UNITED STATES DISTRICT COURT

MIDDLE DISTRICT OF LOUISIANA

AUDUBON REAL ESTATE ASSOCIATES, INC. v. AUDUBON REALTY, L.L.C.	NO. 3:15-cv-00115-SDD-SCR JUDGE DICK MAGISTRATE REIDLINGER

MEMORANDUM IN SUPPORT OF MOTION TO DISMISS

Defendant Audubon Realty, L.L.C. ("Audubon realty") submits this memorandum in support of its motion to dismiss the Complaint for Declaratory Judgment. The Court should dismiss the complaint for lack of subject matter jurisdiction or, alternatively, for improper venue pursuant to Fed. R. Civ. P. 12(b)(3).

I. FACTUAL BACKGROUND

On September 22, 2003, David Reso and Joshua Willett registered the trade name Audubon Realty, L.L.C. *See* Exhibit 1, Declaration of David D. Reso, at ¶4. On August 22, 2005, Messrs. Reso and Willett assigned the trade name to Audubon Realty, which they had organized in 2004. *Id.* On January 30, 2015, Audubon Realty re-registered the trade name "Audubon Realty, L.L.C." *Id.* at ¶5. The trade name "Audubon Realty, L.L.C." has been in continuous use by Mr. Willett or Mr. Reso and/or Audubon Realty since September 17, 2003. *Id.* at ¶6.

Audubon Realty is domiciled in Metairie, Louisiana and is a full service REO Brokerage firm servicing the Greater New Orleans Metropolitan market in the New Orleans metropolitan area. Id. at ¶7. Audubon Realty does not do business outside of the Greater New Orleans metropolitan market. *Id.*

On April 3, 2013, Beau Box, the broker/owner of Beau Box Residential Real Estate, L.L.C. in Baton Rouge contracted Mr. Reso. Mr. Box asked if Mr. Reso was interested in selling Audubon Realty. Mr. Box specifically stated that he wanted to acquire the name Audubon Realty. Mr. Reso declined to sell to Mr. Box. *Id.* at ¶8.

In late 2014, Audubon Realty learned that Mr. Box was using the name Audubon Real Estate Associates, L.L.C. *Id.* at ¶9. Apparently Mr. Box organized Audubon Real Estate Associates, L.L.C. on April 7, 2014 but then voluntarily dissolved the company. *See* Exhibit 2 attached. Subsequently, on November 14, 2014, Mr. Box changed the name of Beau Box Residential Real Estate, L.L.C. to Audubon Real Estate Associates, L.L.C. ("Audubon Real Estate"). *See* Exhibit 3 attached. Audubon Real Estate then proceeded to obtain a Louisiana service mark described as "logo: capital A in white lettering on navy blue background above the word Audubon in green capital letters above the words Real Estate Associates in navy blue capital letters." *See* Exhibit 4 attached.

Upon learning of Audubon Real Estate's activities, Audubon Realty sent Mr. Box a cease and desist letter. Plaintiff's counsel then responded with a letter refusing to comply with the cease and desist. Audubon Realty's counsel rebutted that letter, but this suit followed. *See* Exhibit 1 at ¶9.

II. ARGUMENT

A. There Is No Federal Question Jurisdiction

Plaintiff has the burden of proving that subject matter jurisdiction exists. *In re FEMA Trailer Formaldehyde Products*, 668 F.3d 281, 286 (5th Cir. 2012). The Court has jurisdiction if "the right of the petitioners to recover under their complaint will be sustained if the Constitution and laws of the United States are given one construction and will be defeated if they are given

another" unless the claim "clearly appears to be immaterial and made solely for the purpose of obtaining jurisdiction or where such a claim is wholly insubstantial and frivolous." *Steel Co. v. Citizens for a Better Environment*, 523 U.S. 83, 89, 118 S.Ct. 1003, 140 L.Ed.2d 210 (1998) (quoting *Bell v. Hood*, 327 U.S. 678, 682–83, 685, 66 S.Ct. 773, 90 L.Ed. 939 (1946)). Here, plaintiff alleges blanket claims of subject matter jurisdiction which are immaterial and do not support jurisdiction.

