Existence and Settlement Agreement:

- (1) The Agreement is entitled "Co-Existence and Settlement Agreement" accurately describing what the parties intended to achieve.
- (2) The sixth WHEREAS paragraph reflects the parties' agreement that "both parties have used their respective marks in their respective businesses for their respective goods and services since as early as 1989 without any know instance of actual confusion as to the source of origin of the goods and services".
- (3) The seventh WHEREAS paragraph reflects the parties' intent "to memorialize their respective rights in and to their respective trademarks, and to avoid any consumer confusion between their respective trademark uses".
- (4) Section 1(a) states in part "The parties believe that there is no likelihood of consumer confusion arising from use and registration by Buck's, Inc. of the mark BUCKY'S for goods and services of Buck's, Inc. and there is no likelihood of confusion arising from the use by Buc-ee's of the mark BUC-EE'S for the goods and services of Buc-ee's".
- (5) Section 1(a) further memorializes the parties' mutual belief that no likelihood of confusion exists between their respective marks because "the respective goods and services have been sold under the respective marks for over five years without causing a single known instance of actual confusion" and "the marks are spelled differently and the marks have a different appearance as used".

- (6) Section 1(c) sets forth Buc-ee's express agreement that "it will not directly or indirectly attempt to interfere with Buck's use or registration of the trademark BUCKY'S".
- (7) Section 1(c) further expands upon this commitment, expressly stating that "Buc-ee's agrees that during the term of this Agreement [in perpetuity] it shall not sue or otherwise bring official action in court or in the US Patent and Trademark Office with regard to the use by Buck's of the BUCKY'S mark".
- (8) Section 1(d) sets forth a mutual agreement to "reasonably cooperate with each other to provide a true consent document that will overcome the concerns of the USPTO" in the event that the USPTO were to reject either party's application to register its respective trademark.
- (9) Section 3(a) imposed a five-year restriction upon Buc-ee's (but no restrictions upon Buck's), preventing Buc-ee's from expanding its use of the BUC-EE'S trademark into Nebraska, Iowa, Missouri, Illinois, Kansas, Tennessee and South Carolina.
- (10) Section 3(b) provides, "Subject to the limitations set forth in paragraph 3(a) above and the agreement by the parties herein to take appropriate steps to avoid any likelihood of confusion, and because the parties agree that no likelihood of confusion will result from their separate use of their respective marks, either party may expand into any geographical territory without objection, interference, or filing of any legal action by the other party."
- (11) Section 4 provides a broad mutual release from all "claims for relief and causes of action of every kind and nature whatsoever, whether by statute or in contract, tort, at law or in equity, or otherwise, existing at the time of this Agreement and now known or unknown, that relate to (i) the use of their respective trademarks references herein, (ii) any claims or counterclaims that were asserted or could have been asserted in the Opposition Proceeding, and (iii) any claims or counterclaims that were asserted or could have been asserted in the Nebraska Litigation."
- (12) Section 5 confirms that the agreement should continue "in perpetuity".
- (13) Section 8 provides that in the unlikely "event that either party encounters any instances of actual consumer confusion between the parties' respective trademark uses, such party will promptly notify the other party and the parties will cooperate in good faith to take appropriate steps and measures to eliminate such actual confusion and to avoid any future likelihood of confusion."
- (14) In order to discourage litigation, Section 11 provides that "any action brought by Buck's under this Agreement shall be adjudicated in the state and federal courts of Harris County, Texas and any action brought by Buc-ee's under this Agreement,

shall be adjudicated in the state and federal courts located in Douglas County, Nebraska”.¹

(*Id.*)

38. Also on September 16, 2009, in reliance upon the contractual protections provided by the Co-Existence Agreement, Buck’s executed a Consent to Use and Register, consenting to Buc-ee’s registration of its BUC-EE’S trademark. (Passarelli Decl., para 30 and Buchanan Decl., para 13, Ex. 3)

G. REPRESENTATIONS MADE TO SECURE REGISTRATIONS

39. On September 29, 2009, Buc-ee’s submitted to the USPTO the Consent to Use and Register, which it obtained from Buck’s in consideration for the various covenants set forth in the Co-Existence Agreement, including, *inter alia*, the express covenant to “not sue or otherwise bring official action in court or in the US Patent and Trademark Office with regard to the use by Buck’s of the BUCKY’S mark”. (Passarelli Decl., para 31, Ex. 25)

40. Also on September 29, 2009, Buc-ee’s submitted to the USPTO, a Request to Lift Suspension of U.S. Service Mark Application Serial No. 78853252 for the mark BUC-EE’S in Class 35, which quoted extensively from the Consent to Use and Register executed by Buck’s, and further provided:

Applicant also respectfully submits that there is no likelihood of confusion and there will be no likelihood of confusion from registration of Applicant’s mark BUC-EE’S over the Buck’s mark, BUCKY’S, for the reasons set forth herein.

(*Id.*, para 32, Ex. 26)

41. In reliance upon the Consent to Use and Register, and Buc-ee’s representation that there will be no likelihood of confusion between the BUC-EE’S and BUCKY’S trademarks, on

¹ Buc-ee’s ignored this, along with the other clear and unambiguous terms of the agreement by initiating this litigation in the state of Texas which was properly transferred to this Court by Judge Hittner on August 2, 2017. (Passarelli Decl., Ex. 36)

March 23, 2010, the USPTO issued Registration No. 3763277 for the trademark BUC-EE'S to Buc-ee's. (*Id.*, para 33, Ex. 27)

42. On March 26, 2010, having secured registration of its BUC-EE'S trademark pursuant to the terms and conditions of the Co-Existence Agreement, Buc-ee's filed Opposer's Request to Withdraw Opposition Under TBMP § 605.03(a), requesting dismissal of the Opposition Proceeding with prejudice. (*Id.*, para 34, Ex. 28) On March 29, 2010, the TTAB dismissed the Opposition Proceeding with prejudice. (*Id.*, para 35, Ex. 29)

43. On May 4, 2010, the USPTO issued Registration No. 3783086 for the trademark BUCKY'S to Buck's, conferring upon Buck's the presumptive right to use the trademark BUCKY'S throughout the entire United States. (*Id.*, para 36, Ex. 30) On May 13, 2010, in reliance upon the contractual protections provided by the Co-Existence Agreement, and the statutory protections provided by Registration No. 3783086, Buck's filed a Motion for Dismissal with Prejudice with this Court. (*Id.*, para 37, Ex. 31) On May 17, 2010, this Court issued an Order and Final Judgment, dismissing the Nebraska Litigation with prejudice. (*Id.*, para 33, Ex. 27)

H. CO-EXISTENCE FROM SEPTEMBER 16, 2009 TO MARCH 14, 2017

44. From and after the Co-Existence Agreement and having secured their respective trademark registrations, both parties operated their businesses without interaction. The BUCKY'S trademark has been spelled the same and used in the same manner since the Co-Existence Agreement was signed on September 16, 2009. (Buchanan Decl., para 14) At no time since September 16, 2009, to the present has Buck's used its BUCKY'S trademark in any manner other than as permitted by the Co-Existence Agreement. (*Id.*)

45. On May 14, 2015, Buck's filed a Combined Declaration of Use and Incontestability under Sections 8 & 15 with the USPTO in support of Registration No. 3783086. (Passarelli Decl.,

para 39, Ex. 33) On May 30, 2015, the USPTO issued a Notice of Acceptance Under Section 8 and Notice of Acknowledgement Under Section 15 with respect to Registration No. 3783086. (*Id.*, para 40, Ex. 34) Registration No. 3783086 for the trademark BUCKY'S is currently valid and incontestable.

46. In 2016, Buck's considered expanding its BUCKY'S chain of convenience stores into the Houston metropolitan area. (Buchanan Decl., para 16) Buck's considered the Houston area to be underserved and believed that Bucky's branded convenience stores could compete with existing operations. (*Id.*) Believing he had full right and authority under the Co-Existence Agreement to expand into the Houston metropolitan market, Mr. Buchanan instructed his employees to identify locations and to get ready to build one or more BUCKY'S convenience stores in the Houston metropolitan area. (*Id.*) Buck's has exhausted considerable resources in connection with its efforts to expand its BUCKY'S convenience stores into the Houston metropolitan area. (Buchanan Decl., para 17)

47. Between September 16, 2009 and March 14, 2017, Buc-ee's did not bring to Buck's attention a single instance of consumer confusion between the BUCKY'S and BUC-EE'S trademarks. (*Id.*, para 20) During that same period, Buck's did not experience any instances of consumer confusion between the BUCKY'S and BUC-EE'S trademarks. (*Id.*)

I. BUC-EE'S SUES IN VIOLATION OF THE CO-EXISTENCE AGREEMENT

48. On March 14, 2017, in direct violation of the plain and unambiguous terms and conditions of the Co-Existence Agreement, Buc-ee's filed a Complaint for Damages and Injunctive Relief for Trademark Infringement (the "Texas Complaint") under federal and state law in the United States District Court for the Southern District of Texas (the "Texas Litigation"). (Passarelli Decl., para 41, Ex. 35)

49. The Co-Existence Agreement expressly prohibited Buc-ee's from initiating the Texas Litigation, providing in part, "Buc-ee's agrees that during the term of this Agreement it shall not sue or otherwise bring official action in court or in the US Patent and Trademark Office with regard to the use by Buck's of the BUCKY'S mark as permitted in this Agreement." (*Id.*, Ex. 24, para. 1(c))

