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9 **UNITED STATES DISTRICT COURT**
10 **DISTRICT OF NEVADA**

11 SLEP-TONE ENTERTAINMENT
CORPORATION,

12 Plaintiff,

13 vs.

14 ELLIS ISLAND CASINO & BREWERY, et
15 al.,

16 Defendants.
17
18
19

Case No. 2:12-cv-00239-KJD-RJJ

**REPLY IN SUPPORT OF MOTION TO
DISMISS BY DEFENDANTS PT'S
PLACE; GOLDEN-PT'S PUB
CHEYENNE-NELLIS 5, LLC; PT'S
PUB; GOLDEN-PT'S PUB WEST
SAHARA 8, LLC; PT'S GOLD;
GOLDEN-PT'S PUB CENTENNIAL 32,
LLC; GOLDEN-PT'S PUB STEWART-
NELLIS 2, LLC; AND GOLDEN
TAVERN GROUP, LLC**

20 Pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure, Defendants PT'S
21 PLACE; GOLDEN-PT'S PUB CHEYENNE-NELLIS 5, LLC; PT'S PUB; GOLDEN-PT'S PUB
22 WEST SAHARA 8, LLC; PT'S GOLD; GOLDEN-PT'S PUB CENTENNIAL 32, LLC;
23 GOLDEN-PT'S PUB STEWART-NELLIS 2, LLC; GOLDEN TAVERN GROUP, LLC
24 (hereinafter the "PT'S Defendants" or "Defendants") by and through counsel, GREENBERG
25 TRAUERIG LLP, hereby respectfully submit this Reply in support of their Motion to Dismiss.
26 Plaintiff SLEP-TONE ENTERTAINMENT CORPORATION (hereinafter "Slep-Tone" or
27 "Plaintiff") has failed to state a claim upon which relief can be granted against the PT'S
28 Defendants; therefore, the PT'S Defendants should be dismissed from this action with

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1 prejudice.

2 This Reply is based upon the attached memorandum of points and authorities and
3 any exhibits thereto, the papers and pleadings on file in this action, and any oral argument
4 that this Court may allow.

5 DATED this 20th day of April, 2012.

6 Respectfully submitted,

7 GREENBERG TRAUIG, LLP

8 By: /s/ Lauri S. Thompson

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16 **MEMORANDUM OF POINTS AND AUTHORITIES**

17 **I. INTRODUCTION**

18 Plaintiff's entire action is premised on the assertion that certain Karaoke Jockey's
19 ("KJs") have committed an infringement by the unauthorized copying of Plaintiff's karaoke
20 music tracks and lyrics. Yet, for whatever reason, instead of pursuing a copyright
21 infringement claim, Plaintiff has tried to couch its claim as trademark infringement by
22 claiming that when the lyrics are shown on the KJs' screen in the Defendants' venue, the
23 mere fact that the Plaintiff's SOUND CHOICE logo appears on the KJs' lyric screen
24 constitutes trademark infringement by the PT'S Defendants. However, trademark
25 infringement requires that the defendant actually "use" the trademark in the offering of
26 goods or services for sale. In this case, Plaintiff has not properly alleged that the PT'S
27 Defendants have used its SOUND CHOICE mark in commerce. Without being able to
28 reasonably show that the PT'S Defendants have used its trademark, Plaintiff's Complaint

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1 fails to allege sufficient and consistent facts or legal principles upon which any relief could
2 be granted; therefore, it should be dismissed as it pertains to the PT'S Defendants.

3 Plaintiff has alleged, however, that the KJs who provide their karaoke entertainment
4 services in various bar and restaurant venues in and around Las Vegas, Nevada (including
5 venues owned by the PT'S Defendants), are using unauthorized copies of Plaintiff's disks.
6 Incidental to the KJ's alleged use of the unauthorized disks is the display of Plaintiff's
7 SOUND CHOICE marks. These are the only plausible allegations made by the Plaintiff -
8 that the KJs are copying its disks and displaying Plaintiff's trademarks in commerce without
9 permission. Plaintiff has not and cannot allege that the PT'S Defendants have any
10 involvement in or control of the KJs' alleged unauthorized copying of Plaintiff's compact
11 disks, or that the PT'S Defendants knew or had any reason to know that any copying was
12 taking place. Further, Plaintiff has not plead sufficient allegations that the PT'S Defendants
13 knew or had reason to know the KJs' display of the SOUND CHOICE marks was
14 unauthorized.

