

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

BUC-EE’S, LTD.,

Plaintiff,

v.

SHEPHERD RETAIL, INC., ET AL,

Defendants.

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Civil Action No. 4:15-cv-03704

JURY TRIAL DEMANDED

**BUC-EE’S, LTD.’S OPPOSITION TO DEFENDANTS’
MOTION TO DISMISS OR TRANSFER VENUE**

Plaintiff, Buc-ee’s, Ltd. (“Buc-ee’s”), opposes Defendants’, Shepherd Retail, Inc.’s, Blanco Restaurant, Inc.’s, Live Oak Retail, Inc.’s, and Harlow Food, Inc.’s (collectively “Defendants”), Motion to Dismiss Buc-ee’s’ First Amended Complaint or, alternatively, transfer venue to the District Court of the Western District of Texas.

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I. SUMMARY OF PROCEEDING, ISSUES AND ARGUMENTS

Through decades of effort and expense, Buc-ee's has created valuable intellectual property rights related to its convenience store services and merchandise. Buc-ee's filed this action in response to Defendants' infringements, dilutions, and other violations of these rights. To that end, Buc-ee's filed its First Amended Complaint, for violations of the Texas Anti-Dilution Statute, trademark infringements under the Texas Business and Commerce Code, trademark infringements under 15 U.S.C. § 1114, trade dress and trademark infringements under 15 U.S.C. § 1125(a), false designations of origin and unfair competition under 15 U.S.C. § 1125(a), common law trademark and trade dress infringements, unjust enrichments, and acts of unfair competition and misappropriation. (ECF No. 13 ("Comp.")). Defendants have now filed a motion to dismiss the First Amended Complaint or, alternatively, transfer venue under 28 U.S.C. § 1406(a). (ECF. No. 24 ("Mot.")). Defendants' motion should be denied for at least the following reasons.

First, Defendants' Rule 12(b)(6) arguments seek to resolve factual issues related to the merits of the case (*e.g.*, factual issues regarding likelihood of confusion or the protectability of the Buc-ee's Trade Dress), rather than the sufficiency of Buc-ee's First Amended Complaint. But as this Court and many other authorities have recognized, a Rule 12(b)(6) motion "is not a procedure for resolving a contest between the parties about the facts or the substantive merits of the Plaintiff's case," and a "court should not evaluate the merits of [an] allegation" when ruling on a motion to dismiss. *See, e.g., Fairfield Indus., Inc. v. Wireless Seismic, Inc.*, No. 14-2972, 2014 WL 7342525 at *2 (S.D. Tex. Dec. 23, 2014) (Ellison, J.); 5B Wright, et al., FEDERAL PRACTICE AND PROCEDURE § 1356 (3d ed. 2016). This is particularly relevant for the intensely factual issues related to trademark and trade dress claims. Under the proper procedural

framework, the Court takes Buc-ee's' factual allegations as true and draws all reasonable inferences in its favor. Defendants' factual, merit-based arguments are therefore unavailing here.

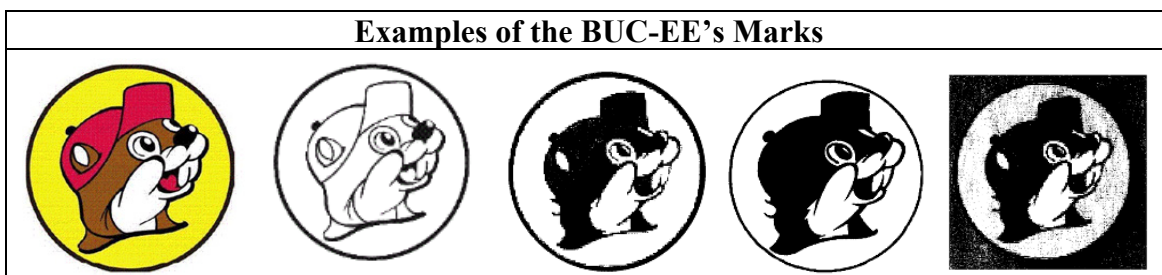
Second, and relatedly, Defendants' arguments fail for the additional reason that the allegations in Buc-ee's First Amended Complaint satisfy the requirements of providing fair notice of plausible claims. Buc-ee's' claims identify Defendants' blatant, purposeful and wrongful acts and infringements, and thus, at a minimum, provide notice of plausible claims. Therefore, even if Defendants' premature arguments are considered (which is improper), these arguments still fail to show that Buc-ee's' claims are not sufficient at this time: Buc-ee's has shown, at a minimum, its claims are plausible, which is all that is required at this stage of the case. *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007) (to survive a motion to dismiss for failure to state a claim, a complaint need only allege "enough facts to state a claim to relief that is plausible on its face," taking the Plaintiff's allegations as true.)

Finally, venue is proper in the Southern District of Texas because (1) a substantial part of the events giving rise to the claims occurred in this District and (2) Defendants reside in this District. Under 28 U.S.C. § 1391, venue is proper in "a judicial district in which any defendant resides, if all defendants are residents of the State in which the district is located," and, alternatively, venue is proper in "any judicial district in which a substantial part of the events or omissions giving rise to the claim occurred." Defendants concede that they have operations in the Southern District. Defendants also concede that their infringing acts have occurred in the Southern District, and further acknowledge that venue is proper wherever infringing activity occurs. There is no requirement that more or most of the events occur in the Southern District than in the Western District of Texas. Thus, Defendants' venue arguments are unavailing, and do not meaningfully dispute that venue is proper.

II. FACTUAL BACKGROUND

For nearly three and a half decades, Buc-ee's has offered high quality convenience store services and merchandise to the public under the Buc-ee's brand and with the iconic Buc-ee's beaver logo designs. (Comp. at ¶¶ 12-23, 31). As a result, Buc-ee's has become a household name throughout Texas, and its distinctive beaver logo designs have become famous and widely recognized by the public throughout Texas and the United States as a designation of source in connection with the marketing and sale of Buc-ee's goods and services, such as retail gasoline, t-shirts, mugs, general merchandise, novelties and food products. (*Id.* at, e.g. ¶¶ 12-23, 31, 58, 62).