50. The Co-Existence Agreement also required Buc-ee's to notify Buck's in the event that it encountered any instances of actual consumer confusion between the parties' respective marks and to "cooperate in good faith to take appropriate steps and measures to eliminate such actual confusion and to avoid any future likelihood of confusion." (*Id.*, Ex. 24 para. 8)

51. Furthermore, the Co-Existence Agreement expressly provided that "any action brought by Buc-ee's under this Agreement, shall be adjudicated in the state and federal courts located in Douglas County, Nebraska. (*Id.*, Ex. 24, para. 11)

52. Not only did Buc-ee's violate the express provisions in the Co-Existence Agreement requiring Buc-ee's to cooperate in good faith with Buck's to eliminate any actual consumer confusion, prohibiting Buc-ee's from suing Buck's over its use of the BUCKY'S mark, and requiring Buc-ee's to bring any action under the Co-Existence Agreement in Douglas County, Nebraska, Buc-ee's also concealed the very existence of the Co-Existence Agreement from the Texas Court. Nowhere in the Texas Complaint does Buc-ee's mention the long and complex litigation history between the parties before the USPTO, the District Court of Nebraska and the Eighth Circuit Court of Appeals, and nowhere in the Texas Complaint does Buc-ee's mention that those prior disputes were resolved by virtue of the Co-Existence Agreement. (*See Passarelli Decl.*, Ex. 35)

53. Although Buc-ee's relied upon its federal trademark registrations in making its various claims against Buck's in the Texas Complaint, Buc-ee's concealed the fact that Registration No. 3763277 for the trademark BUC EE'S was only issued by the USPTO after Buc-ee's expressly represented to the USPTO that "there will be no likelihood of confusion from registration of Applicant's mark BUC-EE'S over the Buck's mark, BUCKY'S", and Buc-ee's submitted to the USPTO the Consent to Use and Register which it procured from Buck's in exchange for the various promises it made (and subsequently broke) under the Co-Existence Agreement. (*Id.*)

54. On August 2, 2017, Judge Hittner, the presiding judge in the Texas Litigation, issued an order transferring the case against Buck's to the United States District Court for the District of Nebraska. The Order read in part:

- (a) "On September 16, 2009, Buck's and Buc-ee's entered into a co-existence agreement (the "Agreement"), settling the Nebraska Lawsuit. Subsequently, Buc-ee's obtained registration of the BUC-EE's mark and Buck's of the BUCKY's mark. The Agreement not only resolved the Nebraska litigation, but also 'memorializ[ed] [each party's] rights in and to their respective trademarks.'"
- (b) "The Agreement's forum-selection clause states, in pertinent part, "[Buck's and Buc-ee's] . . . agree that . . . *any action brought by Buc-ee's under this Agreement*, shall be adjudicated in the state and federal courts in Douglas County, Nebraska All of Buc-ee's causes of actions against Buck's are grounded in the allegation that "[Buck's] recently has begun using the term 'Bucky's' in connection with convenience store and gas stations in Texas and this District. In defense, Buck's contends Buc-ee's previously agreed (via the Agreement) that Buck's could partake in this allegedly infringing activity and Buc-ee's would not sue as a result of such activity [N]either party disputes that the Agreement must be interpreted to determine the validity of Buc-ee's lawsuit against Buck's. In other words, the validity of Buc-ee's lawsuit and the alleged conduct on which it is based is controlled, managed, or governed by the Agreement Accordingly, Buc-ee's lawsuit against Buck's falls within the scope of the Agreement's forum-selection clause.

(Passarelli Decl., para 42, Ex. 36)

55. Buc-ee's then abandoned its Original Complaint and filed its Amended Complaint in this Court on September 6, 2017. The Amended Complaint incorporated new claims against Buck's and Mr. Buchanan in an attempt to void and/or rescind the Co-Existence Agreement. (*Id.*, para 43, Ex. 37)

J. PARTIES

56. Upon information and belief, Plaintiff Buc-ee's, a citizen of Texas, is a Texas limited partnership, having a principal place of business at 327 FM 2004, Lake Jackson, Texas 7756. (Dkt. 77, pg. 2, para. 1).

57. Defendant Buck's, doing business as "Bucky's," is a corporation organized under the laws of the State of Nebraska, and having a principal place of business at 7315 Mercy Road, Omaha, Nebraska 68124. Buck's is a citizen of Nebraska. (Dkt. 77, p. 3, para. 2 and Dkt. 82, p. 1, para. 2).

58. Defendant Buchanan is an individual and is President, Treasurer, and a member of the Board of Directors of Buck's, and owns all of the capital stock of Buck's. (Dkt. 77, p. 3, para. 3 and Dkt. 82, pp. 1-2, para. 3)

59. Mr. Buchanan is a citizen of Nebraska and has an address of 1326 N. 143rd Avenue Circle, Omaha, NE 68154. (Dkt. 77, p. 3, para. 4 and Dkt. 82, p. 2, para. 4).

K. JURISDICTION AND VENUE

60. The Amended Complaint purports to bring a civil action for trademark infringement, trademark dilution unfair competition and false designation of origin, unjust enrichment, inducement by fraudulent and material misrepresentation, fraudulent misrepresentation, negligent misrepresentation, and breach of contract, but Defendants deny that such action is properly maintained or that Plaintiff is entitled to any relief. (*See* Dkt. 77). The

Amended Complaint purports to bring a civil action under the Trademark Act of 1946, 15 U.S.C. § 1501, *et seq.* (“the Lanham Act”), the Texas Business and Commerce Code, and federal and state common law, including the law of the State of Texas and the law of the State of Nebraska, but Defendants deny that such action is properly maintained or that Plaintiff is entitled to any relief. (*See Id.*)

61. The parties are completely diverse in citizenship, and the amount in controversy, without interest and costs, exceeds \$75,000. (*Id.* at p. 2, para. 6).

62. Plaintiff claims that this Court has subject matter jurisdiction over this action pursuant to at least 15 U.S.C. § 1121(a) and 28 U.S.C. §§ 1331, 1332, 1338(a) & (b), and 1367(a). (*Id.* at p. 2, para. 7).²

63. This Court has personal jurisdiction over Buck’s due to its intentional contacts with this forum, including at least Buck’s conduct of business within the state of Nebraska, and Buck’s residency within Nebraska. (Dkt. 82, p. 2, para. 8).

64. This Court has personal jurisdiction over Mr. Buchanan due to his intentional contacts with this forum, including at least Mr. Buchanan’s conduct of business within the state of Nebraska, and Mr. Buchanan’s residence within Nebraska. (Dkt. 82, p. 2, para. 9).

65. Venue is proper in this District pursuant to the plain and unambiguous terms of the venue provision of the Co-Existence Agreement. (*See Passarelli Decl.*, Ex. 24).

² Defendants deny that this Court has subject matter jurisdiction over this action. The Co-Existence Agreement protects Defendants from a charge of trademark liability under the mootness doctrine because Defendants’ use of its registered and incontestable BUCKY’S trademark is consistent with the uses allowed and described in the Co-Existence Agreement, so there is no live case or controversy for the Court to address. *See Already v. Nike*, 133 S. Ct. 721 (2013) and *Brennan’s Inc., v. Dickie Brennan & Co. Inc.*, 376 F.3d 356, 366 (5th Cir. 2004). This argument was presented to Judge Hittner, and Judge Hittner held that a covenant not to sue is an affirmative defense and does not divest the Court of jurisdiction.

III. STANDARD OF REVIEW

Summary judgment is proper if the movant shows that there is no genuine dispute as to any material fact and that the movant is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56(a). “The movant bears the initial responsibility of informing the district court of the basis for the motion, and must identify those portions of [the record]...which it believes demonstrate the absence of a genuine issue of material fact.” *Torgerson v. City of Rochester*, 643 F.3d 1031, 1042 (8th Cir. 2011) (en banc) (citation omitted). “If the movant does so, the nonmovant must respond by submitting evidentiary materials that set out specific facts showing that there is a genuine issue for trial.” *Id.* (citation omitted).

“On a motion for summary judgment, facts must be viewed in the light most favorable to the nonmoving party only if there is a genuine dispute as to those facts.” *Id.* (citation omitted). “Credibility determinations, the weighing of evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge.” *Id.* (citation omitted). But “[t]he nonmovant must do more than simply show that there is some metaphysical doubt as to the material facts, and must come forward with specific facts showing that there is a genuine issue for trial.” *Id.* (citation omitted). “In order to show that disputed facts are material, the party opposing summary judgment must cite to the relevant substantive law in identifying facts that might affect the outcome of the suit.” *Quinn v. St. Louis County*, 653 F.3d 745, 751 (8th Cir. 2011) (citation omitted). “The mere existence of a scintilla of evidence in support of the [nonmovant’s] position will be insufficient; there must be evidence on which the jury could reasonably find for the [nonmovant].” *Barber v. CI Truck Driver Training LLC*, 656 F.3d 782, 791-92 (8th Cir. 2011) (citation omitted). “Where the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no genuine issue for trial.” *Torgerson*, 643 F.3d at 1042 (citation omitted).