15 Noticeably absent from Plaintiff's allegations is any indication that it put the PT'S
16 Defendants (or any of the other defendants) on actual notice. The Plaintiff alleges that it
17 investigated the unauthorized use and display of its marks, but neglected to actually notify
18 the PT'S Defendants of the unauthorized use. Instead, in true intellectual property "troll"
19 fashion, Plaintiff Slep-Tone filed its instant suit without notice or warning. Despite Plaintiff's
20 "shot-gun" approach naming every party it can conceive of, especially those that it
21 perceives to have "deep pockets" (i.e., the venues), the plain fact is that there is no
22 legitimate cause of action against the PT'S Defendants. This appears to be consistent with
23 the entire litigation model adopted by Plaintiff Slep-Tone in Nevada, as well as across the
24 country: to shakedown unsuspecting and innocent defendants in the hopes of coercing a
25 quick and easy settlement payment from each.

26 If the Plaintiff is entitled to any relief at all here, it is against the KJs. Plaintiff's
27 claims against the PT'S Defendants are baseless and legally insufficient allegations and fail
28 to allege any wrongful or culpable conduct by the PT'S Defendants. Specifically, all of

1 Plaintiff's claims against the PT'S Defendants fail because (1) Plaintiff has not sufficiently
 2 alleged that the PT'S Defendants used Plaintiffs' trademark in commerce to support a direct
 3 trademark infringement claim; (2) Plaintiff has not, and can not, allege that the PT'S
 4 Defendant had actual or constructive knowledge of any infringement to support a
 5 contributory trademark infringement claim; (3) Plaintiff has not sufficiently plead facts
 6 showing any partnership or ability to bind one another in transactions with third parties
 7 between the PT'S Defendants and the KJs to support vicarious trademark infringement;
 8 and (4) Plaintiff's allegations are legally insufficient to support a trademark counterfeiting
 9 claim, as its trademark registrations do not cover the same services allegedly offered by the
 10 PT'S Defendants. Therefore, the Complaint should be dismissed against PT'S Defendants
 11 in its entirety.

12 **II. KEY FACTS**

13 PT'S Defendants incorporate herein the Statement of Facts contained in their Motion
 14 to Dismiss and highlight the following points for the Court's convenience and reference:

- 15 • Defendant Golden Tavern Group, LLC ("Golden Tavern") owns and operates
 16 a number of bar/restaurants in Las Vegas, Nevada, including PT'S
 17 Defendants, under the "PT'S" brand, which is a popular and well-known chain
 18 of bar/restaurants in Las Vegas, Nevada specializing in serving Las Vegas
 19 residents.
- 20 • The PT'S Defendants do not own karaoke equipment or provide karaoke
 21 services themselves. Rather, as Plaintiff acknowledges, these karaoke nights
 22 are provided by independent contractor Defendant Roll N Mobile, LLC to
 23 provide "Karaoke Jockeys" (or "KJs" as Plaintiff defines this occupation in its
 24 Complaint) to perform at their various venues for special karaoke events and
 25 private parties.
- 26 • Plaintiff Slep-Tone is the manufacturer and distributor of karaoke
 27 accompaniment tracks sold under the name "Sound Choice." Plaintiff owns
 28 federal registrations for the marks SOUND CHOICE (U.S. Reg. No.

1 1,923,448) and SOUND CHOICE (and design) (U.S. Reg. No. 2,000,725),
2 both for the same goods of “pre-recorded magnetic audio cassette tapes and
3 compact discs containing musical compositions and compact discs containing
4 video related to musical compositions.” (See Plaintiff Slep-Tone’s Complaint,
5 ¶¶ 95-6 [Docket # 1]) (“Pl. Slep-Tone’s Complaint”).