Plaintiff broadly alleges that "[t]his Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331 (federal question), and 1338 (civil action arising under an Act of Congress relating to trademarks)." Plaintiff apparently bases jurisdiction on the generic language of the cease and desist letter sent by Audubon Realty, which threatens claims under federal and state law. This is insufficient to establish that the Court has jurisdiction because the trade name at issue is not a federally registered trademark and is not alleged to affect interstate commerce.

The Fifth Circuit has long rejected the notion that any and all alleged Lanham Act claims that do not involve federally registered trademarks may be brought in federal court. In *Royal Lace Paper Works, Inc. v. Pest-Guard Products, Inc.*, 240 F.2d 814, 818 (5th Cir. 1957), the Court stated:

> [W]e find no language in it [the Lanham Act] conferring jurisdiction as to claims dealing with unregistered trade marks or with unfair competition. Specifically concerned, as it is, with registered trade marks, it would, we think, be to rewrite instead of to construe the statute if we should read it as including within its scope unregistered trade marks or unfair competition generally.
>
> Looking at the statute in the light of the history of federal jurisdiction over trade marks and unfair competition, culminating in the *Oursler* case and Sec. 1338(b), we think it would require much stronger and more definite assertion of jurisdiction than appears in it to construe it as throwing the doors of the federal courts wide open to any litigation over unregistered trade marks and unfair competition upon the mere claim that the claimed wrongs affect interstate commerce.

In later cases, the Fifth Circuit has recognized that § 43(a) of the Lanham Act creates a federal cause of action for false representation of goods of services in commerce. *Norman M. Morris Corp. v. Weinstein*, 466 F.2d 137, 141 (5th Cir. 1972); *Alum-A-Fold Shutter Corporation v. Folding Shutter Corp.*, 441 F.2d 556, 557 (5th Cir. 1971).

Even if Audubon Realty's cease and desist letter threatened claims for which the Fifth Circuit has recognized jurisdiction, the letter is still insufficient to create jurisdiction because plaintiff has not alleged any facts showing a substantial effect on interstate commerce. The Eighth Circuit explained this requirement in *Coca-Cola Co. v. Stewart*, 621 F.2d 287, 290 (8th Cir. 1980):

> By consistent interpretation, jurisdiction under the Lanham Act encompasses intrastate activity that substantially affects interstate commerce. *See, e. g., Iowa Farmers Union v. Farmers' Educational & Coop. Union*, 247 F.2d 809, 816 (8th Cir. 1957); *Drop Dead Co. v. S. C. Johnson & Son, Inc.*, 326 F.2d 87, 94 (9th Cir. 1963), *cert. denied*, 377 U.S. 907, 84 S.Ct. 1167, 12 L.Ed.2d 177 (1964); *Franchised Stores of New York, Inc. v. Winter*, *supra*, 394 F.2d at 669. Thus, "in commerce" refers to the impact that infringement has on interstate use of a trademark; it does not mean that an infringer is immune from prosecution under the statute so long as he keeps his infringement entirely within the confines of a state. *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 488 (5th Cir. 1971). "A substantial effect on interstate commerce is present when the trademark owner's reputation and good will, built up by use of the mark in interstate commerce, are adversely affected by an intrastate infringement." *Franchised Stores of New York, Inc. v. Winter*, *supra*, 394 F.2d at 669 (citations omitted).

In this case, the facts alleged by plaintiff show this is only a case involving intrastate commerce. Regarding its own business, plaintiff alleges:

> Plaintiff, Audubon Real Estate Associates, L.L.C., is a real estate broker that sells real estate in the city of Baton Rouge and the parishes surrounding Baton Rouge including East Baton Rouge, West Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St Helena, West Baton Rouge, West Feliciana, St Tammany, and Tangipahoa.

