IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 1:24-cv-000653-GPG-STV

ASCENT CLASSICAL ACADEMIES,

Plaintiff,

v.

ASCENT CLASSICAL ACADEMY CHARTER SCHOOLS, INC., and LANDS' END, INC. a/k/a LANDS END DIRECT MERCHANTS, INC.,

Defendants.

REPLY IN SUPPORT OF MOTION TO DISMISS THE THREE FEDERAL CLAIMS

Defendants Ascent Classical Academy Charter Schools ("ACACS") and Lands' End respectfully submit this reply in support of their motion to dismiss the three federal claims [Doc. 23]. It answers the arguments made by Plaintiff Ascent Classical Academies ("ACA") in its Response [Doc. 40].

ARGUMENT

I. Two Preliminary Matters

Two issues must be addressed at the outset. First, in the Management Agreements the parties agreed that ACACS would own the trade names for "Ascent Classical Academy of [school location]." **Exhibit 1** at 7 (Douglas County Management Agreement).[1] ACA argues that in the Management Agreements "all it did was license

[1] Both parties attached this contract to their briefs. *See* Motion Ex. 1; Response Ex. A. This Court may review the Management Agreement, and make its own independent legal judgment as to what it says, without converting the Motion into one for summary judgment. *See Toone v. Wells Fargo Bank*, 716 F.3d 516, 521 (10th Cir. 2013).

the use of a trade name." Response at 8. But that is not what the language says. **Exhibit 1** at 7. Rather, the critical sentence says, "[T]he name 'Ascent Classical Academy of [school location]' shall be a trade name of the School, and the School shall have the right to use the same after termination of this Agreement without additional compensation to [ACA]." *Id.* By using this language, the parties agreed that "Ascent Classical Academy of [school location]" is a trade name that belongs each school – and thus, ACACS – and it has the right to use those four trade names in perpetuity. This is made even clearer when one also considers the first sentence of that same paragraph, which reads, "[ACA] hereby grants [ACACS] the non-exclusive, non-transferable license to use [ACA's] trade name and any trademark(s), as they now exist or in the future, to promote and advertise [ACACS]." *Id.* at 6. Critically, however, nowhere are ACA's "trade name" and "trademark(s)" defined. The Management Agreements are silent as to whether they exist at all and, if so, what they might be. Plus, the fact that the parties put parentheses around the "s" in "trademark(s)" and stipulated "as they now exist, or in the future" further indicates that at the time each of these four contracts was signed, it was unclear whether one, more than one, or none existed. Thus, reading this paragraph as a whole and harmonizing its different sentences shows: (1) ACACS owns the four trade names "Ascent Classical Academy of [school location]" and ACA does not, and (2) ACA may or may not have trade names and trademarks – to determine what those might be, if any, one would need to look outside the Management Agreements.

Second, on page 2 of the Response, ACA uses the terms (in this order) "Ascent trademarks," "Ascent Marks," and "Ascent Trade Names" as if the meanings of these

terms are already established, but they are not. Frankly, it is similar to what occurs in the Management Agreements and the Amended Complaint – namely, ACA asserts a key term has meaningful content without explaining clearly the legal basis for the content. Similarly, on page 2 of the Response ACA writes that it "owns four trademarks as set forth in Exhibit B," and on page 3 it further clarifies that the only two marks at issue are the '318 Mark and the '351 Mark. However, it never clearly states that on January 22, 2024, ACA filed "intent to use" applications to register its marks with the USPTO and those applications remain pending.[2] This is a critical fact because as discussed in the Motion (at 9-11) and implicitly recognized in the Response (at 4-5) ACA only has a protectable interest in its marks under the common law. However, as discussed below, ACA does not plausibly allege that it has a protectable interest in its marks vis-á-vis ACACS, which is dispositive.

II. Trademark Infringement

The parties agree that to survive ACACS's motion to dismiss ACA must have made sufficient allegations in the Amended Complaint to plausibly allege "(1) that [it] has a protectable interest in [the '318 and '351 Marks]; (2) that [ACACS] has used an identical or similar mark in commerce; and (3) that [ACACS's] use is likely to confuse customers." *Underwood v. Bank of Am.*, 996 F.3d 1038, 1052 (10th Cir. 2021). *See* Response at 4. ACA's allegations fail on all three elements.