- 6 • Plaintiff describes the KJs as “entertainers who provide karaoke services in
7 bars, restaurants, and other venues,” and such karaoke services include
8 “providing the karaoke music and equipment for playback, entertaining the
9 assembled crowd for warm-up purposes, and organizing the karaoke show by
10 controlling access to the stage, setting the order of performance, and
11 operating the karaoke equipment.” (See Pl. Slep-Tone’s Complaint, ¶ 63).
- 12 • Plaintiff alleges that recent technology has made it easy for unscrupulous KJs
13 to illegally build up libraries of thousands of karaoke songs without paying for
14 them through decoding and illegitimately copying its SOUND CHOICE brand
15 karaoke disks, or by downloading the tracks from illegal file sharing sites, and
16 then distributing, sharing, and/or swapping the illegally obtained SOUND
17 CHOICE karaoke tracks with other KJs. (See *Id.* ¶ 51).
- 18 • Plaintiff alleges that this wide-spread piracy by KJs of its SOUND CHOICE
19 brand karaoke disks causes unfair competition in the marketplace because
20 “the illegitimate KJs are able to provide karaoke services with a considerably
21 lower overhead cost and significantly more songs through the pirating of
22 SLEP-TONE’s tracks.” (See *Id.* ¶ 87). Plaintiff claims that the “pirate KJs”
23 conduct in turn pressures the “legitimate KJs” to “skirt or ignore the law and
24 become pirates” by engaging in infringement in order to compete with the
25 “pirate KJs.” (See *Id.* ¶¶ 57, 89, 91).
- 26 • Plaintiff alleges that “[v]enues such as those operated by the Defendants can
27 enjoy significant savings by turning a blind eye to the actions of the
28 illegitimate KJs they hire,” and that the PT’S Defendants’ “venues benefit from

1 piracy because unfair competition from pirate KJs pressures legitimate KJs to
 2 accept lower compensation from the venues to obtain new business or retain
 3 old business. By decreasing the fixed cost of entertainment, the Defendants'
 4 operations become more profitable." (Id. ¶¶ 93-4).

- 5 • Plaintiff does not claim that it made any attempt to put the PT'S Defendants
 6 on notice of the alleged trademark infringement prior to filing instant
 7 Complaint in the United States District Court, District of Nevada on February
 8 15, 2012.

9 **III. LEGAL ARGUMENT**

10 **A. Legal Standard.**

11 FED R. CIV. P. 12(b)(6) authorizes this Court to dismiss a complaint for failure to state
 12 a claim upon which relief can be granted. "To survive a motion to dismiss, a complaint
 13 must include "enough facts to state a claim to relief that is plausible on its face." Ashcroft v.
 14 Iqbal, 556 U.S. 662, 129 S. Ct. 1937, 1960 (2009) (quoting Bell Atl. Corp. v. Twombly, 550
 15 U.S. 544, 570 (2007)). Bald contentions, unsupported characterizations, and legal
 16 conclusions are not well-pleaded allegations, and will not suffice to defeat a motion to
 17 dismiss. See G.K. Las Vegas Ltd. Partnership v. Simon Prop. Group, Inc., 460 F. Supp. 2d
 18 1246, 1261 (D. Nev. 2006); see also Sprewell v. Golden State Warriors, 266 F.3d 979, 988
 19 (9th Cir. 2001).

20 In its Complaint for trademark infringement and unfair competition, Plaintiff has failed
 21 to allege sufficient and consistent facts or legal principles upon which any relief can be
 22 granted. Therefore, the Complaint should be dismissed against PT'S Defendants in its
 23 entirety.