IV. ARGUMENT

A. THE CO-EXISTENCE AGREEMENT IS CLEAR AND UNAMBIGUOUS

“[T]he meaning of an unambiguous contract presents a question of law appropriate for summary judgment.” *McCormack v. Citibank, N.A.*, 100 F.3d 532, 538 (8th Cir. 1996) (citation omitted). “Under Nebraska law, the determination of whether a contract is ambiguous is a matter of law.” *McCormack*, 100 F. 3d at 538 (citing *Kropp v. Grand Island Pub. Sch. Dist. No. 2*, 246 Neb. 138, 141, 517 N.W.2d 113, 116 (1994)). “A contract is only ambiguous when the instrument at issue is susceptible of two or more reasonable but conflicting interpretations or meanings.” *McCormack*, 100 F. 3d at 538 (citation omitted). In contrast, “[a] contract written in clear and unambiguous language is not subject to interpretation or construction and must be enforced according to its terms.” *McCormack*, 100 F. 3d at 538 (citing *C.S.B. Co. v. Isham*, 249 Neb. 66, 71, 541 N.W.2d 392, 396 (1996)).

Applying these standards to the present case, the Co-Existence Agreement is indisputably clear and unambiguous. In fact, it is difficult to imagine what agreement two parties could enter into to avoid future litigation if the clear and unambiguous language of the Co-Existence Agreement is insufficient to accomplish that goal. The Co-Existence Agreement sets forth mutual agreements that (a) the “Bucky’s” and “Buc-ee’s” trademarks are not confusingly similar, (b) the parties may federally register their respective “Bucky’s” and “Buc-ee’s” trademarks, (c) the parties may expand their respective “Bucky’s” and “Buc-ee’s” trademarks “into any geographic territory without objection”, (d) neither party will “sue or otherwise bring official action” against the other party by virtue of their respective trademark uses, (e) related claims in the TTAB and federal district court were dismissed with prejudice, and (f) the parties would “cooperate in good faith” to

eliminate any actual confusion that might arise from their agreed upon trademark uses. (Passarelli Decl., Ex. 24)

Paragraph 1(a) of the Co-Existence Agreement expressly sets forth the parties' mutual belief that no likelihood of confusion exists between their respective trademarks:

The parties believe that there is no likelihood of consumer confusion arising from use and registration by Buck's Inc. of the mark BUCKY'S for the goods and services of Buck's Inc. and that there is no likelihood of confusion arising from the use by Buc-ee's of the mark BUC-EE's for the goods and services of Buc-ee's. This belief is based upon the fact that the respective goods and services have been sold under the respective marks for over five years without causing a single known instance of actual confusion. In addition, the marks are spelled differently and the marks have a different appearance as used. Further, the way the marks are used by the respective parties and the channels of trade in which the respective customers see and are presented with the respective marks are believed by the parties to cause the different appearance of the marks to be a primary factor for creating distinct overall commercial impressions for the respective marks so that the source of origin of the goods and services is not likely to be confusion by the relevant consumers in the relevant channels of trade.

(Passarelli Decl., Ex. 24, para 1(a))

Paragraph 1(c) expressly sets forth Buc-ee's agreement that Buck's may use and register its BUCKY'S trademark, and that Buc-ee's will not sue Buck's over its use of its BUCKY'S trademarks:

Buc-ee's agrees that Buck's may use and register the trademark BUCKY'S in connection with retail store services featuring convenience store items, gasoline, and any related goods or services throughout the United States. Buc-ee's agrees that it will not directly or indirectly attempt to interfere with Buck's use or registration of the trademark BUCKY'S with the United States Patent and Trademark Office in connection with retail store services featuring convenience store items and gasoline and any related goods or service. Buc-ee's agrees that during the term of this Agreement it shall not sue or otherwise bring official action in court or in the US Patent and Trademark Office with regard to the use by Buck's of the BUCKY'S mark as permitted in this Agreement. Buc-ee's agrees that during the term of this Agreement it shall not use the trademark BUCKY'S or any trademark that contains the word BUCKY'S in connection with retail services featuring convenience store items, gasoline, and any related goods or services in the United States.

(Passarelli Decl., Ex. 24, para 1(c))

In addition, subject to a short term geographic restriction placed upon Buc-ee's, not Buck's, Section 3 of the Co-Existence Agreement reiterates the parties' right to use their respective trademarks in *any geographical territory* without interference from the other party:

3. Limitation on Expansion

(a) Buc-ee's agrees that for a period of five (5) years after the Effective Date, Buc-ee's will refrain from expanding its use of the BUC-EE'S trademark or any trademark that contains the word BUC-EE'S into the states of Nebraska, Iowa, Missouri, Illinois, Kansas, Tennessee and South Carolina.

(b) Subject to the limitation set forth in paragraph 3(a) above and the agreement by the parties herein to take appropriate steps to avoid any likelihood of confusion, and because the parties agree that no likelihood of confusion will result from their separate use of their respective marks, either party may expand into any geographical territory without objection, interference, or filing of any legal action by the other party.

(c) Neither party shall be prohibited from registering or using their respective trademarks as domain names and using their respective trademarks in Internet advertising and sales, for any and all goods and services, in any and all states and geographic areas.

(Passarelli Decl., Ex. 24, para 3)

B. THE CO-EXISTENCE AGREEMENT IS A COMPLETE DEFENSE TO CLAIMS I-VIII REGARDING BUCK'S PERMITTED USE OF THE "BUCKY'S" MARK

Settlement agreements are favored by the courts, and where the terms are unambiguous, a federal district court has inherent authority to enforce a settlement agreement as a matter of law entered into by the parties in a pending case. *Barry v. Barry*, 172 F.3d 1011, 1013 (8th Cir. 1999) (citations omitted). "Once parties have settled a dispute and have agreed to settlement terms, the parties cannot rescind it." *Caleshu v. Merrill Lynch, Pierce, Fenner & Smith, Inc. et al.*, 737 F.Supp. 1070, 1086 (E.D.Mo.1990) (citing *Kelly v. Greer*, 365 F.2d 669 (3rd Cir.1966)).

Insofar as the allegations set forth in Claims I-VIII of Buc-ee's Amended Complaint merely accuse Defendants of engaging in activities expressly permitted by the Co-Existence Agreement, and Buc-ee's has expressly agreed not to sue Buck's for such permitted activities, the Co-Existence Agreement is a complete defense to Claims I-VIII of Buc-ee's Amended Complaint regarding Buck's permitted use of the "Bucky's" mark.³ Thus, Claims I-VIII of Buc-ee's Complaint should be dismissed with prejudice pursuant to the clear and unambiguous terms of the Co-Existence Agreement as described below.

"In an action for trademark infringement, a viable defense is that the alleged infringer's use of the trademark is within the scope of the trademark owner's consent as manifested in an agreement between the parties or by other conduct from which the owner's consent can reasonably be inferred." *Ariel Preferred Retail Group, LLC v. CWC Capital Asset Management*, 883 F.Supp.2d 797, 832 (E.D. Missouri 2012) (citing Restatement Third: Unfair Competition § 29). "Where the alleged infringer has authorized use for the mark, there can be no likelihood of confusion and no violation if the alleged infringer uses the mark as authorized." *Ariel*, 883 F.Supp.2d at 832 (citing *Segal v. Geisha NYC LLC*, 517 F.3d 501, 505-06 (7th Cir. 2008)).

In the instant case, the Co-Existence Agreement authorized Buck's to use the BUCKY'S trademark without any geographical limitation. The Co-Existence Agreement is a binding agreement entered into by Buc-ee's and Buck's before the commencement of this litigation. Buc-ee's and Buck's consented to each other's use of their trademarks within defined boundaries and promised not to sue each other so long as each other's use was kept within the defined boundaries.

³ Claims I-VIII include 1) Trademark Infringement in Violation of Tex. Bus. Comm. § 16.102; 2) Trademark Dilution in Violation of Tex. Bus. Comm. § 16.103; 3) Trademark Infringement in Violation of 15 U.S.C. § 1114(1); 4) Trademark Infringement in Violation of 15 U.S.C. § 1125(a); 5) Unfair Competition and False Designation of Origin in Violation of 15 U.S.C. § 1125(a); 6) Common Law Trademark Infringement; 7) Common Law Unfair Competition; and 8) Unjust Enrichment.

See 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 18:79 (5th ed. 2017). A co-existence agreement (also known as a consent to use agreement), by definition, defines certain activities for each of the parties that would not infringe the other party's rights. *Id.* "As the Seventh Circuit observed in a seminal trademark case, a consent agreement 'is not an attempt to transfer or license the use of a trademark, or any rights therein, or in any word thereof, but fixes and defines the existing trademark of each, that confusion and infringement may be prevented.'" *Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, WL 3189486 *4 (E.D. Mo. 2017) (citing *Waukesha Hygeia Mineral Springs Co. v. Hygeia Sparkling Distilled Water Co.*, 63 F. 438, 441 (7th Cir. 1894)). Thus, a co-existence agreement defines areas where one party's use of a mark can coexist with another's without creating consumer confusion and is an admission that there is no confusion within the parameters of the agreement. 3 McCarthy § 18:79.

In short, because Buck's use of its BUCKY'S mark is within the defined boundaries of the Co-Existence Agreement, its permitted use by definition does not infringe Buc-ee's alleged trademark rights. As such, Claims I-VIII of Buc-ee's Amended Complaint should be dismissed.