A. ACA Has Not Plausibly Alleged a Protectable Interest in the "Ascent Marks"

It is undisputed that the '318 and'351 Marks were not registered, and ACA filed

[2] In Exhibit B, ACA acknowledges that its four trademarks are "pending at USPTO."

"intent to use" applications with the USPTO in January 2024. *See* Motion at 6; Response at 2-3 & Ex. B. "When, as here, the plaintiff's marks are unregistered, the plaintiff has the burden to demonstrate that the mark is protectable under § 43(a)." *Underwood*, 996 F.3d at 1053 (cleaned up). "A plaintiff acquires a protectable interest by using a distinct mark in commerce." *Id.* "Under the Lanham Act, the plaintiff must make *bona fide* use of a mark in the ordinary course of trade, and not merely to reserve a right in a mark." *Id.* (internal punctuation omitted). "The plaintiff's use of a mark in commerce must be sufficient to establish *ownership rights* for a plaintiff to recover against subsequent users under section 43(a)." *Id.* (italics in original; internal punctuation omitted).

ACA argues, "The *Amended Complaint* offers numerous allegations related to [ACA's] prior use of the Ascent Marks … which form the basis for [ACA's] claims." Response at 5 (citing ¶¶ 288-296). Not so. The allegations in the Amended Complaint demonstrate ACA fails to plausibly allege priority and exclusivity of use vis-á-vis ACACS. Specifically, ACA alleges that it and ACACS were created as nonprofit corporations within three months of each other, from the beginning both entities have used the words ASCENT CLASSICAL ACADEMY(IES) in their names, and they jointly began using these terms in commerce when ACACS applied for the first charter contract with Douglas County School District ("DCSD") with ACA as its supporting CMO. Am. Compl. at ¶¶ 1-3, 7, 17, 26-28. Indeed, the allegations show ACA and ACACS were taking these actions jointly between December 2016 and June 2017. *Id.* ACACS executed the first charter contract with DCSD to open the first school on June 20, 2017.

Id. at ¶ 28. Four months later, on October 17, 2017, the parties signed the first Management Agreement. *Id.* at ¶ 30. Thus, the allegations show concurrent and joint use, not prior and exclusive use. *Cf. Weber Luke Alliance v. Studio 1C*, 233 F.Supp.3d 1245, 1252 (D. Utah 2017) ("[plaintiff] offers no evidence that it has enjoyed any period of exclusivity in the use of the term"). This joint, concurrent use of ASCENT CLASSICAL ACADEMY(IES) – imbedded in both parties' names – continued from 2017 through 2023 and the founding of three more schools. Am. Compl. at ¶¶ 64-68, 71-75, 110, 128-129, 179-181, 183, 185. The parties signed three more Management Agreements, all materially identical in substance. *Id.* at ¶¶ 75, 181, 183, 185.

Importantly, all four Management Agreements grant to ACACS the trade name "Ascent Classical Academy of [school location]" in perpetuity. **Exhibit 1** at 7; Am. Compl. at ¶ 33. Given that grant, and the joint, concurrent use of ASCENT CLASSICAL ACADEMY(IES) in both parties' names, if either party owns the disputed terms it is ACACS, not ACA. *Educ. Dev. Corp. v. Economy Co.*, 562 F.2d 26, 29 (10th Cir. 1977) (explaining that common law protection arises from use in commerce).