24 **B. Plaintiff's Claim for Trademark Infringement Fails to State a Claim for 25 Relief against the PT'S Defendants and Must Be Dismissed.**

26 Plaintiff has failed to state a legally-cognizable claim for trademark infringement
 27 against the PT'S Defendants. Plaintiff has not and cannot allege that the PT'S
 28 Defendants are involved in making or dealing in pirated copies of its karaoke disks or in

1 the display of the SOUND CHOICE trademarks during karaoke performances. In its
 2 Complaint Plaintiff alleged trademark infringement. Now in its Opposition to PT'S
 3 Defendants Motion to Dismiss ("Opposition"), Plaintiff claims that it has sufficiently alleged
 4 direct, contributory and vicarious trademark infringement against the PT'S Defendants.
 5 Nevertheless, Plaintiff has failed to sufficiently plead that it is entitled to relief under any
 6 trademark infringement theory, nor is it entitled to the enhanced damages it seeks under
 7 its claim for trademark counterfeiting. Plaintiff's trademark infringement claim against the
 8 PT'S Defendants fails in its entirety as a matter of law.

9 **1. No Allegations of Direct Trademark Infringement.**

10 To prevail on a claim for direct trademark infringement "the moving party must
 11 establish: (1) ownership of the trademark at issue; (2) use by defendant, without
 12 authorization, of a copy, reproduction, counterfeit or colorable imitation of the moving
 13 party's mark in connection with the sale, distribution or advertising of goods or services;
 14 and (3) that defendant's use of the mark is likely to cause confusion, or to cause mistake
 15 or to deceive." Toho Co., Ltd. v. William Morrow and Company, Inc., 33 F. Supp. 2d 1206,
 16 1210 (C.D. Cal. 1998) (citing 15 U.S.C. § 1114(a); E. & J. Gallo Winery v. Gallo Cattle Co.,
 17 967 F.2d 1280, 1288 n. 2 (9th Cir. 1992)); see also Century 21 Real Estate Corp. v.
 18 Sandlin, 846 F.2d 1175, 1178 (9th Cir. 1988). Further, "[b]ecause 'commercial use' of the
 19 mark is a requirement for...trademark infringement...claims, Plaintiff must have sufficiently
 20 alleged that Defendants used the mark commercially to survive a motion to dismiss."
 21 Crown Realty & Development, Inc. v. Sandblom, 2007 WL 177842, *2 (D. Ariz. Jan 22,
 22 2007) (granting motion to dismiss plaintiff's Lanham Act claims for failure to sufficiently
 23 allege that defendants used the mark in commerce).

24 Here, Plaintiff's Complaint does not set forth any facts to establish a critical element
 25 in the direct trademark infringement cause of action: use in commerce. Without sufficient
 26 allegations of the PT'S Defendants' use of the SOUND CHOICE mark in commerce,
 27 Plaintiff's direct trademark infringement claim fails as a matter of law. In its Opposition,
 28 Plaintiff contends that it has properly alleged use by the PT'S Defendants, and points to

1 paragraphs in its Complaint that state the various PT'S Defendants "operate a karaoke
2 system to produce a karaoke show at their eating and drinking establishment in which
3 counterfeit copies of Slep-Tone's accompaniment tracks were observed being used."
4 (See Plaintiff Slep-Tone's Opposition to PT'S Defendants' Motion to Dismiss, p. 3, [Docket
5 No. 43] ("Pl. Slep-Tone's Opp.")). However, these statements are just bald and
6 unsupported contentions that do not suffice to defeat a motion to dismiss. (See G.K. Las
7 Vegas Ltd. Partnership, 460 F. Supp. 2d at 1261). In fact, these claims are contradicted
8 by other allegations in Plaintiff's Complaint.

9 While Plaintiff claims that PT'S Defendants have used copies of Plaintiff's
10 accompaniment tracks, the specific allegations in the Complaint belie this assertion. It
11 was actually the independent contractor KJs hired by the PT'S Defendants to provide
12 karaoke entertainment services who Plaintiff claims to have observed using the copied
13 tracks. This is supported by the allegations in Plaintiff's Complaint where it describes the
14 KJs and their role in providing the karaoke service explaining, "[e]ntertainers who provide
15 karaoke services in bars, restaurants, and other venues are known as karaoke jockeys
16 ('KJs'), karaoke hosts, or karaoke operators. The services provided by KJs typically
17 include providing the karaoke music and equipment for playback entertaining the
18 assembled crowd for warm-up purposes, and organizing the karaoke show by controlling
19 access to the stage, setting the order of performance, and operating the karaoke
20 equipment." (See Pl. Slep-Tone's Complaint, ¶ 63).