Buc-ee's owns seven U.S. federal and Texas state trademark registrations related to its beaver logo designs: U.S. Registration Nos. 3,246,893, 4,007,064, and 4,316,461, and Texas Registration Nos. TX 800651507, TX 800651502, TX 800651500, and TX 800478206. (*Id.* at ¶¶ 14-23, Exs. A-G). Example images of the logos from Buc-ee's federal and Texas state registrations follow below, and these trademarks (including the federal registrations, state registrations, and common law rights Buc-ee's has in its logos) are collectively hereinafter referred to as the "BUC-EE's Marks":



These registrations provide *prima facie* evidence of the validity of the BUC-EE's Marks, of Buc-ee's ownership thereof, and of Buc-ee's exclusive rights to use the marks on or in connection with the goods and services specified in the registrations. *See* 15 U.S.C. § 1115(a); TEX. BUS. & COMM. CODE § 16.060.

Buc-ee's has also offered and continues to offer its premium convenience store services and merchandise through facilities providing a distinctive overall commercial impression and appearance (the "Buc-ee's Trade Dress"). (Comp. at ¶¶ 12, 24-29). Buc-ee's Trade Dress was designed to provide customers with a unique, rustic, Texan-themed appearance that is distinctive to Buc-ee's and which differentiates Buc-ee's from other convenience store providers. (*Id.*).

Buc-ee's discovered Defendants' infringement when Buc-ee's received inquiries from vendors and customers regarding a travel center store operated by Defendants in 2015. (Comp. at ¶ 30). Upon further investigation, Buc-ee's discovered Defendants' use of the Buc-ee's Trade Dress at multiple locations in connection with services and products that Buc-ee's has provided for decades using its distinctive Trade Dress. (*Id.* at ¶¶ 30-59). Buc-ee's also discovered Defendants' use of the infringing "Choke Canyon Logo" (illustrated below), an anthropomorphic and cartoon representation of an alligator that copies numerous significant aspects of the famous BUC-EE'S Marks. (*Id.* at ¶ 31).



According to Defendants, they began using the logo in 2012 when, after decades of considerable effort and expense by Buc-ee's to use, advertise, promote and foster goodwill in both the BUC-EE'S Marks and Buc-ee's Trade Dress, Defendants opened their first Choke Canyon business, a restaurant within the Southern District of Texas, in Whitsett, Texas. (Mot. at 2). Defendants further contend that they then opened a nearby convenience store in Whitsett, and

later opened additional locations, including a larger travel center, in 2015. (*Id.* at 2-3). Defendants' activities infringe the BUC-EE's Marks and Buc-ee's Trade Dress.

III. THE COURT SHOULD DENY THE MOTION TO DISMISS BECAUSE BUC-EE'S ADEQUATELY PLEADS ITS CLAIMS

Defendants' motion is fundamentally flawed and should be denied because it attempts to resolve factual issues related to the merits of the case, rather than the sufficiency of Buc-ee's First Amended Complaint. Defendants' motion should also be denied because Buc-ee's First Amended Complaint, at a minimum, provides fair notice of plausible claims.

A Rule 12(b)(6) motion "is not a procedure for resolving a contest between the parties about the facts or the substantive merits of the Plaintiff's case." 5B Wright, et al., *FEDERAL PRACTICE AND PROCEDURE* § 1356 (3d ed. 2016). As this Court has recognized, a "court should not evaluate the merits of the allegation" when ruling on a motion to dismiss. *See, e.g., Fairfield Indus.*, No. 14-2972, 2014 WL 7342525 at *2 (S.D. Tex. Dec. 23, 2014) (Ellison, J.) (citing *U.S. ex rel. Riley v. St. Luke's Episcopal Hosp.*, 355 F.3d 370, 376 (5th Cir. 2004)) (denying motion to dismiss); *see also, e.g., Bessant v. Wells Fargo Bank*, No. 13-306, 2013 WL 5203784, at *2 (E.D. Tex. Sept. 12, 2013) (Rule 12(b)(6) motion "cannot be used to resolve factual issues or the merits of the case" and "[d]ismissal under Rule 12(b)(6) is appropriate only if Plaintiff has not provided fair notice of the claims.").

To survive a motion to dismiss for failure to state a claim, a complaint need only allege enough facts to "state a claim to relief that is plausible on its face," taking the Plaintiff's allegations as true. *Twombly*, 550 U.S. at 570; *accord Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). A claim is facially plausible "when the Plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Iqbal*, 556 U.S. at 678 (citing *Twombly*, 550 U.S. at 556). Facial plausibility is decided in the

light most favorable to the Plaintiff. *Fairfield Indus.*, No. 14-2972, 2014 WL 7342525 at *2 (S.D. Tex. Dec. 23, 2014) (Ellison, J.). Only “a short and plain statement of the claim showing that the pleader is entitled to relief” is needed. *Twombly*, 550 U.S. at 555. Put simply, “[s]pecific facts are not necessary” and the complaint “need only give the defendant fair notice of what the claim is and the grounds upon which it rests.” *Erickson v. Pardus*, 551 U.S. 89, 93 (2007) (quotations omitted). Given all this, “motions to dismiss under Rule 12(b)(6) are viewed with disfavor and are rarely granted.” *Fairfield*, 2014 WL 7342525 at *2 (citing *Lormand v. US Unwired, Inc.*, 565 F.3d 228,232 (5th Cir. 2009) and *Duke Energy Int’l LLC v. Napoli*, 748 F.Supp.2d 656, 664-65 (S.D. Tex. 2010)).

Here, Defendants premise their motion on their assumptions that (a) there is no likelihood of confusion between the BUC-EE’s Marks and the Choke Canyon Logo, and (b) that the Buc-ee’s Trade Dress is functional and otherwise unprotectable. (*See, e.g.*, Mot. at 1). Defendants are wrong on both points. More importantly for the present motion, these are questions of fact relating to the substantive merits of Buc-ee’s claims and are not properly decided on a motion to dismiss. *See, e.g., Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 537 (5th Cir. 1998) (“The functionality, distinctiveness, or secondary meaning of a mark or trade dress and the existence of a likelihood of confusion are questions of fact.”); *Texas Pig Stands, Inc. v. Hard Rock Cafe Intern., Inc.*, 951 F.2d 684, 692 (5th Cir. 1992) (question of alleged genericness was “properly submitted to the jury” after presentation of “substantial evidence,” including expert reports). Moreover, under the proper procedural framework, taking Buc-ee’s’ factual allegations as true and drawing all reasonable inferences in its favor, Buc-ee’s provides fair notice of its claims, and its claims are plausible, at a minimum. This is all that is required. The Court should, therefore, deny Defendants’ motion.