In its Response, ACA contends this is a "twisted interpretation" of the Management Agreements and refers to the "anti-dissection rule" to argue that the Management Agreements grant to ACACS the four trade names "in [their] entirety," i.e., ACACS can use ASCENT CLASSICAL ACADEMY OF DOUGLAS COUNTY (and the other three variations) but only "in their entirety," and it cannot use shortened versions or variations, like ASCENT CLASSICAL, ASCENT CLASSICAL ACADEMY(IES), or ASCENT COLORADO. Response at 3, 5-8. This is not the law. First, ACA assumes its

conclusion – namely, ACA assumes it has a protectible interest in the '318 and '351 Marks, when, as discussed above, it does not. Second, ACA incorrectly attempts to convert the "anti-dissection rule" into an "all-or-nothing rule." The former means "[c]onflicting composite marks are to be compared by looking at them as a whole, rather than breaking the marks up into their component parts for comparison." 3 McCarthy on Trademarks and Unfair Competition § 23:41 (5th ed. 2024) (citing cases). It does not mean ACACS must always use their trade names "in their entirety" or not at all, i.e., all six (or five) words every time or nothing. The Lanham Act tolerates "a certain degree of confusion on the part of consumers [where] an originally descriptive term was selected to be used as a mark, not to mention the undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first." KP *Permanent Make-Up v. Lasting Impression*, 543 U.S. 111, 122 (2004). Similarly, here, even if there were "a certain degree of confusion" between ACA and ACACS – which there is not, as discussed below – the Lanham Act would tolerate it given the parties' express agreement in the management contracts. Moreover, the anti-dissection rule is based upon the assumption that an average purchaser "does not retain all the details of a mark" but works from an overall impression of a product or service, and under this "overall impression analysis, there is no rule that confusion is automatically likely if a junior user has a mark that contains in part the whole of another's mark." 3 McCarthy on Trademarks and Unfair Competition § 23:41 (citing cases).

B. ACACS Has Not Used Marks Similar to ACA's '318 or '351 Marks

ACA contends "ACACS's marks are confusingly similar to the Ascent Marks" in

both word and design. Response at 9-11. As discussed above, the word marks ASCENT CLASSICAL and ASCENT CLASSICAL ACADEMY belong to ACACS, not ACA. It cannot be the case that ACACS must change its schools' names when the Management Agreements state precisely the opposite.

As to the design marks, ACA's argument boils down to two things. First, both parties' marks "feature designs within a circular frame." Response at 10. But that minimal amount of similarity fails as a matter of law when one considers the multitude of differences in the designs. *See* Motion at 6-7 (providing pictures of the marks). *See also Elevate Fed. Credit Union v. Elevations Credit Union*, 67 F.4th 1058, 1077-79 (10th Cir. 2023) (comparing pictures and other factors to conclude the marks are dissimilar); *Water Pik, Inc. v. Med-Systems, Inc.*, 726 F.3d 1136, 1155-57 (10th Cir. 2013) (same); *Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 554-555 (10th Cir. 1998); *First Savings Bank v. First Bank System*, 101 F.3d 645, 653 (10th Cir. 1996); *Universal Money Ctrs. v. Am. Tel. & Tel. Co.*, 22 F.3d 1527, 1531 (10th Cir. 1994).

Second, ACA offers one, unpublished district court case to suggest that "the relatedness" of the services provided by ACA and ACACS should also support a finding that the design marks are similar. Response at 10-11. But contrary to ACA's Response (at 10 & n.51), the court in that case found plaintiff's allegation on this issue "conclusory" and ultimately found "no basis in the [complaint] to conclude that Defendants have used an identical or similar mark in commerce with regard to the provision of [the goods at issue]." *Carrick-Harvest, LLC v. Veritas Farms, Inc.*, 2021 WL 7368188, at *7 (D. Colo. Jan. 25, 2021). Furthermore, the allegations in the Amended Complaint demonstrate

that ACA and ACACS serve different customers in different geographic markets. Specifically, ACACS provides free public education to Colorado students, while ACA sells its management services to charter schools and has contracts with schools in South Carolina only. Am. Compl. at ¶¶ 1, 10, 28, 71-73, 298, 303-306. In this respect, this case is like *Heartsprings, Inc.* in which the plaintiff spelled its name "Heartsprings" (plural), while the defendant spelled its "Heartspring" (singular). *Id.* at 552. Plaintiff was a for-profit Arizona corporation that sold books and educational materials designed to teach children to resolve conflicts nonviolently; it sold its products to school districts, government agencies, and military personnel, but it did "not run a school of its own." *Id.* at 552-53, 556. Defendant, on the other hand, was a nonprofit residential school in Kansas that provided educational services solely for physically disabled children. *Id.* at 553, 556. The court found "the parties are not competitors and do not provide products for the same groups of consumers." *Id.* at 556. It also found "plaintiff and defendant operate in distinctly different markets, sell distinctly different products, and contact, for the most part, very different people in their marketing efforts." *Id.* at 557. The same is true here. ACACS provides K-12 public education directly to Colorado students, while ACA sells its management services to charter schools. Am. Compl. at ¶¶ 1, 10, 28, 71-73, 298, 303-306. While ACA alleges its "has sold and marketed its classical educational management services" in more than six states, including Colorado, and is in the "planning stages" for serving schools in other states, it currently has contracts with schools in South Carolina only. *Id.* at ¶¶ 306-310.