21 Further, Plaintiff makes a clear distinction in its Complaint between the KJs who
22 have allegedly committed the acts of piracy and unauthorized display of the SOUND
23 CHOICE marks on one hand, and the venues who merely purchase the karaoke services
24 provided by the KJs by hiring them to perform in their venue on the other. Again, there
25 are numerous paragraphs in Plaintiff's Complaint detailing KJs' duties and alleging
26 specific unauthorized actions. By contrast, Plaintiffs provide only the vague allegations
27 against the PT'S Defendants: that "[v]enues such as those operated by the Defendants
28 can enjoy significant savings by turning a blind eye to the actions of the illegitimate KJs

1 they hire,” and that “venues benefit from piracy because unfair competition from pirate KJs
 2 pressures legitimate KJs to accept lower compensation from the venues to obtain new
 3 business or retain old business. By decreasing the fixed cost of entertainment, the
 4 Defendants’ operations become more profitable.” (See Pl. Slep-Tone’s Complaint, ¶¶ 93-
 5 4). These very allegations support and reinforce the fact that the KJs are separate entities
 6 who provide karaoke services, that PT’S Defendant are merely the purchasers of those
 7 services, and that it is the KJs’ who are engaged in the alleged unauthorized direct use of
 8 the mark, not the PT’S Defendants.

9 Just like Sandblom, since the Plaintiff has not sufficiently alleged that the PT’S
 10 Defendants actually used its SOUND CHOICE marks commercially, its direct trademark
 11 infringement claim cannot survive the instant motion to dismiss. Therefore, because the
 12 critical “commercial use” element of a direct trademark infringement claim has not been
 13 adequately alleged, the Court need not consider “likelihood of confusion” but should
 14 dismiss the Plaintiff’s direct trademark infringement claim against the PT’S Defendants.

15 **2. Failure to State a Claim for Contributory and/or Vicarious** 16 **Trademark Infringement.**

17 In its Opposition, Plaintiff contends that it has sufficiently alleged claims for
 18 contributory and vicarious trademark infringement against the PT’S Defendants. Plaintiff’s
 19 Complaint, however, fails to set forth sufficient facts to establish the necessary elements
 20 required for contributory or vicarious trademark infringement claims.

21 **a. Insufficient Allegations of Contributory Trademark** 22 **Infringement.**

23 “To be liable for contributory trademark infringement, a defendant must have (1)
 24 ‘intentionally induced’ the primary infringer to infringe, or (2) continued to supply an
 25 infringing product to an infringer with knowledge that the infringer is mislabeling the
 26 particular product supplied.” Perfect 10, Inc. v. Visa Int’l Serv. Ass’n, 494 F.3d 788, 807
 27 (9th Cir. 2007) (citing Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 854 (1982)).

28 Here, Plaintiff has not set forth sufficient facts to establish the necessary elements
 required for a contributory infringement claim against the PT’S Defendants. As set forth in

1 the PT'S Defendants' Motion to Dismiss, Plaintiff has not alleged intentional inducement
 2 and, thus, this Court need only consider the second independent prong of the contributory
 3 infringement test - whether the PT'S Defendant had actual or constructive knowledge of
 4 the KJs' alleged infringement. "This second test can be met where one knows or has
 5 reason to know of the infringing activity, and it specifically covers those who are 'willfully
 6 blind' to such activity." Perfect 10, Inc. v. Cybernet Ventures, Inc., 213 F. Supp. 2d 1146,
 7 1188-89 (C.D. Cal. 2002) (citing Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 265
 8 (9th Cir. 1996)). However, general knowledge that there may be some third-party
 9 infringement taking place is not enough for a defendant to be held liable for contributory
 10 infringement; the defendant must actually know or have reason to know of the
 11 infringement. See Fonovisa, Inc., 76 F.3d 261 (finding defendant had actual knowledge
 12 after being put on notice multiple times by plaintiff); see also, Perfect 10, Inc., 494 F.3d at
 13 798; Tiffany, Inc. v. eBay, Inc., 600 F.3d 93, 107 (2d Cir. 2010) ("For contributory
 14 trademark infringement liability to lie, a service provider must have more than a general
 15 knowledge or reason to know that its service is being used to sell counterfeit goods.")