A. Defendants' Motion Improperly Asks the Court to Make Factual Determinations at the Pleadings Stage

Defendants ask the Court to undertake and resolve several fact-intensive analyses regarding infringement and protectability, not properly decided at the pleadings stage. Defendants premise much of their motion on the contention that there can be no likelihood of confusion between the Choke Canyon Logo and the BUC-EE's Marks, because the Choke Canyon Logo allegedly "is not similar to" the BUC-EE's Marks. (*See, e.g.*, Mot. at 1, 10-11). Defendants are wrong. More importantly for the present motion, the likelihood of confusion is an inherently factual inquiry. *See, e.g., Pebble Beach*, 155 F.3d at 537. As Defendants acknowledge (but ignore) in their motion (*see, e.g.*, Mot. at 14), the likelihood of confusion analysis requires consideration of many factual inquiries, including the type of mark allegedly infringed, the similarity of the products or services, the similarity between the two marks, the identity of the retail outlets and purchasers, the identity of the advertising media used, the defendant's intent, any evidence of actual confusion, and the degree of care exercised by potential purchasers. *Board of Supervisors for Louisiana State University Agricultural and Mechanical College v. Smack Apparel Co.*, 550 F.3d 465, 478 (5th Cir. 2008). Each of these evidences Defendants' infringements. However, because of the factual nature of these factors, a "plaintiff is not required to prove the likelihood of confusion at the pleading stage." *Mastro's Restaurants LLC v. Dominick Group, LLC*, No. 11-1996, 2012 WL 2091535, at *5 (D. Ariz. June 11, 2012); *see also Visual Changes Skin Care Int'l, Inc. v. Neways, Inc.*, No. 08-0959, 2008 WL 4723603, at *4 (E.D. Cal. Oct. 24, 2008) (same).

Indeed, courts have routinely held that "likelihood of confusion is a fact-specific inquiry best left for decision after discovery." *Mastro's*, 2012 WL 2091535, at *5; *see also Vulcan Golf, LLC v. Google Inc.*, 552 F.Supp.2d 752, 769 (N.D. Ill. 2008) (same); *Government Emp. Ins. Co.*

v. Google, Inc., 330 F.Supp.2d 700, 704 (E.D. Va. 2004) (likelihood of confusion is a fact-specific issue “not properly resolved through a motion to dismiss.”); *Stanislaus Custodial Deputy Sheriffs’ Ass’n v. Deputy Sheriff’s Ass’n of Stanislaus County*, No. 09-1988, 2010 WL 2218813, at *10 n. 3 (E.D. Cal. June 1, 2010) (denying motion to dismiss because the court could not “make the factual conclusion at this stage of the proceedings that there was not a likelihood of confusion”); *Visual Changes*, 2008 WL 4723603, at *6 (rejecting defendant’s argument that there was no likelihood of confusion, explaining that the defendants’ “attack is based on a factual determination not at issue at this pleading stage”); *Church & Dwight Co., Inc. v. Mayer Labs., Inc.*, No. 10-4429, 2011 WL 1225912, at *20 (N.D. Cal. April 1, 2011) (“Consumer confusion is generally a factual determination turning on an array of factors that cannot be made at this stage.”). Defendants’ conclusory stance on the likelihood of confusion is improper at this stage for these reasons alone.

What is more, Defendants appear to rely entirely on alleged visual differences between the Choke Canyon Logo and the BUC-EE’s Marks to assert that there is no likelihood of confusion or dilution. (Mot. at 10-11). Defendants again are wrong. In addition, the Fifth Circuit has stressed that “[n]o **single factor** is dispositive” in determining a likelihood of confusion. *Board of Supervisors*, 550 F.3d at 478. While ignoring the overwhelming similarities between the Choke Canyon Logo and the BUC-EE’s Marks, Defendants point to slight alleged differences in the parties’ marks in support of their motion. Thus, Defendants effectively ignore Buc-ee’s allegations that show confusion is likely, in terms of the similarity of the marks **and** the other factors that must be considered. (See, e.g., Comp. at ¶¶ 31-32).¹

¹ For at least these reasons, Defendants’ “Correction” brief, discussing a single aspect of the Buc-ee’s trade dress and the alleged dissimilarity to Defendants’ locations, fails to alter the analysis. (ECF No. 28).

Courts routinely deny motions to dismiss even in cases where the trademarks at issue have some differences. *See, e.g., Mastro's*, 2012 WL 2091535, at *6 (stating that defendants “correctly note[d]” some factors appeared to weigh against confusion, particularly the dissimilarity of the “Mastro’s” and “Dominick’s” marks, but setting these arguments aside because “at this stage of the litigation, the court does not weigh the evidence to assess” the likelihood of confusion factors, and stating that these “arguments must be deferred to the summary judgment stage.”); *see also Va. Polytechnic Inst. and State Uni. v. Hokie Real Estate, Inc.*, No. 10-466, 2011 WL 926862, *8 (W.D. Va. March 15, 2011) (“While the defendant’s arguments regarding the dissimilarities between the parties’ services may find success on a motion for summary judgment or at trial ... a Rule 12(b)(6) motion is not the appropriate vehicle” to assess these issues). For similar reasons, Defendants arguments as to the likelihood of dilution based on alleged dissimilarity of the marks are premature. (Mot. at 10).

Defendants make similar conclusory attacks on the protectability of the Buc-ee’s Trade Dress, asserting it is functional, generic, and lacks secondary meaning. (Mot. at 1, 10, 18-19). Defendants are wrong on these points. More importantly for the sake of Defendants’ motion, these issues, like the likelihood of confusion, are factual determinations, improperly decided in the context of a motion to dismiss. *See, e.g., Pebble Beach*, 155 F.3d at 537 (“The functionality, distinctiveness, or secondary meaning of a mark or trade dress and the existence of a likelihood of confusion are questions of fact.”); *Healthpoint, Ltd. v. River’s Edge Pharm.*, No. 03-984, 2005 U.S. Dist. LEXIS 3646, at *28 (W.D. Tex. Feb. 14, 2005) (discounting arguments that the plaintiffs would be unable to prove non-functionality and likelihood of confusion when plaintiff stated a cause of action for trade dress violations); MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 7:71, 7.73 (“All courts have held ... functionality is a question of fact. ... Each

case of alleged functionality will present a unique set of facts not easily disposed of either by sweeping generalities or precise legal rules.”); *Kano Labs., Inc., v. Clenair Mfg., Inc.*, No. 12-1209, 2013 WL 5758651, at *3 (M.D. Tenn. Oct. 24, 2013) (there is no heightened pleading standard for pleading non-functionality); *FragranceNet.com, Inc. v. Les Parfums, Inc.*, 672 F.Supp.2d 328, 336 (E.D.N.Y. 2009) (the determination of whether mark is generic cannot be decided at the motion to dismiss stage).