Complaint at ¶6. Regarding Audubon Realty's business, plaintiff alleges:

> Defendant Audubon Realty is a real estate broker that sells real estate in the city of New Orleans and parishes surrounding New Orleans including Orleans Parish, Jefferson Parish, St. Tammany Parish and St. Bernard Parish.

Complaint at ¶9.

Nowhere in the complaint is there any allegation that either party is engaged in interstate commerce or that this dispute in any way affects, let alone substantially affects, interstate commerce. Nor do the facts that are alleged support jurisdiction. To the contrary, the facts alleged show that this is only an intrastate dispute involving a Louisiana trade name.

B. Venue is Only Proper in the Eastern District of Louisiana

If the Court does find subject matter jurisdiction, it should still dismiss the complaint on the grounds of improper venue or transfer the case to any district in which it could have been brought. Fed.R.Civ.P. 12(b)(3); 28 U.S.C. § 1406(a). "When a defendant challenges venue, the plaintiff has the burden of demonstrating that the chosen venue is proper." *Swoboda v. Manders*, 2014 WL 2515410 (M.D. La. June 4, 2014), citing *Gray Cas. And Sur. Co. v. Lebas*, 2013 WL 74351 (E.D. La. Jan. 7, 2013). A court may consider extrinsic materials, including affidavits and other materials, in determining whether venue is proper. *Asevedo v. NBCUniversal Media, LLC*, 921 F.Supp.2d 573, 589-90 (E.D.La. 2013) (citations omitted).

Here plaintiff alleges that this action is brought under the Lanham Act, 15 U.S.C. §§ 1114(a) and 1225(a), and under the federal Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq*. Neither of these federal statutes provides a special venue provision, and therefore, the general federal question venue statute, 28 U.S.C. § 1391(b)(2), applies. *Woodke v. Dahm*, 70 F.3d 983 (8th Cir. 1995).

A federal question case may be filed 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). The residence of a business for purposes of the venue statute is defined as "any

judicial district in which it is subject to personal jurisdiction at the time the action is commenced." 28 U.S.C. § 1391(c). Venue is also proper in "a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred" 28 U.S.C. § 1391(b)(2).

In the instant case, the Complaint makes no allegations that, at the time the action was commenced, any part of the events or omissions giving rise to the claims, let alone a substantial part of the events, occurred in this district. Nor are any other allegations made to satisfy proper venue. Audubon Realty is domiciled in Metairie, Louisiana and does only business in the New Orleans metropolitan area. Plaintiff on the other hand is not, as it suggests in the complaint, doing business only in this district but is also doing business in the New Orleans metropolitan area.

Finally, in trademark infringement cases, the courts may apply the rationale of *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633, 642 (2nd Cir.1956), *cert. denied*, 352 U.S. 871, 77 S.Ct. 96, 1 L.Ed.2d 76 (1956) "that the tortious wrong of trademark infringement occurs in the location where sales or advertising takes place such that customers are likely to be deceived and confused." McCarthy on Trademarks and Unfair Competition, Fourth Edition, Procedure in Trademark Infringement and Unfair Competition Litigation § 32:63. *See also Nuttall v. Juarez,* 984 F. Supp. 2d 637, 642 (N.D. Tex. 2013). However, the complaint in this case and evidence presented by Audubon Realty show that such confusion is likely to occur in the Eastern District of Louisiana. Therefore, this basis for venue cannot be satisfied, either.

III. CONCLUSION

For the foregoing reasons, Audubon Realty requests that the Court dismiss the Complaint for Declaratory Relief without prejudice.

Respectfully submitted,

/s/ Duris L. Holmes
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 20th day of April, 2015, I electronically filed the foregoing with the Clerk of Court by using the CM/ECF system which will send a notice of electronic filing to all counsel of record.

/s/ Duris L. Holmes
Duris L. Holmes