16 Nowhere in its Complaint does the Plaintiff allege that it put the PT'S Defendants on
 17 actual notice of the alleged infringement. Interestingly, while the Plaintiff claims to have
 18 investigated and observed the alleged infringement (See Pl. Slep-Tone's Complaint, ¶¶ 70,
 19 130-39), it never saw fit to put the PT'S Defendants on actual notice that the KJs were
 20 engaged in alleged infringing activities. Instead, Plaintiff simply filed the instant lawsuit with
 21 no notice or warning to the PT'S Defendants.

22 In its Opposition, Plaintiff focuses on its claims that the PT'S Defendants were
 23 "willfully blind" to the KJs' alleged infringement. "To be willfully blind, a person must
 24 suspect wrongdoing and deliberately fail to investigate." Hard Rock Cafe Licensing Corp.
 25 v. Concession Servs., Inc., 955 F.2d 1143, 1149 (7th Cir. 1992). Plaintiff's allegations that
 26 "the defendants knowingly benefit from the pirating of Plaintiff's karaoke discs (Complaint ¶
 27 232), that the piracy of its discs is widespread (Complaint ¶¶ 51-53, 81, 83-85), that the
 28 venues operated by Defendants 'can enjoy significant savings by turning a blind eye to the

1 actions of the illegitimate KJs they hire,' (Complaint ¶ 93), and that the Defendants'
 2 bar/restaurants become more profitable as the competition from KJs using pirated copies of
 3 Plaintiff's discs pressure legitimate KJs to accept lower compensation (Complaint ¶ 94)" do
 4 not support a "willful blindness" theory. (See Pl. Slep-Tone's Opp., pp. 7-8). These are
 5 bald contentions and unsupported characterizations do not show that the PT'S Defendants
 6 were on notice of the KJs' alleged infringement, or that the PT'S Defendants suspected any
 7 wrongdoing. These self-serving and generalized allegations are not well-pleaded and
 8 should not suffice to defeat the instant Motion to Dismiss.

9 **b. No Allegations Supporting Vicarious Trademark**
 10 **Infringement.**

11 To the extent Plaintiff is alleging the PT'S Defendants have committed vicarious
 12 trademark infringement, this cause of action too must fail. "Vicarious liability for trademark
 13 infringement requires 'a finding that the defendant and the infringer have an apparent or
 14 actual partnership, have authority to bind one another in transactions with third parties or
 15 exercise joint ownership or control over the infringing product.'" Perfect 10, Inc., 494 F.3d
 16 at 807 (citing Hard Rock Café Licensing Corp. v. Concession Servs., Inc., 955 F.2d 1143,
 17 1150 (7th Cir. 1992)).

18 In its Opposition, Plaintiff provides a lengthy discussion on how agency is implied in
 19 its Complaint. However, these allegations are conclusory statements that do not suffice to
 20 support Plaintiff's theory of agency. For example, in its Opposition, Plaintiff cites to
 21 paragraphs from its Complaint explaining how "the PT'S Defendants operate eating and
 22 drinking establishments at which karaoke entertainment is provided (Complaint ¶¶ 14-18)," and
 23 how "the PT'S Defendants 'operate a karaoke system to produce a karaoke show at
 24 their eating and drinking establishment in which counterfeit copies of SLEP-TONE's
 25 'accompaniment tracks were observed being used' and they each 'repeatedly displayed the
 26 Sound Choice Marks without right or license.' (Complaint ¶¶ 130-139)." (See Pl. Slep-
 27 Tone's Opp., p. 5). There are no allegations, however, of an apparent or actual
 28 partnership, or that the PT'S Defendants and the KJs have authority to bind one another in

1 transactions with third parties. Further, as discussed in this Reply above, these allegations
 2 by the Plaintiff that the PT'S Defendants run the karaoke shows are contradictory to its
 3 allegations detailing the KJs' role in providing the karaoke services, obtaining the tracks
 4 and controlling the equipment. (See Pl. Slep-Tone's Complaint, ¶¶ 51-2, 63-8). As such,
 5 this allegation is insufficient to support vicarious trademark infringement liability; therefore,
 6 this claim also must fail as a matter of law.