Thus, it is improper to resolve factual issues related to the merits of the case against Buc-ee’s at this point of the case, before Buc-ee’s can obtain discovery in support of its claims. The Court should deny the motion, allowing Buc-ee’s’ claims to enter discovery and be tried on their merits.²

B. Buc-ee’s Claims are Plausible at a Minimum

The allegations in Buc-ee’s First Amended Complaint also provide fair notice of plausible claims, at a minimum. That is all that is required, and Defendants’ motion should therefore be denied.

i. Buc-ee’s Sufficiently Pleads Trademark and Trade Dress Infringement Claims

a. Buc-ee’s Properly Pleads the Elements of Trademark and Trade Dress Infringement

Buc-ee’s sufficiently pleads its infringement claims in Counts II, III, IV, and VI. Defendants’ arguments to the contrary misstate the relevant law and facts. To state a claim of trademark infringement under 15 U.S.C. § 1114 for the BUC-EE’s Marks, Buc-ee’s only has to allege that (1) Buc-ee’s owns a registered mark or marks; (2) Defendants use a mark that creates

² At a minimum, if the Court determines that Buc-ee’s’ First Amended Complaint or an aspect thereof does not meet the pleading requirements, Buc-ee’s should have the opportunity to amend or re-file its Complaint. *See, e.g., Great Plains Trust Co. v. Morgan Stanley Dean Witter & Co.*, 313 F.3d 305, 329 (5th Cir. 2002) (courts should generally afford plaintiffs the “opportunity to cure pleading deficiencies before dismissing a case”); *U.S. ex rel. Adrian v. Regents of the Univ. of Cal.*, 363 F.3d 398, 403 (5th Cir. 2004) (“Leave to amend should be freely given, and outright refusal to grant leave to amend without a justification ... is considered an abuse of discretion.”).

a likelihood of confusion, mistake, or deception with Buc-ee's mark or marks; and (3) Defendants are using that mark in commerce. *Farouk Sys., Inc. v. Costco Wholesale Corp.*, 700 F.Supp.2d 780, 785-86 (S.D. Tex. 2010) (Ellison, J.) (denying motion to dismiss when plaintiff alleged these facts). The same is true for Buc-ee's Texas State and common law trademark infringement claims. TEX. BUS. & COMM. CODE § 16.102; *Pebble Beach*, 155 F.3d at 536 ("The same tests apply to both trademarks and trade dress to determine whether they are protectable and whether they have been infringed, regardless of whether they are registered or unregistered."); *Sunbeam Prods., Inc. v. W. Bend Co.*, 123 F.3d 246, 251 n. 4 (5th Cir. 1997); *see also All Am. Builders, Inc. v. All Am. Siding of Dallas, Inc.*, 991 S.W.2d 484, 488 (Tex.App.-Ft. Worth 1999, no pet.) (Texas courts have acknowledged that "issues in a common law trademark infringement action under Texas law are no different than those under federal trademark law.").

Buc-ee's First Amended Complaint satisfies these requirements: Buc-ee's alleges it owns the registered BUC-EE's Marks (*see, e.g.*, Comp. at ¶¶ 14-17, Exs. A-C), and that Defendants are using a "confusingly similar" mark that is "likely to cause confusion, or to cause mistake, or to deceive customers or potential customers" in commerce. (*Id.* at, *e.g.*, ¶¶ 30, 36-57 (illustrating comparative uses in commerce)). These allegations plausibly state claims of trademark infringement. Thus, Defendants are given more than adequate notice of the allegations against them. *Farouk.*, 700 F.Supp.2d at 786-87 (Ellison, J.) (denying motion to dismiss § 1114 claim).

Buc-ee's also sufficiently alleges infringement of the Buc-ee's Trade Dress and any remaining aspects of the BUC-EE's Marks. Buc-ee's alleges: ownership of common law trademark and trade dress rights and ownership of Texas state trademark registrations (*see, e.g.*, Comp. at ¶¶ 2-3, 17-29, 58, 66-69, 73-77, Exs. D-G); Buc-ee's Trade Dress is non-functional (*id.* at ¶ 58), and Defendants' use of trademarks and trade dress in commerce that will confuse

consumers (*see, e.g., id.* at ¶¶ 2-3, 23-59, 66-69, 73-77). *See, e.g., Young v. Vannerson*, 612 F.Supp.2d 829, 847 (S.D. Tex. 2009) (denying motion to dismiss when complaint alleged (i) ownership of common law rights, (ii) defendants’ use of the marks on product samples, and (iii) that consumers would presume a connection with the plaintiff based on defendants’ uses).

b. Defendants’ Arguments Misstate the Law and Facts Relevant to Buc-ee’s’ Infringement Claims

Defendants’ premature arguments against Buc-ee’s’ infringement claims, even if considered (which would be improper), are unavailing. Defendants wrongly cite the “striking similarity” standard from copyright law. (Mot. at 12). Trademark infringement requires a “likelihood of confusion” based on many factors, not “striking similarity.” *Board of Supervisors*, 550 F.3d at 478. And, as discussed above, despite Defendants’ focus on alleged dissimilarity of the BUC-EE’s Marks and the Choke Canyon logo, “[n]o **single factor** is dispositive” in determining a likelihood of confusion. *Board of Supervisors*, 550 F.3d at 478. Not only has Buc-ee’s alleged that confusion is likely, Defendants’ marks are facially confusingly similar to BUC-EE’s Marks. Buc-ee’s also identifies aspects of the marks that are similar, and Buc-ee’s alleges facts related to other likelihood of confusion factors, such as the similarity of products or services and the identity of the purchasers. (*See, e.g., Comp.* at ¶¶ 31-32, 36-51).