C. THE COVENANT NOT TO SUE OF THE CONSENT TO USE AGREEMENT IS A COMPLETE DEFENSE TO CLAIMS I-VIII REGARDING BUCK'S PERMITTED USE OF THE "BUCKY'S" MARK

The Co-Existence Agreement contains a permanent covenant not to sue which bars Buc-ee's from suing Buck's over the permitted use of its BUCKY'S trademark. Specifically, paragraph 1(c) of the Co-Existence states, "Buc-ee's agrees that during the term of this Agreement it shall not sue or otherwise bring official action in court or in the US Patent and Trademark Office with regard to the use by Buck's of the BUCKY'S mark as permitted in this Agreement." Paragraph 3(b) similarly provides that "either party may expand into any geographical territory without objection, interference, or filing of any legal action by the other party." Section 5 provides that the

term of these covenants “shall continue in perpetuity unless and until the parties agree in writing to terminate the Agreement.” (Passarelli Decl., Ex. 24)

A permanent covenant not to sue acts as a release of one party from liability to the other and results in a discharge of liability, and a covenant not to sue is nothing more than a contract subject to the same rules of interpretation and construction as any other contract. *See 12 Williston on Contracts* § 36:19 (4th ed.) Thus, Claims I-VIII of Buc-ee’s Amended Complaint should be dismissed because they are completely barred by Buc-ee’s entry into the permanent covenant not to sue Buck’s for the use of its BUCKY’S trademark as permitted by the clear and unambiguous terms of the Co-Existence Agreement.

D. CLAIMS I-VIII ARE BARRED BY THE DOCTRINE OF EQUITABLE ESTOPPEL

Furthermore, Claims I-VIII of Buc-ee’s Amended Complaint should be dismissed because they are barred under the doctrine of equitable estoppel. As the Eighth Circuit has held:

To prevail on an estoppel defense to a trademark infringement action, alleged infringers must show 1) they were misled by holder’s conduct to believe that holder did not intend to enforce its trademark against them, 2) that alleged infringers relied on that conduct, and 3) that alleged infringers would be materially prejudiced if holder was permitted to enforce its trademark rights.

See Minnesota Mining and Manufacturing Co. v. Beautone, 82 F.Supp.2d 997, 1004 (2000) (citing *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1041 (Fed. Cir. 1992); *Bostwick Irrigation Dist. v. United States*, 900 F.2d 1285, 1291 (8th Cir.1990). “[B]efore an estoppel arises a party must make a misrepresentation or take an action with reason to believe that the other party will rely upon it.” *Bostwick*, 900 F. 2d at 1291. Misleading conduct may include specific statements, action, inaction, or silence where there was an obligation to speak. *Minnesota Mining*, 82. F. Supp. at 1004 (citing *Aukerman*, 900 F.2d at 1028).

Here, the Co-Existence Agreement results in a complete estoppel of Claims I-VIII of Buc-ee's Amended Complaint. Pursuant to the unambiguous language of the Co-Existence Agreement, Buc-ee's agreed that "Buck's may use and register the trademark BUCKY'S in connection with retail store services featuring convenience store items, gasoline, and any related goods or services throughout the United States" and further agreed that "it shall not sue or otherwise bring official action in court or in the US Patent and Trademark Office with regard to the use by Buck's of the BUCKY'S mark as permitted in this Agreement." (Passarelli Decl., Ex. 24, para 1(c)) In addition, the parties mutually agreed that "either party may expand into any geographical territory without objection, interference, or filing of any legal action by the other party." (Passarelli Decl., Ex. 24, para 3)

Buck's relied upon Buc-ee's clear and unambiguous promises in the Co-Existence Agreement that Buck's could use its "Bucky's" trademark "throughout the United States" and "expand into any geographical territory" and that Buc-ee's would not "sue or otherwise bring official action in court" with respect to such use. (Buchanan Decl., para 16) Having relied upon Buc-ee's contractual promises, and incurred significant expenses in the Houston marketplace, Buck's would be materially prejudiced if Buc-ee's was permitted to pursue its purported trademark claims against Buck's. (*Id.*, para 17) It should also be noted that Buc-ee's Claims I-VIII rely predominantly upon federal trademark registrations that Buc-ee's was only allowed to obtain because Buck's fulfilled its own obligations under the Co-Existence Agreement by executing the Consent to Use and Register which Buc-ee's subsequently submitted to the USPTO in support of its BUC-EE'S trademark application.

As such, it is clear that 1) Buck's was misled by Buc-ee's clear and unambiguous promises set forth in the Co-Existence Agreement which Buc-ee's had no intention of fulfilling, 2) that

Buck's relied upon Buc-ee's clear and unambiguous promises, and 3) that Buck's would be materially prejudiced if Buc-ee's is permitted breach its contractual promises and enforced its purported trademark rights against Bucks (pursuant to claims which rely heavily upon federal trademark registrations that Buc-ee's only obtained because Buck's fulfilled its own contractual promises under the Co-Existence Agreement). Accordingly, Claims I-VIII of Buc-ee's Amended Complaint should be dismissed because they are barred under the doctrine of equitable estoppel.

E. CLAIMS I-VIII ARE BARRED BY THE DOCTRINE OF RES JUDICATA

Additionally, Claims I-VIII of Buc-ee's Amended Complaint regarding Buck's permitted use of the BUCKY'S mark should be dismissed pursuant to the doctrine of res judicata. "The doctrine of res judicata provides that a final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action." *Carlisle Power Transmission Products v. The Union*, 725 F.3d 864, 867 (8th Cir. 2013) (citation omitted). *See also Allen v. McCurry*, 449 U.S. 90 (1980) "For res judicata to apply, there must be (1) a final judgment on the merits that is, (2) based on proper jurisdiction, (3) between the same parties or their privies, and (4) based on the same claims or causes of action." *Carlisle*, 727 F.3d at 867.

"When the parties to a previous lawsuit agree to dismiss a claim with prejudice, such a dismissal constitutes a 'final judgment on the merits' for purposes of *res judicata*." *Larken, Inc. v. Wray*, 189 F.3d 729, 732 (8th Cir. 1999). "[T]he question of whether the parties actually agreed to dismiss a particular claim depends upon the proper interpretation of their settlement agreement—a legal inquiry governed by the parties' intent at the time of settlement." *Id.*

The Eighth Circuit "has adopted the position of the Restatement (Second) of Judgments in determining whether two causes of action are the same for res judicata purposes. Generally, under

this approach a claim is barred by res judicata if it arises out of the same nucleus of operative facts as the prior claim.” *Id.* at 742. The Restatement (Second) of Judgments provides:

(1) When a valid and final judgment rendered in an action extinguishes the plaintiff’s claim pursuant to the rules of merger or bar ... the claim extinguished includes all rights of the plaintiff to remedies against the defendant with respect to all or any part of the transaction, or series of connected transactions, out of which the action arose.

(2) What factual grouping constitutes a ‘transaction’, and what groupings constitute a ‘series’, are to be determined pragmatically, giving weight to such considerations as whether the facts are related in time, space, origin, or motivation, whether they form a convenient trial unit, and whether their treatment as a unit conforms to the parties’ expectations or business understanding or usage.”

Id. (citing Restatement (Second) of Judgments § 24 (1980)).

The Eighth Circuit “uses four tests to determine whether a counterclaim arises out of the same transaction or occurrence under Rule 13(a)” making such counterclaim a compulsory counterclaim. *Blue Dane Simmental Corp. v. American Simmental Ass’n*, 952 F.Supp. 1399, 1408 (1997). The four tests are:

- 1) Are the issues of fact and law raised by the claim and counterclaim largely the same?
- 2) Would res judicata bar a subsequent suit on defendant’s claim absent the compulsory counterclaim rule?
- 3) Will substantially the same evidence support or refute the plaintiff’s claim as well as the defendant’s counterclaim?
- 4) Is there any logical relationship between the claim and the counterclaim?

Id.

Claims I-VIII of the Amended Complaint regarding Buck’s permitted use of the “Bucky’s” mark should be dismissed pursuant to the doctrine of res judicata. Applying the legal standards noted above, this Court, a court of proper jurisdiction, previously dismissed with prejudice Buck’s Complaint for Unfair Competition, Violation of the Nebraska Uniform Deceptive Trade Practice Act and for Declaratory Judgment against Buc-ee’s upon granting Buck’s Motion for Dismissal

with Prejudice. As stated above, the Motion was filed after the parties entered into the Co-Existence Agreement and the Co-Existence Agreement unquestionably subsumed the parties' then current and future trademark infringement claims in favor of mutual contractual commitments. The Co-Existence Agreement is a six-page agreement carefully negotiated and drafted by counsel and by its clear and unambiguous terms called for the parties to thereafter "co-exist" with their marks and to "settle" all claims, theories of recovery, affirmative defenses, counterclaims and any and all other causes of action which either party alleged or could have alleged in either the Opposition Proceeding or the Nebraska Litigation.

Indeed, as the Nebraska Litigation would have addressed all issues pertaining to the parties' adoption, use, ownership and freedom to operate under their respective trademarks in certain geographical areas, the claims Buc-ee's now brings in this action unquestionably would have been compulsory counterclaims to the original Nebraska Litigation. Claims I-VIII in this case and the claims of the previous Nebraska litigation flow from one factual situation and the parties would ordinarily be expected to try them all in one judicial proceeding as they raise identical issues of law and fact that would be supported by the same evidence. The relationship between this case and the former Nebraska case could not be more logical and form a more convenient trial unit.

Accordingly, Claims I-VIII of Buc-ee's Amended Complaint should be barred pursuant to the doctrine of res judicata.

F. CLAIMS I-VIII ARE BARRED BY THE DOCTRINE OF ISSUE PRECLUSION

In a March 2016 United States Supreme Court decision, which reversed the decision of the United States Court of Appeals for the Eighth Circuit, the Supreme Court held, "[s]o long as the ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB [in a registration application] are materially the same as those before the district court [in an

infringement action], issue preclusion should apply.” *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S.Ct. 1293, 1310 (2016). The Supreme Court reasoned that, “[i]f a mark owner uses its mark in ways that are materially the same as the usages included in its registration application, then the TTAB is deciding the same likelihood-of-confusion issue as a district court in infringement litigation.” *Id.* at 1308.