7 **3. Insufficient Allegations of Counterfeiting.**

8 In its Opposition, the Plaintiff reiterates its vaguely plead claim for trademark
 9 counterfeiting and contends that the Complaint states a claim for counterfeiting. However,
 10 Plaintiff's allegations in the Complaint can in no way support a finding of trademark
 11 counterfeiting as against the PT'S Defendants as a matter of law.

12 In order for a claim of counterfeiting to prevail, a plaintiff's trademark must be
 13 registered on the Principal Register of the United States Patent and Trademark Office
 14 ("USPTO") for use on the same goods or services to which the defendant applied the mark.
 15 15 U.S.C. § 1116(d)(1)(B)(i) (a "counterfeit mark" is a "counterfeit of a mark that is
 16 registered on the principal register...for such goods or services sold, offered for sale, or
 17 distributed"); 18 U.S.C. § 2320(e)(1)(A)(iii) (a "counterfeit mark" is a "spurious mark ... that
 18 is applied to or used in connection with the goods or services for which the mark is
 19 registered with the United States Patent and Trademark Office"). The use of a trademark in
 20 connection with goods or services for which there is no trademark registration falls outside
 21 of the definition of "counterfeit mark." (See 130 Cong. Rec. H. 12078-79 (joint statement on
 22 1984 trademark counterfeiting legislation) ("[B]ecause this act is intended to reach only the
 23 most egregious forms of trademark infringement, it does not affect cases in which the
 24 defendant uses a registered mark in connection with goods or services for which the mark
 25 is not registered."), reprinted in Vol. 8, p. 34-619.) See also, GILSON ON TRADEMARKS, §
 26 5.19. Further, the Ninth Circuit has held that to meet the statutory definition of a counterfeit
 27 mark, "[s]ection 1116(d) requires that the mark in question be (1) a non-genuine mark
 28 identical to the registered, genuine mark of another, where (2) the genuine mark was

1 registered for use on the same goods to which the infringer applied the mark.” Louis
2 Vuitton Malletier, S.A. v. Akanoc Solutions, Inc., 658 F.3d 936, 946 (9th Cir. 2011).

3 Here, Plaintiff’s alleged SOUND CHOICE marks do not meet the statutory definition
4 of a “counterfeit mark.” Specifically, Plaintiff’s trademark registrations identified in the
5 Complaint do not cover the same services allegedly offered by the PT’S Defendants.
6 Again, Plaintiff relies on two federal registrations in its Complaint to support its allegations
7 of trademark counterfeiting against the PT’S Defendants, one for the word-only mark
8 SOUND CHOICE (U.S. Reg. No. 1,923,448) and the other for the composite word and
9 design mark SOUND CHOICE (U.S. Reg. No. 2,000,725). (See Pl. Slep-Tone’s Complaint,
10 ¶¶ 95-6). Both of these marks are registered for the goods of “pre-recorded magnetic audio
11 cassette tapes and compact discs containing musical compositions and compact discs
12 containing video related to musical compositions;” however, Plaintiff’s Complaint only
13 alleges the PT’S Defendants are using its SOUND CHOICE marks in connection with
14 karaoke services. (See Pl. Slep-Tone’s Complaint, ¶ 233). Because the Plaintiff has only
15 pled it has federal registrations for the goods of “cassette tapes and compact discs,” but yet
16 alleges that the PT’S Defendants are using counterfeit trademarks in the provision of
17 karaoke entertainment services, the Complaint has failed to allege a trademark
18 counterfeiting cause of action against the PT’S Defendants upon which relief can be
19 granted.