Defendants also repeatedly misstate Buc-ee’s’ allegations regarding BUC-EE’s Marks and the Choke Canyon Logo. For example, Defendants assert that Buc-ee’s claims “the exclusive right to use a friendly smiling cartoon animal regardless of the type of animal,” and that the trademark claims “depend[] on the assertion that Plaintiff is entitled to the exclusive use of **any trademark** with an animal with human characteristics.” (Mot. at 11) (emphasis added). Not so. Buc-ee’s First Amended Complaint, rather, alleges that the Defendants’ logo “copies the most important aspects of the iconic BUC-EE’s Marks.” (Comp. at ¶ 31). To that end, Buc-ee’s’

Complaint alleges that the Choke Canyon Logo uses a specific combination of features: a friendly smiling cartoon alligator encompassed within a black circle having a yellow background, similarly oriented in the circle as compared to the Buc-ee's beaver, wearing a hat pointed to the right, having a red-colored tongue, and prominently using sharply drawn black edges.³ (*Id.*).

As to Buc-ee's' trade dress claims, Defendants' arguments regarding protectability are similarly off the mark (and wrong). Defendants parse the Buc-ee's trade dress on an element by element basis to assert it is functional and generic. (Mot. at 10, 15-16). But that is not the test. It is the combination of elements into a "total image" and "overall appearance" of the trade dress that matters. *Taco Cabana Int'l v. Two Pesos, Inc.*, 932 F.2d 1113, 1118 (5th Cir. 1991), *aff'd*, 505 U.S. 763 (1992) (noting "instructions properly cautioned the jury not to focus on isolated components in determining the protectability of [the] trade dress, but rather to consider the overall combination of elements"); *Vantage Trailers, Inc. v. Beall Corp.*, No. 08-361, 2009 WL 1562179, at *2 (S.D. Tex. June 2, 2009) (noting trade dress definitions including the "total image" and "overall appearance" of products). Thus, even if one feature, several features, or even *all* features of a trade dress are functional when considered individually, the overall combination in the trade dress may still be protectable. *Taco Cabana*, 932 F.2d at 1119 (an "arbitrary combination of functional features, the combination of which is not itself functional, properly enjoys protection"); *Clearline Techs. Ltd. v. Cooper B-Line, Inc.*, 948 F. Supp. 2d 691, 701 (S.D. Tex. 2013) (Ellison, J.) (same); *Vantage*, 2009 WL 1562179, at *2 ("[I]ndividual functional features of a design may still produce a total non-functional mark.").

³ Defendants make a cursory reference to these specific allegations, (Mot. at 7), but fail to substantively address them and later revert to their incorrect assertion that Buc-ee's is claiming it "is entitled to the exclusive use on any trademark with an animal with human characteristics." (*See, e.g., id.* at 11).

The same applies to allegations that an element is generic. The inquiry is not whether individual aspects may be generic, but rather, whether the combination of individual features creates a unique and protectable impression. *See Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 251 (5th Cir. 2010) (reversing dismissal of trade dress claims when district court failed to consider entirety of the facilities’ design, noting the “existence of non-distinctive elements” does not eliminate the possibility of distinctiveness “in the trade dress as a whole”) (citing *Taco Cabana*, 932 F.2d at 1120); *see also Taco Cabana*, 932 F.2d at 1120 (“The whole, in trademark law, is often greater than the sum of its parts.”).

Defendants quibble that Buc-ee’s allegedly does not consistently use one of the twenty-six identified elements of its trade dress, the use of beige stones on pillars. (Mot. at 16-17). Even assuming that this is true (and it is not), the very case that Defendants cite in support of this argument notes that the appearance of a line of products does not have to be “identical”; “a party may have trade dress rights even though there are slight variations in its package design so long as the change does not alter the distinctive characteristics and the trade dress conveys a single and continuing commercial expression.” *Rose Art Indus., Inc. v. Swanson*, 235 F.3d 165, 173 (3rd Cir. 2000). Defendants also point to case law relating to the use of a single color, standing alone, as trade dress. (Mot. at 19). This is also irrelevant, as Buc-ee’s’ Trade Dress includes numerous features in addition to color. (Comp. at ¶ 25).

Therefore, Buc-ee’s sufficiently pleads Counts II, III, IV, and VI.

ii. Buc-ee’s Sufficiently Pleads Trademark Dilution Under § 16.103

Defendants’ arguments that Buc-ee’s has not stated a dilution claim under TEX. BUS. & COMM. CODE § 16.103 also fail. When “the complaint alleges that [Defendant’s] activities will dilute [Plaintiff’s] marks and specifically describes those activities, [Plaintiff] sufficiently pleads facts stating a claim for dilution by blurring under Texas law.” *Cottonwood Fin. Ltd. v. Cash*

Store Fin. Servs., Inc., 778 F.Supp.2d 726, 736 (N.D. Tex. 2011) (denying motion to dismiss dilution claim brought under prior Texas statute, § 16.29).⁴ Buc-ee's satisfies this standard and pleads sufficient facts in support of the claim. (Comp. at ¶¶ 24-65). Furthermore, Defendants' arguments are based on alleged dissimilarity of the logos and alleged unprotectability of the trademarks. (Mot. at 9-10). But all of these arguments fail for the reasons discussed above. And to the extent Defendants argue that dilution requires a "substantially similar" mark, (*Id.* at 9), this again wrongly reflects the improper standard. The Texas statutes merely require an "association arising from the similarity between" the marks, and uses that are "likely to cause [] dilution," which Buc-ee's alleges. TEX. BUS. & COMM. CODE §§ 16.001; 16.103.

Defendants' argument that the Texas Dilution Claim should also be dismissed under 15 U.S.C. § 1125(c)(6) based on Defendants' Trademark Registration No. 4,446,687, which Defendants raised for the first time in their "Correction" brief (ECF No. 28, at 3-4)⁵, misunderstands the limited scope of that section. To the extent 15 U.S.C. § 1125(c)(6) imposes a "bar to an action" it is *only* "with respect to that mark" and the particular goods and services identified. Defendants' registration is limited to the Choke Canyon Logo, and thus, the statute has no effect on Buc-ee's dilution claim for Buc-ee's Trade Dress.⁶

Defendants' registration also does not bar dilution claims for any and all goods and services. Rather, as "a matter of common sense," the ability to bar state dilution claims based on a federal registration is limited to "situations where [the registrant] has used the marks on goods or services *actually described in its registrations*." *Amy's Ice Creams, Inc. v. Amy's Kitchen*,

⁴ The current statute requires the mark be "famous" and "distinctive" (which replaced the "valid" requirement of 16.29), but Buc-ee's' allegations also met these requirements. (*See, e.g.*, Comp. at ¶¶ 24-29, 58, 62).