The Eighth Circuit has held that issue preclusion has five elements:

- (1) the party sought to be precluded in the second suit must have been a party, or in privity with a party, to the original lawsuit;
- (2) the issue sought to be precluded must be the same as the issue involved in the prior action;
- (3) the issue sought to be precluded must have been actually litigated in the prior action;
- (4) the issue sought to be precluded must have been determined by a valid and final judgment; and
- (5) the determination in the prior action must have been essential to the prior judgment.

Robinette v. Jones, 476 F.3d 585, 589 (8th Cir.2007) (quoting *Anderson v. Genuine Parts Co., Inc.*, 128 F.3d 1267, 1273 (8th Cir.1997)).

“Because many settlements involve a similar pattern, the general rule is that a consent judgment has no issue-preclusive effect **unless it is clearly shown that the parties intended to foreclose a particular issue in future litigation.**” *U.S. v. Brekke*, 97 F.3d 1043, 1049 (1996). (citing 18 Charles A. Wright, Arthur R. Miller, and Edward H. Cooper, *Federal Practice and Procedure* § 4443, at 382-83 (1981); *Restatement (Second) of Judgments* § 27 cmt. e (1982)) (emphasis added). In the present case, it is clear from the unambiguous language of the Co-Existence Agreement, and the parties subsequent actions before the USPTO, that the parties intended to foreclose from future litigation the issue of whether the BUCKY’S and BUC-EE’S trademarks are confusingly similar and whether Buck’s use of the BUCKY’S trademark falsely suggests a connection between Buck’s and Buc-ee’s.

The Notice of Opposition clearly put forth Buc-ee's allegation that the trademarks BUCKY'S and BUC-EE'S are confusingly similar, and that Buck's use of the BUCKY'S trademark falsely suggests a connection between Buck's and Buc-ee's, stating in relevant part:

7. Applicant's mark BUCKY'S, if registered for use in connection with the goods set forth in its application, will falsely suggest a connection between Applicant and Opposer when there is no such connection and when Opposer has priority of use of its (sic) mark BUC-EE'S and Opposer believes it will be damaged thereby.

8. Opposer has priority of use of its (sic) mark BUC-EE'S, and if as the trademark examining attorney contends in US Application Serial No. 78/853,252, Applicant's mark BUCKY'S so resembles defendant's (sic) mark BUC-EE'S as to be likely, when applied to the goods and/or services of the Opposer, to cause confusion, then the registration sought by Applicant should be refused because Opposer has priority.

9. Opposer has priority of use of its (sic) mark BUC-EE'S, has built up goodwill and consumer recognition of its BUC-EE'S mark, and if, as the trademark examining attorney contends in US Application Serial No. 78/853,252, Applicant's mark BUCKY'S so resembles Opposer's mark BUC-EE'S as to be likely, when applied to the goods and/or services of the Opposer, to cause confusion, then Applicant's use of its mark under the (sic) a registration may damage the goodwill and consumer recognition that Opposer has built up in its BUC-EE'S mark.

(Passarelli Decl., Ex. 4)

Instead of litigating the issues of whether the BUCKY'S and BUC-EE'S trademarks are confusingly similar, and whether Buck's use of the BUCKY'S trademark falsely suggests a connection between Buck's and Buc-ee's, the parties entered into the Co-Existence Agreement, and clearly set forth their intent to foreclose these issues in future litigation. Specifically, Section 1(a) of the Co-Existence Agreement expressly set forth the parties agreement that there is no likelihood of confusion between the BUCKY'S and BUC-EE'S trademarks:

The parties believe that there is no likelihood of consumer confusion arising from use and registration by Buck's Inc. of the mark BUCKY'S for the goods and services of Buck's Inc. and that there is no likelihood of confusion arising from the use by Buc-ee's of the mark BUC-EE's for the goods and services of Buc-ee's. This belief is based upon the fact that the respective goods and services have been sold under the respective marks for over five years without causing a single known

instance of actual confusion. In addition, the marks are spelled differently and the marks have a different appearance as used. Further, the way the marks are used by the respective parties and the channels of trade in which the respective customers see and are presented with the respective marks are believed by the parties to cause the different appearance of the marks to be a primary factor for creating distinct overall commercial impressions for the respective marks so that the source of origin of the goods and services is not likely to be confusion by the relevant consumers in the relevant channels of trade.

(Passarelli Decl., Ex. 24, para 1(a))

Furthermore, in Sections 1(b) and 1(c) of the Co-Existence Agreement, each party agreed that it would “not sue or otherwise bring official action in court or in the US Patent and Trademark Office” with respect to the other party’s use of its respective trademark. (*Id.*, paras 1(b) and 1(c)) The parties reiterated their intent to foreclose these issues in Section 3(b) of the Co-Existence Agreement, expressly stating that “either party may expand into any geographical territory without objection, interference, or filing of any legal action by the other party.” (*Id.*, para 3(b)) In addition, the parties expressly released each other from all “claims for relief and causes of action of every kind and nature whatsoever, whether by statute or in contract, tort, at law or in equity, or otherwise, existing at the time of this Agreement and now known or unknown, that relate to (i) the use of their respective trademarks references herein, (ii) any claims or counterclaims that were asserted or could have been asserted in the Opposition Proceeding, and (iii) any claims or counterclaims that were asserted or could have been asserted in the Nebraska Litigation.” (*Id.*, para 4) Finally, the parties set forth a mechanism to foreclose any need for future litigation, agreeing that in the unlikely event that any consumer confusion should arise between their respective trademarks, rather than re-litigating the likelihood of confusion issue, the parties would “cooperate in good faith to take appropriate steps and measures to eliminate such actual confusion and to avoid any future likelihood of confusion.” (*Id.*, para 8)

Subsequently, the parties manifested their intent to forever preclude these issues by taking actions in the USPTO to dismiss the Opposition Proceeding with prejudice and to allow both parties to obtain unrestricted federal trademark registrations of their respective trademarks, conveying upon each party the presumptive right to use their respective trademarks throughout the entire United States. Specifically, Buc-ee's submitted the Consent to Use and Register, which it obtained from Buck's, to the USPTO in conjunction with a Request to Lift Suspension of its BUC-EE'S trademark application. (Passarelli Decl., Exs. 25 and 26). In submitting the Request to Lift Suspension, Buc-ee's expressly represented to the USPTO that "there is no likelihood of confusion and there will be no likelihood of confusion from registration of Applicant's mark BUC-EE'S over the Buck's mark, BUCKY'S, for the reasons set forth herein." (*Id.*, Ex. 26) Subsequently, having obtained an unrestricted federal registration for its BUC-EE'S trademark, Buc-ee's filed Opposer's Request to Withdraw Opposition Under TBMP § 605.03(a), requesting dismissal of the Opposition Proceeding with prejudice, pursuant to which the Opposition Proceeding was dismissed with prejudice. (*Id.*, Exs. 28 and 29) Thereafter, the USPTO issued Buck's an unrestricted federal registration for its BUCKY'S trademark. (*Id.*, Ex. 30) On May 13, 2010, in reliance upon the contractual protections provided by the Co-Existence Agreement, and the statutory protections provided by its unrestricted federal trademark registration, Buck's filed a Motion for Dismissal with Prejudice with this Court, pursuant to which this Court issued its Order and Final Judgment, dismissing the Nebraska Litigation with prejudice. (*Id.*, Exs. 31 and 32)

In short, the unambiguous agreement between the parties that the trademarks are not confusingly similar, the unambiguous agreement between the parties that they would not sue or otherwise bring official with respect to the other party's use of its respective trademark, the unambiguous agreement between the parties that they would cooperate in good faith to take

appropriate steps and measures to eliminate any actual confusion and to avoid any future likelihood of confusion, Buc-ee's representation to the USPTO that "there will be no likelihood of confusion" between the parties respective marks, the mutual agreement to allow each party to obtain an unrestricted federal registration for their respective marks, the dismissal of the Opposition Proceeding with prejudice, and the dismissal of the Nebraska Litigation with prejudice, all demonstrate a clear intention to foreclose from future litigation the issue of whether the BUCKY'S and BUC-EE'S trademarks are confusingly similar and whether Buck's use of the BUCKY'S trademark falsely suggests a connection between Buck's and Buc-ee's. As such, Claims I-VIII should be dismissed pursuant to the doctrine of issue preclusion.

G. PLAINTIFF'S FRAUDULENT INDUCEMENT, FRAUDULENT MISREPRESENTATION AND NEGLIGENT MISREPRESENTATION CLAIMS ARE MERITLESS

Having reaped the benefits of the Co-Existence Agreement, pursuant to which it was allowed to obtain federal registration of its BUC-EE'S mark and secure dismissal of the Nebraska Litigation with prejudice, Buc-ee's initially sought to ignore its contractual obligations by bringing trademark infringement claims against Buck's in the Texas Litigation. Then, after the Texas Court found that Buc-ee's infringement claims fell within the scope of the Co-Existence Agreement, and transferred the claims against Buck's to this Court, Buc-ee's concocted a post hoc rationalization as to why it entered into the Co-Existence Agreement and now claims that the Co-Existence Agreement should be voided and/or rescinded on the grounds of fraudulent inducement, fraudulent misrepresentation and/or negligent misrepresentation.