C. ACA Has Not Plausibly Alleged that ACACS's Use is Likely to Confuse Customers

The central inquiry on trademark infringement claims is whether there is a likelihood of confusion among the relevant consumers. *Hornady Mfg. v. Doubletap, Inc.*, 746 F.3d 995, 1001 (10th Cir. 2014); *1-800 Contacts v. Lens.com*, 722 F.3d 1229, 1238-39 (10th Cir. 2013). To determine likelihood of confusion, courts often look to the six *King of the Mountain* factors. *King of the Mountain Sports, Inc. v. Chrysler Corp.*, 185 F.3d 1084, 1089 (10th Cir. 1999). "No one of the six factors is dispositive…. The factors are interrelated, and the importance of any particular factor in a specific case" varies depending on the circumstances. *Hornady Mfg.*, 746 F.3d at 1001. This list is not exhaustive. *King of the Mountain*, 185 F.3d at 1090.

ACA argues "the *Amended Complaint* plausibly alleges a likelihood of confusion." Response at 11-16. ACACS disagrees. The first factor – similarity of the words and designs – favors ACACS for the reasons explained above. Second, there are no plausible allegations ACACS intended to infringe on ACA's marks; the parties expressly agreed that ACACS would be able to continue to use the names of the schools going forward even if the Management Agreements terminated. Third, to show actual confusion ACA offers two isolated anecdotal allegations of parents calling ACA about ACACS. Response at 14 (citing Am. Compl. ¶¶ 346-347). But such instances are *de minimis* "and may be disregarded in the confusion analysis." *Water Pik*, 726 F.3d at 1150. That is especially true here since the parties serve different customers in different geographic areas. *Heartsprings, Inc.*, 143 F.3d at 557. Fourth, ACA admits that it "provides education management services for classical education schools, and ACACS

is such a school." Response at 14-15. But while ACA argues the parties are "closely related," *id.* at 15, the analysis in *Heartsprings, Inc.*, given above, shows that not to be the case. Fifth, ACA acknowledges that consumers who exercise "a high degree of care in selecting a product" are less likely to confuse similar trade names. Response at 15 (citing *Heartsprings, Inc.*). However, it disregards the Tenth Circuit's recognition in that same case that parents exercise "a high degree of care" when choosing schools for their children. *Heartsprings, Inc.*, 143 F.3d at 557. Furthermore, as a CMO, ACA operates in a highly regulated market where schools invest "a significant amount of time and energy" conducting due diligence before selecting a management company. *M. Welles and Assc. v. Edwell*, 69 F.4th 723, 735 (10th Cir. 2023). Such consumers "are unlikely to be confused when they are likely to spend a lot of time and energy researching a service." *Id.* at 736. Sixth, ACA posits its word marks are "at least suggestive on the spectrum." Response at 16. As discussed above, however, as between the parties, those marks belong to ACACS not ACA under the common law and the Management Agreements.

In conclusion, ACA fails to plausibly allege a claim for trademark infringement.

III. ACA Fails to State Claims for Cybersquatting and Contributory Infringement

For the same reasons discussed here and in the Motion, ACA also fails to state claims for cybersquatting and contributory infringement. Thus, the Motion should be granted in its entirety, this Court should decline to exercise supplemental jurisdiction over the state law claims under 28 U.S.C. § 1367(c)(3), and the case should be dismissed.

Dated: October 11, 2024

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of October 2024, a true and correct copy of the foregoing was served upon the following:

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