⁵ Defendants filed this brief without conferring with Buc-ee's or seeking leave of Court, and, using the guise of a "correction" to introduce completely distinct facts and additional argument. Thus, any argument added in the Correction Brief is improper and should be stricken. However, Buc-ee's will address its deficiencies for the benefit of the Court.

⁶ While Defendants appear to acknowledge this limitation at one point of their correction brief, they still appear to argue that the entire "claim of dilution should be dismissed" due to the registration. (ECF No. 28, at 3-4).

Inc., 60 F.Supp.3d 738, 746 (W.D. Tex. 2014). (emphasis added). Further, one cannot “use the mark[] on any good or service it wants and be immune from any state dilution claim because it has [a] registration[.]” *Id.* Defendants’ registration is limited to “retail gasoline supply services; retail store services featuring convenience store items and gasoline.” (ECF No. 28, at 3). Defendants’ registration does not recite, *inter alia*, restaurant or food services, and Defendants themselves highlight that the Choke Canyon Logo is used in “standalone” restaurant locations that are not convenience stores. (Mot. at 2). In addition, to the extent the Choke Canyon Logo “service” mark is used on goods, Defendants have failed to show that all goods marked with the Choke Canyon Logo are covered by the registration. Thus, because not all of Defendants’ uses of the Choke Canyon Logo fall under the scope of the registration, the Court should deny Defendants’ Motion to dismiss Count I.

iii. Buc-ee’s Sufficiently Pleads Unfair Competition and False Designation of Origin

Defendants argue that the unfair competition and false designation of origin under 15 U.S.C. § 1125 (Count IV) should be dismissed because it is “duplicative.” (Mot. at 20). Duplicity, however, is not a ground for dismissal. Courts routinely recognize that the same facts can support multiple claims. *See, e.g., Philip Morris USA Inc. v. Lee*, 547 F.Supp.2d 667, 674 (W.D. Tex. 2008) (“The elements of trademark infringement and false designation of origin are identical, and the same evidence will establish both claims.”); *Farouk*, 700 F.Supp.2d at 787 (Ellison, J.) (denying motion to dismiss unfair competition claim when plaintiff adequately alleged Lanham Act claim) (citing *Boston Prof’l Hockey Assoc., Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1010 (5th Cir. 1975) (noting that “[a]s a general rule ... the same facts which would support an action for trademark infringement would also support an action for unfair competition”)). Thus, Buc-ee’s, at a minimum, sufficiently pleads Count IV.

iv. Buc-ee's Sufficiently Pleads Unjust Enrichment

Defendants' argument that Buc-ee's unjust enrichment claim fails because Buc-ee's has allegedly "made no claim of fraud, duress, or undue advantage" is wrong. The Fifth Circuit has recognized that unjust enrichment may arise from unjustly retained benefits that were obtained using the "reputation and good will" of another. *See Texas Pig*, 951 F.2d at 694 n. 15 (positively noting the jury instruction stating "[u]njust enrichment is present if you find that [the appropriator] has used the goodwill and reputation of [the creator] to sell its own goods or services"). Buc-ee's, at a minimum, sufficiently alleges an unjust enrichment claim because, as described above, Buc-ee's properly pleads its trademark and trade dress infringement claims and further alleges that Defendants are attempting to use the "reputation and goodwill of Buc-ee's." (Comp. at ¶¶ 53-59, 83-84). Count VII therefore should not be dismissed.

v. Buc-ee's Sufficiently Pleads Common Law Unfair Competition

As to Buc-ee's common law unfair competition claim, Defendants merely argue that this is "not a separate count alone." (Mot. at 21). Courts have not imposed such a requirement. *See, e.g., Pebble Beach*, 155 F.3d at 547, n. 15 (affirming finding of trademark infringement **and** the "state-law unfair competition claim"). Indeed, the Defendants' cited support for this statement does not stand for this proposition. Instead, *American Heritage* states that "unfair competition" may include any "business conduct which is contrary to honest practice." *Am. Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 14 (5th Cir. 1974). This does not mean that unfair competition may not be asserted on its own.

Buc-ee's, at a minimum, satisfies the pleading requirements with respect to unfair competition because Buc-ee's alleges that Defendants have "attempted to unfairly compete by the intentional and unauthorized use of Plaintiff's trade dress" and "Defendants' intentional and

unauthorized actions further constitute ... an attempt to unfairly compete in violation of federal and state law.” (See, e.g., Comp. at ¶¶ 3, 52). Thus, Buc-ee’s sufficiently pleads Count VIII.

vi. Buc-ee’s Sufficiently Pleads Common Law Misappropriation

Similarly, Buc-ee’s sufficiently pleads a claim of misappropriation under Texas common law. The doctrine of misappropriation is a branch of unfair competition that involves the appropriation and use by the defendant, in competition with the plaintiff, of a unique pecuniary interest created by the Plaintiff through the expenditure of labor, skill and money. *U.S. Sporting Products, Inc. v. Johnny Stewart Game Calls, Inc.*, 865 S.W.2d 214, 217 (Tex. App.—Waco 1993, writ denied). Indeed, Defendants’ unsupported argument, that “there is no separate cause of action” for trademark and trade dress claims under a theory of misappropriation is not correct. (Mot. at 21). See, e.g., *Healthpoint*, 2005 U.S. Dist. LEXIS 3646 at *24-29 (denying motion to dismiss separate Lanham Act, unfair competition, trade dress infringement, and misappropriation claims); *U.S. Sporting*, 865 S.W.2d at 217 (“[w]ithin the broad scope of unfair competition are **the independent causes of action** such as ... ‘palming off’ or ‘passing off,’ and misappropriation, to name only a few”) (emphasis added).