20 In its Opposition, Plaintiff erroneously relies upon the case Applied Information
21 Sciences Corp. v. eBay, Inc., 511 F.3d 966, 971 (9th Cir. 2007) for the proposition that a
22 trademark counterfeiting cause of action applies to situations where the mark is being used
23 for services not specifically covered by the registration. However, Applied Information
24 Sciences Corp. deals only with trademark infringement and not counterfeiting. In fact, there
25 is no counterfeiting cause of action alleged in Applied Information Sciences Corp., and the
26 only time the word “counterfeit” is even mentioned in that case is in the recitation of the
27 infringement statute 15 U.S.C. §1114(1). See Applied Information Sciences Corp., 511
28 F.3d at 971. The quotes in Plaintiff’s Opposition are taken from a section in that case

1 where the Court is analyzing a straight trademark infringement claim under the correct
2 “likelihood of confusion” standard, not a counterfeiting cause of action. See Id.

3 The law simply does not support Plaintiff’s interpretation. In order to maintain a
4 claim for trademark counterfeiting, the alleged counterfeit must be used in connection with
5 the goods or services for which the mark is registered with the United States Patent and
6 Trademark Office. Here, this is clearly not the case, and thus Plaintiff is not entitled to the
7 relief it seeks from the PT’S Defendants under its trademark counterfeiting cause of action,
8 and this claim should be dismissed.

9 **C. Plaintiff’s Claim for Lanham Act Unfair Competition Fails to State A**
10 **Claim For Relief Against the PT’S Defendants and Must Be Dismissed.**

11 Plaintiff has brought both trademark and unfair competition claims against the PT’S
12 Defendants under 15 U.S.C. §§ 1114(a) and 1125(a). “When trademark and unfair
13 competition claims are based on the same [alleged] infringing conduct, courts apply the
14 same analysis to both claims.” Toho Co., Ltd. v. William Morrow and Company, Inc., 33 F.
15 Supp. 2d 1206, 1210 (C.D. Cal. 1998) (citing E. & J. Gallo Winery v. Gallo Cattle Co., 967
16 F.2d 1280, 1288 n. 2 (9th Cir. 1992)); see also Visa Intern. Service Ass’n v. Visa Hotel
17 Group, Inc., 561 F. Supp. 984, 989 (D. Nev. 1983) (“The Ninth Circuit has held that the
18 tests for Federal Trademark Infringement under Title 15 U.S.C. § 1114, False Designation
19 of Origin under Title 15 U.S.C. § 1125 and unfair competition involving trademarks, are the
20 same.”)

21 Because the analysis for unfair competition is the same as that for trademark
22 infringement, for the same reasons set forth in the PT’S Defendants’ Motion to Dismiss
23 and the instant Reply, the Court should dismiss the unfair competition cause of action
24 alleged against the PT’S Defendants for failing to set forth any demonstrable and factual
25 basis for relief against the PT’S Defendants. Plaintiff has failed to sufficiently plead that it
26 is entitled to relief under any theory of trademark infringement or unfair competition.
27 Therefore, Plaintiff’s Trademark Infringement and Unfair Competition claims fail in their
28 entirety as a matter of law.

1 **IV. CONCLUSION**

2 For the reasons identified above in this Reply and set forth in the Motion to Dismiss,
3 the PT'S Defendants respectfully request that the Court dismiss it from this action with
4 prejudice. Plaintiff has not alleged a single claim or asserted any facts in support of any
5 claim against the PT'S Defendants, nor could any claims stand against the PT'S
6 Defendants, as they have not engaged in trademark infringement or unfair competition as
7 against Plaintiff. Thus, the PT'S Defendants cannot be liable to Plaintiff for any of the
8 damages alleged nor can Plaintiff obtain from the PT'S Defendants any of the relief it
9 seeks. The PT'S Defendants respectfully request, therefore, that they be dismissed from
10 this action with prejudice.

11 DATED this 20th day of April 2012.

12 Respectfully submitted,

13 GREENBERG TRAUIG, LLP

14 /s/ Lauri S. Thompson

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CERTIFICATE OF SERVICE

I hereby certify that on April 20, 2012, I served the foregoing **REPLY IN SUPPORT OF DEFENDANTS' MOTION TO DISMISS** via the Court's CM/ECF filing system to all counsel of record and parties as listed.

/s/ Cynthia L. Ney
An employee of GREENBERG TRAUIG, LLP

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