Specifically, Buc-ee's claims that Buchanan and Buck's made fraudulent statements during the 2008 Nebraska litigation, and that those statements induced Buc-ee's to enter into the Co-Existence Agreement. First, Buc-ee's points to the Complaint that Buck's filed in the Nebraska

Litigation on December 2, 2008, in which Buck's asserted, "Bucky's made first use of the BUCKY'S trademark in interstate commerce at least as early as May of 1982 at a retail store location in Omaha, Nebraska." (Dkt. 77, para 17, Ex. 10 at ¶3) Second, Buc-ee's points to a Declaration signed by Mr. Buchanan on March 4, 2009, in which he states (a) "I first began operating Bucky's Amoco on or before May 19, 1982 at 50th and Dodge Streets in Omaha, Nebraska." and (b) "My understanding is that Buc-ee's Inc. is attempting to secure a trademark registration to limit my ability to operate under the mark BUCKY'S, which I have used since at least as early as May 19, 1982." (Dkt. 77, para 18, Ex. 11 at ¶1, 8)

To state a claim for inducement by fraudulent or material misrepresentation or fraudulent misrepresentation, a plaintiff must allege (1) that a representation was made; (2) that the representation was false⁴; (3) that when made, the representation was known to be false or made recklessly without knowledge of its truth and as a positive assertion; (4) that the representation was made with the intention that the plaintiff should rely on it; (5) that the plaintiff did so rely on it; and (6) that the plaintiff suffered damage as a result. *See Knights of Columbus Council 3152 et al. v. KFS BD, Inc.*, 280 Neb. 904, 791 N.W.2d 317 (2010). "Negligent misrepresentation has essentially the same elements as fraudulent misrepresentation, with the exception of the defendant's mental state: In fraudulent misrepresentation, one becomes liable for breaching the general duty of good faith or honesty. However, in a claim of negligent misrepresentation, one may become liable even though acting honestly and in good faith if one fails to exercise the level of care required under the circumstances." *Lucky 7, L.L.C. v. THT Realty L.L.C.*, 278 Neb. 997, 1002 (2009).

⁴ As Mr. Buchanan has testified, the mark BUCKY'S was used in connection with the 50th & Dodge location as early as 1979 and 1980. Accordingly, Buc ee's claim that the representation was false is demonstrably wrong. However, this Motion will concentrate on Buc ee's inability to establish that Buc ee's relied on such representation.

1. Buc-ee's never believed Buck's alleged date of first use.

The most significant (an ultimately fatal) problem that Buc-ee's has with its fraud and negligent misrepresentation claims is that Buc-ee's consistently disputed Buck's asserted 1982 date of first use, and the Co-Existence Agreement itself reflects the fact that Buc-ee's never believed that Buck's used the BUCKY'S trademark prior to 1989. In light of these undisputed facts, there is simply no way that Buc-ee's can prove the reliance element of its fraud claims. To the contrary, Buc-ee's actions consistently demonstrated that it did not believe that Buck's asserted 1982 date of first use was true.

On June 13, 2008, Buck's original counsel Mr. Bikus provided Buc-ee's counsel Mr. Wunder with Mr. Maillard's "To Whom It May Concern" letter in which Mr. Maillard claimed that he created the BUCKY'S logo design in June of 1980. (Passarelli Decl. Ex. 5) Mr. Wunder responded one week later, vehemently disputing the veracity of Mr. Maillard's claim, stating in part:

Buck's, Inc. has produced a single page – a "To Whom It May Concern" letter of obviously recent creation. Although that dubious letter claims the development of a "Bucky's" design in 1980, it is not accompanied by any contemporaneous documents – certainly nothing that indicates when the design was actually used as a trademark. Buck's, Inc. has produced nothing from its files to support any use dates that are prior to Buc-ee's first use date of 1982.

Under these facts, we firmly believe that our opposition will be sustained and the (sic) Buck's, Inc. will not obtain a registration for "BUCKY'S".

(*Id.*)⁵

On August 28, 2008, Buck's responded to Buc-ee's First Set of Interrogatories served in connection with the Opposition Proceeding. In response to an interrogatory seeking the date on

⁵ Despite the contention by Buc-ee's counsel that "we firmly believe that our opposition will be sustained", Mr. Wunder nonetheless proposed a concurrent use settlement proposal, indicating that Buc-ee's was seeking a way out of this dispute months prior to the allegedly fraudulent statements referenced in Buc-ee's Amended Complaint. (Passarelli Decl. Ex. 5)

which Buck's first sold goods or services under the BUCKY'S mark, Buck's responded in part, "Applicant states it began offering goods or services under the mark of BUCKY'S prior to 1982 at its store located at 50th and Dodge Street in Omaha, Nebraska." (Passarelli Decl. para 11, Ex. 7, p. 3) This interrogatory response is essentially the same as the allegedly fraudulent statements cited in Buc-ee's Amended Complaint, and it is clear from Buc-ee's subsequent actions that it did not accept this statement as true, and therefore could not possibly have relied upon this statement nor the similar statements cited in Buc-ee's Amended Complaint.

Specifically, on September 22, 2008, less than a month after Buck's responded to Buc-ee's First Set of Interrogatories and first claimed that it "began offering goods or services under the mark BUCKY'S prior to 1982", Buc-ee's issued subpoenas to Mr. Maillard, Mr. Ryben, Omaha Neon Sign and Omaha Shopper, seeking information from each of them related to Buck's alleged date of first use. (Passarelli Decl. paras 12-15, Exs. 8-11) Two months after that, on November 24, 2008, still not accepting Buck's "prior to 1982" claim of first use at face value, Buc-ee's served an Amended Notice of Deposition of Steve Buchanan on Buck's counsel seeking to depose Mr. Buchanan on December 8, 2008, presumably to probe the veracity of Mr. Buchanan's "prior to 1982" date of first use claim. (*Id.*, para 16, Ex. 12)

Subsequently, in Buck's Complaint filed December 2, 2008, Buck's reiterated its claim that it first made first use of the BUCKY'S trademark in interstate commerce at least as early as May of 1982. At this point, having heard Buck's claim of prior use twice from Buck's and once from Mr. Maillard, did Buc-ee's throw up its hands, acknowledge the validity of Buck's unsubstantiated date of first use, and trudge defeated to the negotiating table? Of course not. Instead, Buc-ee's filed a Motion to Dismiss and its counsel repeatedly asked Buck's counsel for documentation substantiating Buck's alleged date of first use. (Passarelli Decl. paras 21 and 22)

In his Declaration signed March 4, 2009, Mr. Buchanan once again reiterated Buck's claim that it first made first use of the BUCKY'S trademark in interstate commerce at least as early as May of 1982. Faced with yet another unsubstantiated claim of first use, did Buc-ee's this time, finally, give up the fight? Quite to the contrary, their motion practice was still in full swing. On June 25, 2009, this Court denied Buc-ee's Motion to Dismiss. (Passarelli Decl., Ex. 23) Buc-ee's responded with a Motion for Reconsideration; Request for Stay; and Alternative Request for Certification to Take Interlocutory Appeal. (*Id.*, Ex. 19) When that motion was denied, Buc-ee's filed a Petition for Writ of Mandamus with the Eighth Circuit. (*Id.*, Ex. 20 and 21). Only after this final attempt to extract itself from the jurisdiction of this Court was denied by the Eight Circuit, did Buc-ee's finally agree to mediation. (*Id.*, Ex. 22) In fact, the very next business day after the Eighth Circuit denied its Petition for Writ of Mandamus, Buc-ee's counsel sent Buck's counsel a letter setting forth the "ground rules" of a mediation to take place on September 16, 2009. (*Id.*, para 28, Ex. 23)

Clearly, Buc-ee's decision to come to the negotiating table had nothing to do with Buck's claimed date of first use, and everything to do with its desire to avoid litigating a trademark infringement case in the State of Nebraska. Perhaps most importantly, Buc-ee's enduring refusal to accept Buck's 1982 date of first use is actually memorialized in the Co-Existence Agreement which states in the sixth WHEREAS paragraph:

WHEREAS, both parties have used their respective marks in their respective businesses for their respective goods and services since **as early as 1989** without any known instances of actual confusion as to the source of origin of the goods and services; and

(Passarelli Decl., Ex. 24, p. 1) (emphasis added) Assuredly, if Buc-ee's had relied upon Buck's asserted 1982 date of first use in deciding to enter into the Co-Existence Agreement, it would have memorialized that date in the Co-Existence Agreement. By only acknowledging the co-existence

of the parties' respective marks since at least as early as 1989 (the date of first use claimed in Buck's trademark application), the parties memorialized in clear and unambiguous language that Buc-ee's had not accepted (and therefore not relied upon) Buck's asserted 1982 date of first use.

Additionally, besides contradicting the substance of the written Co-Existence Agreement, Buc-ee's alleged reliance of the written statement from the Nebraska litigation also plainly contradicts Section 14 of the Co-Existence Agreement which provides:

14. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties with respect to the subject matter set forth herein. No inducements, representations or promises have been made, other than those recited in this Agreement."

(Passarelli Decl., Ex. 24, para 14) *See e.g. Crowell v. Campbell Soup Co.*, 264 F.3d 756, 762 (8th Cir. 2001) ("We also note that besides contradicting the substance of the written contract, the oral promises also plainly contradict Section D.7. of the contract, which states that 'this Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and no oral agreement shall alter or add to any part thereof.'")