To establish a misappropriation claim under Texas law, a plaintiff must allege the creation of a product through extensive time, labor, skill, and money; defendant’s use of that product in competition, thereby gaining a special advantage because the defendant is burdened with little or none of the expense incurred by the plaintiff; and commercial damage to the plaintiff. See, e.g., *Healthpoint*, 2005 U.S. Dist. LEXIS 3646, at *18-19. A plaintiff may properly plead a misappropriation claim when it alleges the development of “name recognition and intellectual property rights ... at significant expense and labor” and further alleges the plaintiff has “sustained damages as a result of the alleged unfair business practices” of the defendant with

respect to those rights. *Id.* at *2, 28-29 (denying motion to dismiss misappropriation claim when defendant sold a product in the “public domain” using a confusingly similar trade dress).

Buc-ee’s has done so here. In its First Amended Complaint Buc-ee’s, at a minimum, plausibly alleges all elements of a misappropriation claim. For example, Buc-ee’s alleges that:

- “Defendants have gained a special advantage because they were not burdened with the expenses incurred by Buc-ee’s, who has developed recognition, goodwill, and intellectual property rights through significant expense and labor”;
- “Defendants’ unauthorized use of a trade dress confusingly similar to the Buc-ee’s Trade Dress and logos confusingly similar to the BUC-EE’s Marks will allow Defendants to receive the benefit of the goodwill built up at the great labor and expense by Buc-ee’s in the Bu-cee’s Trade Dress and the BUC-EE’s Marks, and further will allow Defendants to gain acceptance for their convenience-store services and products based not on their own merits, but on an association with the reputation and goodwill of Buc-ee’s”;
- “Buc-ee’s has expended considerable effort and money advertising and promoting its unique convenience store experience, products and services under its distinctive trade dress and concept,” and
- “Defendants have intentionally packaged and promoted t-shirts, food products, and other products in a manner that results in confusion to the consumer and further infringes upon the marks of Buc-ee’s, including goods specifically covered by one or more of Buc-ee’s state and federal registrations.”

(Comp. at ¶¶ 27, 36, 53, 88). Buc-ee’s further illustrates numerous aspects of its stores’ trade dress and products using the BUC-EE’s Marks that have been infringed and diluted by Defendants. (*Id.* at ¶¶ 37-52). Thus, Buc-ee’s sufficiently provides notice of a plausible misappropriation claim. Defendants’ assertion that Buc-ee’s has not identified any “products,” (Mot. at 21), not only ignores these allegations, but as illustrated by the *Healthpoint* case (where the basic “product” was in the public domain and could therefore be freely copied) this does not require a different outcome. Appropriation of trade dress alone sufficiently states a misappropriation claim. *See, e.g., Healthpoint*, 2005 U.S. Dist. LEXIS 3646, at *24-29 (denying

motion to dismiss when plaintiff alleged misappropriation of name recognition and intellectual property rights based on trade dress). Therefore, Count IX should not be dismissed.

IV. VENUE IS PROPER BECAUSE SUBSTANTIAL EVENTS OCCURRED IN THE SOUTHERN DISTRICT AND DEFENDANTS RESIDE IN THE DISTRICT

Venue is proper in the Southern District of Texas first because a substantial part of the events giving rise to the claims occurred in this District.⁷ Defendants' arguments to the contrary are unavailing. *See* 28 U.S.C. §§ 1391(b)(1), 1391(b)(2); (Comp. at ¶ 5). Defendants acknowledge that venue is "proper" where infringing activity occurs and concede that various acts of infringement occurred in the Southern District. (Mot. at 22). In addition, Buc-ee's was not required to bring suit in a venue where more acts of infringement, or even most of them occurred: only a substantial part of the events is necessary. What's more, Defendants acknowledge that they do business in the Southern District, and fail to dispute they are subject to personal jurisdiction in the District. Thus, venue is also proper because Defendants "reside" in the Southern District. Accordingly, Defendants' motion to dismiss or transfer under 28 U.S.C. § 1406(a) should be denied.

A. Defendants' Venue Arguments Fail Because Events Giving Rise to the Lawsuit Occurred in the Southern District

Under 28 U.S.C. § 1391(b)(2), venue is proper in "*any judicial district* in which a substantial part of the events or omissions giving rise to the claim occurred." *Flu Shots of Texas, Ltd. v. Lopez*, No. 13-144, 2013 WL 2449175 at *2, (N.D. Tex. June 5, 2013) (emphasis added). As Defendants admit, the "proper venue for a trademark infringement case lies where the

⁷ To the extent Defendants attempt to distinguish the Corpus Christi and Houston Divisions of the Southern District, (*see, e.g.*, Mot. at 23) this is irrelevant. "There is no longer any requirement in federal civil cases that venue be laid in a particular division within a district." *See* 14D Wright, et al., *FEDERAL PRACTICE AND PROCEDURE* § 3809 (3rd ed. 2016); *see also Blake v. Archer Drilling LLC*, 2014 WL 3696280, *2 n. 1 (S.D. Tex. 2014) ("Prior to its repeal in 1988, 28 U.S.C.A. § 1393 required that venue be placed in the particular division of the federal district where the defendant of the suit resided. After the statute was repealed, venue was proper in any division of the proper district.").

infringing activity, or the ‘passing’ off’ occurred.” (Mot. at 22 (citing *Cottman Transmission Sys., Inc. v. Martino*, 36 F.3d 291, 295 (3rd Cir. 1994))). Defendants concede in their Motion that they operate two locations in Whitsett, Texas in the Southern District of Texas (the original Choke Canyon locations, no less) (Mot. at 2-3), and further acknowledge that these Whitsett locations utilize, at least, the accused Choke Canyon Logo. (*Id.*). From this alone, venue is proper. *See, e.g., Tex. Marine & Brokerage, Inc. v. Euton*, 120 F.Supp.2d 611, 612 (E.D. Tex. 2000) (As applied to Lanham Act claims, “the place where the alleged passing off occurred ... provides an obviously correct venue.”) (internal cites removed). Furthermore, Buc-ee’s has suffered injuries in this District from Defendants’ infringing acts, further supporting venue in this district. *See Int’l Truck and Engine Corp. v. Quintana*, 259 F.Supp.2d 553, 558 (N.D. Tex. 2003) (recognizing that the injuries the Plaintiff experienced as a result of the defendant’s alleged trademark infringement were a “substantial part of the events giving rise to Plaintiffs’ claims”).

Defendants appear to argue that venue is only proper in the Western District of Texas because, allegedly, a greater number of facts support venue in the Western District than the Southern District. (Mot. at 22-24). This is irrelevant (and incorrect). *See Flu Shots of Texas*, 2013 WL 2449175 at *2 (“[E]ven though there are other venues where *more*, or even *most*, substantial activities took place, the plaintiff’s chosen venue does not become improper.”) (emphasis in original); *Tex. Marine & Brokerage*, 120 F.Supp.2d at 612 (“The language of the statute ... operates to establish venue in a given district as long as substantial activities took place in that district, even if the activities in another district happen to be more substantial, or even the most substantial.”). Where, as here, the infringement occurs in multiple districts, venue may be proper in any of those districts where the infringement occurs. *See Cottman*, 36 F.3d at 295 (“The focus of our venue inquiry in a Lanham Act trademark infringement case is the location where the

unauthorized passing off takes place—*whether that occurs solely within one district or in many.*”) (emphasis added). Thus, there is sufficient activity in the Southern District to establish venue, even if other acts of infringements occur in the Western District of Texas.

B. Defendants’ Venue Arguments Also Fail Because One or More Defendants Reside in the Southern District

Alternatively, venue is proper under 28 U.S.C. § 1391(b)(1) because one or more of the Defendants reside in the Southern District of Texas. This statute specifies that venue is proper in “a judicial district in which *any defendant resides*, if all defendants are residents of the State in which the district is located.” 28 U.S.C. § 1391(b)(1) (emphasis added). And for Defendant corporations in states with multiple Districts such as Texas, the corporations “shall be deemed to reside in any district in that State within which its contacts would be sufficient to subject it to personal jurisdiction if that district were a separate State.” 28 U.S.C. § 1391(d); *see also* § 1391(c)(1) (“[A]n entity ... whether or not incorporated, shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court’s personal jurisdiction with respect to the civil action in question.”). Here, none of the Defendants dispute that they are subject to personal jurisdiction in the Southern District. They have therefore waived the ability to do so. *See, e.g., Pyle v. City of Harlingen*, No. 13-147, 2014 WL 1230026, at *2 (S.D. Tex. Mar. 20, 2014) (“[T]he Court possesses personal jurisdiction ... because Defendants omitted the defense of lack of personal jurisdiction from their motion to dismiss under Federal Rule of Civil Procedure 12(b).”). For this reason alone, venue is proper because Defendants conceded that they all “reside” in the Southern District.

In addition, Buc-ee’s allegations and Defendants’ own admissions establish that personal jurisdiction, and therefore residency for venue purposes, is proper. For example, for specific personal jurisdiction the Court evaluates: (1) whether the defendant purposely directed its

activities toward the forum state or purposely availed itself of the privileges of conducting activities there; (2) whether the plaintiff's cause of action arises out of or results from the defendant's forum-related contacts; and (3) whether the exercise of personal jurisdiction is fair and reasonable. *Luv N' Care, Ltd. v. Insta-Mix, Inc.*, 438 F.3d 465, 469 (5th Cir. 2006).

All factors show personal jurisdiction is present and proper, because Defendants admit that they operate multiple business locations in the Southern District of Texas, and further acknowledge that these locations utilize, at least, the accused Choke Canyon Logo. (Mot. at 2-3) (*see also* Comp. at ¶ 2).

By opening businesses in the District, Defendants have “purposefully availed” themselves of the Southern District of Texas. *See, e.g., Autotronic Controls Corp. v. Davis Techs., LLC*, No. 05-22, 2005 WL 1683595, at *2-3 (W.D. Tex. July 1, 2005) (single sale involving trademark provides sufficient “minimum contacts” to show purposeful availment). Next, Defendants’ sales and other activities involving, at least, the Choke Canyon Logo form the very basis of Buc-ee’s claims. *Id.* Finally, jurisdiction is fair and reasonable here: Defendants previously chose to enter this forum and regularly conduct business here, and cannot now complain about being brought to court in the forum. *See, e.g., Luv N' Care*, 438 F.3d at 470 (“Where a defendant knowingly benefits from the availability of a particular state’s market for its products, it is only fitting that the defendant be amenable to suit in that state.”); *McFadin v. Gerber*, 587 F.3d 753, 759-60 (5th Cir. 2009) (“[I]t is rare to say that the assertion of jurisdiction is unfair after minimum contacts have been shown.”). Thus, Defendants are subject to personal jurisdiction in the Southern District, and consequently “reside” in the forum for venue purposes.

To the extent Defendants may assert the (waived) jurisdictional analysis varies from Defendant to Defendant, they cannot escape that at least one or more of the Defendants is subject

to personal jurisdiction in the Southern District, based on the various Whitsett businesses. Defendants only argue over the alleged distinctions between the Southern District and the Western District of Texas. (Mot. at 22). But because all the Defendants unquestionably reside somewhere in Texas, the “residence” of a single one in the Southern District is sufficient to establish venue. *See* 28 U.S.C. § 1391(b)(1). Thus, any arguments on these grounds are unavailing.

In sum, venue is also proper under 28 U.S.C. § 1391(b)(1), and the motion should be denied on these alternative grounds.

C. Venue is not Improper, Which Precludes Transfer Under § 1406(a)

Defendants request that the Court to transfer this action to the Western District of Texas pursuant to 28 U.S.C. § 1406(a). However, transfer of venue under 28 U.S.C. § 1406(a) is only permissible when the current venue is improper. *See* 28 U.S.C. § 1406(a); *see also Flu Shots of Texas*, 2013 WL 2449175 at *3 (“Section 1406(a) ... only applies when venue is improper”). Given that venue is proper in this District, any request for transfer under 28 U.S.C. § 1406(a) is inapplicable, and therefore this Court should reject Defendants’ motion and this case should remain in the Southern District.

V. CONCLUSION

For at least the foregoing reasons, Buc-ee’s respectfully requests that this Court issue an order denying Defendant’s motion to dismiss and alternative motion to transfer venue.

Dated: April 22, 2016

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on April 22, 2016, a true and correct copy of BUC-EE'S' OPPOSITION TO DEFENDANTS' MOTIONS TO DISMISS AND TRANSFER VENUE will be served upon counsel of record via electronic mail through the United States District Court's CM/ECF system.

/s/ Kevin J. Meek
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