Buc-ee's cannot, as a matter of law, establish that it justifiably relied on written statements in the Nebraska litigation that Buck's used the mark at least as early as 1982 in order to enter into the Co-Existence Agreement. Here, such alleged misrepresentation directly conflicts with the written contractual provision showing that for purposes of the Co-Existence and Settlement Agreement, the parties agreed that Bucky's used the mark at least as early as 1989, and therefore, reliance on the previous written statements in the Nebraska litigation is unjustifiable. *See e.g., Syverson v. FirePond, Inc.*, 383 F.3d 745, 750 (8th Cir. 2004); *Crowell v. Campbell Soup Co.*, 264 F.3d 756, 762–63 (8th Cir. 2001).

Having demonstrated a pattern of disbelief regarding Buck's claimed date of first use, and by even memorializing this disbelief in the Co-Existence Agreement, Buc-ee's cannot demonstrate

that it relied upon Buck's allegedly false date of first use when deciding to enter into the Co-Existence Agreement. For this reason alone, Buc-ee's claims for inducement by fraudulent and material representation, fraudulent misrepresentation, and negligent misrepresentation should be dismissed.

2. Buc-ee's lied then or Buc-ee's is lying now.

Furthermore, Buc-ee's alleged reliance upon Buck's 1982 date of first use is undermined by Buc-ee's unambiguous agreement in the Co-Existence Agreement that, "there is no likelihood of consumer confusion arising from use and registration by Buck's Inc. of the mark BUCKY'S for the goods and services of Buck's Inc. and that there is no likelihood of confusion arising from the use by Buc-ee's of the mark BUC-EE'S for the goods and services of Buc-ee's." (Passarelli Decl., Ex. 24, para 1(a)) Similarly, Buc-ee's alleged reliance upon Buck's 1982 date of first use is undermined by Buc-ee's express representation to the USPTO "that there is no likelihood of confusion and there will be no likelihood of confusion from registration of Applicant's mark BUC-EE'S over the Buck's mark, BUCKY'S, for the reasons set forth herein." (*Id.*, para 32, Ex. 26)

In other words, if Buc-ee's honestly believed that no likelihood of confusion existed between "Bucky's" and "Buc-ee's" – as it expressly agreed in the Co-Existence Agreement, and as it expressly represented to the USPTO – then it would not matter whether Buc-ee's 1982 date of first use was accurate because the marks at issue were not confusingly similar and Buc-ee's therefore had no viable infringement claim. To put it yet another way, Buc-ee's could not possibly be harmed by Bucky's allegedly false statement unless Buc-ee's lied in the Co-Existence Agreement when it agreed that BUCKY'S and BUC-EE'S are not confusingly similar, and it further lied when it represented to the USPTO that BUCKY'S and BUC-EE'S are not confusingly similar. Assuming that Buc-ee's did in fact lie in the Co-Existence Agreement, and further lie to

the USPTO, then their argument would distill down to something like the following absurd narrative:

- Buck's said they had been using their Bucky's trademark since at least as early as May of 1982, and even though Buck's never provided any documentation to substantiate this claim, Buc-ee's really had no choice but to accept this date as the gospel truth because you always believe everything the other side says when you are embroiled in a bitter federal litigation.
- Consequently, Buc-ee's highly experienced trademark litigation attorneys from the Osha Liang firm, who had already issued four subpoenas and a notice of deposition to probe the veracity of Buck's 1982 date of first use, had a complete change of heart, decided the 1982 date must be accurate, and decided to refrain from conducting any discovery on this key litigation issue.
- Because Buck's made the naked assertion that it had been using its Bucky's trademark since at least as early as May of 1982, because Buc-ee's simply had no choice but to believe that this date was accurate, and because Buc-ee's was beat on the date of first use, Buc-ee's simply had no choice but to enter into the Co-Existence Agreement.
- Even though Buc-ee's relied upon Buck's unsubstantiated assertion that it had been using its Bucky's mark since 1982, the parties put language in the Co-Existence Agreement indicating that their marks had only been co-existing since 1989.
- Even though Buc-ee's really believed that the "Buck's" and "Buc-ee's" trademarks were confusingly similar, Buc-ee's lied in the Co-Existence Agreement and agreed in writing that there is no likelihood of confusion between the marks.
- Even though Buc-ee's really believed that the "Buck's" and "Buc-ee's" trademarks were confusingly similar, Buc-ee's also lied to the USPTO and falsely represented to the federal government that there is no likelihood of confusion between the marks.

There is simply no other way to read Buc-ee's absurd claim that it relied upon Buck's 1982 claimed date of first use when it decided to enter into the Co-Existence Agreement. Buc-ee's disingenuous fraud claims would be comical if not for the fact that these frivolous claims have cost Buck's a small fortune in legal fees and business disruption.

H. PLAINTIFF’S FRAUD CLAIMS ARE BARRED BY THE STATUTE OF LIMITATIONS

Even assuming for the sake of argument that Buck’s alleged 1982 date of first use was false, which it was not, Buc-ee’s fraud claims are barred by the relevant statute of limitations. “Under Neb. Rev. Stat. § 25–207 (Reissue 1989), an action for relief on the ground of fraud must be brought within four years after perpetration of the fraud, but the cause of action is not deemed to have accrued until discovery of the fraud.” *Ed Miller & Sons, Inc. v. Earl*, 243 Neb. 708, 717 (1993). Buc-ee’s has alleged that it only learned of Buck’s alleged fraudulent misrepresentation when it received a verified interrogatory response on June 13, 2017. (Dkt. 77, para 25). However, this allegation fails to mention the fact that Buc-ee’s ignored a potential discrepancy in Buck’s date of first use, which was front and center in both the Opposition Proceeding and the Nebraska Litigation, and failed to undertake prudent discovery.

Whatever fairly puts a person on inquiry is sufficient notice, where the means of knowledge are at hand; and if he omits to inquire, he is then chargeable with all the facts which, by a proper inquiry, he might have ascertained. This, in effect, means that notice of facts which would lead an ordinarily prudent man to make an examination which, if made, would disclose the existence of other facts is sufficient notice of such other facts.

League v. Vanice, 221 Neb. 34, 42 (1985) (quoting, *Baxter v. National Mtg. Loan Co.*, 128 Neb. 537, 558, 259 N.W. 630, 640 (1935)).

“An action for relief on the ground of fraud must be commenced within four years after the discovery of the facts constituting the fraud, or of facts sufficient to put a person of ordinary intelligence and prudence on an inquiry which, if pursued, would lead to such discovery. . . . The requirement is that if more than 4 years have elapsed since the alleged fraud the victim of it must allege and prove facts as to the failure to discover it which entitles him to maintain an action by

virtue of the fraud, notwithstanding the lapse of time, and he must allege and establish diligence in this regard.” *League*, 221 Neb. at 41(internal citation omitted).

During the totality of the Opposition Proceeding and the Nebraska Litigation, Buc-ee’s was on notice that Buck’s trademark application claimed a date of first use “at least as early as 1989” which clearly differed from the 1982 date of first use subsequently claimed in Buck’s discovery responses, Buck’s Complaint and Mr. Buchanan’s declaration. As indicated above, during the course of these proceedings, Buc-ee’s issued subpoenas to Mr. Maillard, Neon Sign, Omaha Shopper and Mr. Ryben, and also served an Amended Notice of Deposition upon Mr. Buchanan, all presumably to probe the veracity of Buck’s claimed 1982 date of first use. The mere fact that Buc-ee’s began walking down the road of discovery demonstrates that Buc-ee’s was put on “notice of facts which would lead an ordinarily prudent man to make an examination.” The fact that Buc-ee’s subsequently decided to turn around and walk to the negotiating table does not negate the fact that Buc-ee’s was on full notice of facts, which if prudently pursued through discovery, would have uncovered the alleged fraud of which Buc-ee’s now complains.

Instead of continuing discovery on this issue, Buc-ee’s, through its advice of counsel, decided to settle the lawsuit rather than litigate first use and the various other issues that would have been decided in the Nebraska Litigation. Such advice of counsel was reflected in the Co-Existence Agreement which expressly states:

9. Advice of Counsel. The parties acknowledge and agree that they have each caused this Agreement, its meaning, effect, significance and consequences to be fully explained to them by their attorneys of choice and they each acknowledge and agree that they fully understand the meaning, effect, significant consequences thereof.

In short, Buc-ee’s had full knowledge that Buck’s asserted 1982 date of first use differed from the “at least as early as 1989” date claimed in its trademark application, Buc-ee’s was represented by competent counsel who no doubt realized that first use would be a critical issue in

the Nebraska litigation, Buc-ee's demonstrated that it did not believe Buck's asserted 1982 date of first use and commenced discovery to probe the veracity of this date, Buc-ee's was unable to escape the jurisdiction of this Court, so Buc-ee's made the conscious decision to forgo discovery on Buck's asserted 1982 date of first use and enter into the Co-Existence Agreement. Having purposefully decided not to "make an examination which, if made, would disclose the existence of other facts", Buc-ee's cannot seven and a half years later plead ignorance of facts that would have been discoverable had Buc-ee's engaged in the manner of a prudent litigant. For the reasons set forth above, Buc-ee's fraud claims should be barred under Neb. Rev. Stat. § 25-207 (Reissue 1989).

I. PLAINTIFF'S CLAIM FOR BREACH OF CONTRACT IS MERITLESS

Paragraph 8 of the Co-Existence Agreement provides that "in the event that either party encounters any instances of actual consumer confusion between the parties' respective trademark uses, such party will promptly notify the other party and the parties will cooperate in good faith to take appropriate steps and measures to eliminate such actual confusion and to avoid any further likelihood of confusion." As such, any potential disputes between the parties with respect to their respective trademark uses, including Buc-ee's unsupported claims of actual confusion, are fully subsumed by the Co-Existence Agreement. Even assuming *arguendo* that actual confusion does exist, Buc-ee's sole remedy lies in the enforcement of the parties' mutual obligations under the Co-Existence Agreement "to cooperate in good faith to take appropriate steps and measures to eliminate such actual confusion".

Buc-ee's has alleged that Buck's breached the Co-Existence Agreement by failing to notify Buck's of alleged instances of confusion. (Dkt 77, para 137) However, it is important to note that each instance of alleged confusion is an incident uncovered by Buc-ee's – not Buck's – and which

Buc-ee's only brought to Buck's attention by filing federal litigation in violation of Sections 1(c), 3(b) and 8 of the Co-Existence Agreement. Furthermore, none of these alleged instances constitute actual instances of consumer confusion.

By way of example, Buc-ee's has alleged that "Consumers have expressed actual confusion between the use of 'Bucky's' on the sign at 1306 NASA Parkway, Houston, Texas and Buc-ee's to Buc-ee's employees. Buck's failed to tell Buc-ee's about any similar confusion." (Dkt. 77, para 39) The alleged confused was purportedly reported to "Buc-ee's employees" not "Buck's employees". As such, to the extent that any such confusion really took place, the obligation was on Buc-ee's, not Buck's, to report the confusion so that the parties could cooperate in good faith to take appropriate steps and measures to eliminate any actual confusion. Buck's failed to make any such notifications. (Buchanan Decl., para 20) Consequently, if anyone is in breach of Section 8 of the Co-Existence Agreement, it is Buc-ee's, not Buck's.

Furthermore, the alleged reporting of confusion to Buc-ee's employees does not amount to a showing of "a likelihood of confusion." Evidence from Buc-ee's employees should be rejected as hearsay or lacking foundation, and further amounts to nothing more than a scintilla of evidence of actual confusion. *See e.g. Frosty Treats Inc. v. Sony Computer Entm't. Inc.*, 426 F.3d 1001, 1009-10 (8th Cir. 2005) (finding testimony from the plaintiff's branch manager that over a period of two years five to ten people had been actually confused was likely inadmissible hearsay and amount to no more than a scintilla of evidence.); *Vitek Systems, Inc. v. Abbott Laboratories*, 675 F.2d 190, 193 (8th Cir. 1982) ("Seven of Vitek's witnesses were employees or consultants of Vitek and McDonnell. These witnesses testified, in effect, that customers had told them that they were confused by the similarity of the marks. Such testimony was hearsay in nature and the district court properly gave it little weight.").

Buc-ee's has also alleged that "Members of the Nassau Bay City Council and the May Pro Tem expressed concern regarding confusion caused by the planned 'Bucky's' gas station and convenience store at 1306 NASA Parkway, Houston, Texas." (Dkt 77, para 40) Buck's will not add to the length of this already voluminous brief, and will leave it to Buc-ee's to produce evidence on these points. Suffice it to say that the comments at issue were mere inquiries which do not constitute instances of actual confusion. More to the point, the specific allegation of "expressing concern regarding confusion" is not itself an act of confusion and is nothing more than hearsay. As such, even assuming that Buc-ee's has accurately depicted the interaction at the Nassau Bay City Council meetings (which it has not), there would be no duty on the part of Buck's to report the comments insofar as the comments did not reflect actual confusion. Furthermore, again, to the extent that Buc-ee's honestly believed that it had uncovered actual instances of confusion, it failed to bring these instances to the attention of Buck's as required by Section 8 of the Co-Existence Agreement.

Finally, Buc-ee's has pointed to social media posts as alleged instances of confusion. (*Id.*, Exs. 13-15). Again, these were social media posts discovered by Buc-ee's, not Buck's, and Buc-ee's has not made any allegations indicating that Buck's had knowledge of these social media posts. As such, Buc-ee's possession of these social media posts is conclusive evidence that Buc-ee's had knowledge of these alleged instances of confusion and failed to bring them to the attention of Buck's. As such, again, if anyone is in violation of Section 8 of the Co-Existence Agreement, it is Buc-ee's, not Buck's.

Furthermore, these isolated instances of alleged confusion do not demonstrate actual confusion between the BUCKY'S mark and the BUC-EE'S marks, and once again constitute inadmissible hearsay and mere inattentiveness. *See Duluth-News Tribune v. Mesabi Pub. Co.*, 84

F.3d 1093, 1098 (1996) (“In evaluating the evidence at the summary judgment stage, we consider only those responses that are supported by admissible evidence. Applying this standard, we find that plaintiff’s claim of actual confusion through misdirected mail and phone calls fails to raise a genuine factual dispute for two reasons. First, the vague evidence of misdirected phone calls and mail is hearsay of a particularly unreliable nature given the lack of an opportunity for cross-examination of the caller or sender regarding the reason for the ‘confusion.’ Second, we find such evidence to be de minimis and to show inattentiveness on the part of the caller or sender rather than actual confusion.”), citing, *Postscript Enterprises v. City of Bridgeton*, 905 F.2d 223, 226 (8th Cir.1990); *Davidson & Schaaff, Inc. v. Liberty National Fire Insurance Co.*, 69 F.3d 868, 871 (8th Cir.1996) (refusing to consider hearsay evidence); *Vitek Systems, Inc. v. Abbott Labs.*, 675 F.2d 190, 193 (8th Cir.1982) (affirming district court’s decision to discount this type of hearsay evidence).

The first instance involves an individual posting “Holy cow turds! Is Nassau Bay is getting a Buc-ee’s at the corner of Nasa 1 and Nassau Bay Dr.?” (*Id.*, Ex. 13) First of all, this is a mere inquiry presumably based upon excerpts from minutes of the City of Nassau Bay council meeting which the individual also included in his post, “From the City of Nassau Bay council meeting: Consider and take action on an ordinance approving a request by BSD BRIGHT SITE Development, LLC (Bucky’s) for current zoning C (Commercial) to be approved for a PUD (Planned Unit Development) for convenience store with retail motor fuel sales . . .” (*Id.*) As indicated in the post itself, the minutes of the City of Nassau Bay council meeting correctly identifies the “Bucky’s” trademark which is clearly spelled different from “Buc-ee’s”. As such, to the extent that the post could be construed as anything other than a mere inquiry, the post must be discounted as de minimis and the result of inattentiveness. *See e.g. Munsingwear, Inc. v. Jockey*

Int'l, Inc., 31 U.S.P.Q. 2d 1146, 1151 (D. Minn. 1994) (two letters standing alone are de minimis proof of actual confusion); *Lasermaster Corp. v. Sentinel Imaging*, 931 F. Supp. 628, 635 (D. Minn. 1996) (plaintiff's evidence of two instances of actual confusion insufficient to warrant granting a preliminary injunction).

The second instance consists of a social media post and numerous responses to the post, all posted on the Clear Lake City Facebook page. (*Id.*, Ex. 14) First, the original post was made without any context whatsoever, so it is unclear what sort of rumor or second hand information lead to the post, and the post must be discounted as mere hearsay and/or inattentiveness. Second, the post as presented in Buc-ee's Exhibit 14 clearly reflects an understanding that the convenience store at issue is a BUCKY'S and not a BUC-EE'S. The post reads:

So the old Holiday Inn property will now host a Buckee's (sic), convenience store, drive thru restaurant and small motel. I didn't think Nassau Bay needed another gas station.
I stand corrected – Buckey's or Bucky's versus the beaver nugget purveyor. Do we need 3 gas stations in town?

(*Id.*) In addition, Exhibit 14 contains responses to the original post which reflect a clear understanding that BUCKY'S and BUC-EE'S are different, including, "It will be a Bucky's, not Buckees (sic)" and "It's not the beaver nuggets Bucees (sic). It's Buckey's (sic) – a different company." (*Id.*)

The final instance involves a Twitter post wherein the user posted the following to Bay Area Houston "@BAHEP in your latest Business Development Update you say 'Bucky's' is coming to Nassau bay. Is that different from Buc-ee's?" (Dkt 77, para 40, Ex. 15) Bay Area Houston then replied, "Yes, our understanding is it's Omaha, NE- based Bucky's." (*Id.*) This exchange clearly amounts to nothing more than an inquiry and an answer. Inquiries as to whether there is a connection between plaintiff and defendant can be discounted because they show that

the inquirer under the entities are distinct. *See e.g. Duluth News Tribune*, 84 F.3d at 1098 (an inquiry regarding which newspaper a reporter worked for was not evidence of confusion); *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 195 (1st Cir. 1980) (questions about whether companies are affiliated is not evidence of confusion).

J. THIS IS AN EXCEPTIONAL CASE UNDER 15 U.S.C. § 1117.

Defendants' appreciate that it would be premature to burden this Court with a motion for a determination that suits in Texas and this Court and its Cancellation Proceeding before the USPTO entitle Defendants to the recovery of all their fees in those cases under 15 U.S.C. § 1117. Defendants respectfully preserve their rights to seek a determination upon the Court's adjudication of this Motion.

V. CONCLUSION

For the reasons stated above, Buck's Motion for Summary Judgment should be granted and Buc-ee's Amended Complaint should be dismissed with prejudice.

Dated this 10th day of November, 2017.

BUCK'S, INC. AND STEVEN
BUCHANAN, Defendants

By: /s/ John P. Passarelli

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CERTIFICATE OF SERVICE

I hereby certify that on November 10, 2017, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which sent electronic notification of this filing to all CM/ECF participants.

/s/ John P. Passarelli

John P. Passarelli