

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
TRADEMARK TRIAL AND APPEAL BOARD**

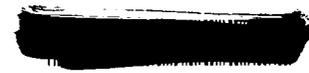
-----X		
I.O.B. REALTY, INC.,	)	
	)	
Petitioner,	)	
	)	Cancellation No. 92028142
v.	)	
	)	
PATSY'S BRAND, INC.,	)	
	)	
Registrant.	)	

-----X		
PATSY'S BRAND, INC.,	)	
	)	
Petitioner,	)	
	)	Cancellation No. 92029614
v.	)	
	)	
I.O.B. REALTY, INC.,	)	
	)	
Registrant.	)	
-----X		

**OPPOSITION BY PATSY'S BRAND, INC. TO MOTION BY I.O.B. REALTY INC.  
FOR FINAL ORDERS IN CANCELLATION PROCEEDINGS AND  
CROSS-MOTION FOR CLARIFICATION OF THE REGISTER**

**I. INTRODUCTION**

Patsy's Brand, Inc. ("Patsy's Brand") submits this memorandum in opposition to I.O.B. Realty, Inc.'s ("IOB") Motion for Final Orders in Cancellation Proceedings, filed on January 22, 2007, and cross-moves for clarification of the Principal Register to reflect cancellation of IOB's former registrations for failure to comply with 15 U.S.C. § 1058.



IOB's motion should be denied because 1) final judgment already has been entered by the Board on September 4, 2002 in Cancellation No. 28,142;<sup>1</sup> and 2) a final order cancelling Registration Nos. 1,975,110 and 2,213,574 was entered by the Commissioner on May 27, 2003 with respect to Cancellation No. 29,614. Rather than appeal these final orders at the appropriate time, namely, sixty days after their entry, IOB waited approximately four years and now asks the Board through this motion to restart the clock without any factual basis or legal authority. Accordingly, IOB's motion should be denied in its entirety.

In addition, Registration No. 1,975,110 would have been cancelled effective May 21, 2002, for failure to file an affidavit pursuant to Section 8 of the Lanham Act, 15 U.S.C. § 1058. Accordingly, Patsy's Brand cross-moves for clarification of the Register to show that IOB's Registration No. 1,975,110 also is cancelled pursuant to Section 8 of the Lanham Act.

If the Commissioner's May 27, 2003 Order somehow was deemed not final, Registration No. 2,213,574 also would have been cancelled effective December 29, 2004, for failure to file an affidavit pursuant to Section 8 of the Lanham Act, 15 U.S.C. § 1058. Accordingly, Patsy's Brand submits that IOB's motion is moot and cross-moves for clarification of the Register to show that IOB's Registration No. 2,213,574 also is cancelled pursuant to Section 8 of the Lanham Act.

## **II. BACKGROUND**

On October 9, 1998, IOB commenced a cancellation proceeding (No. 28,142) against Patsy's Brand seeking to cancel its Registration No. 1,874,789 (PATSY'S for sauces). On October 28, 1999, Patsy's Brand commenced a cancellation proceeding (No. 29,614) against IOB seeking to cancel its Registration Nos. 1,975,110 (PATSY'S for restaurant services,

---

<sup>1</sup> In fact, with respect to Cancellation No. 28,142, IOB affirmatively withdrew its petition for cancellation in two separate briefs filed with the Board on June 11, 2003 and June 16, 2003.

registered May 21, 1996) and 2,213,574 (PATSY'S PIZZERIA for restaurant services, registered December 29, 1998). All cancellation proceedings subsequently were consolidated by the Board on June 21, 2000.

In October 1999, Patsy's Brand filed a civil action in the United States District Court for the Southern District of New York against IOB and its principals. The District Court entered judgment in favor of Patsy's Brand on April 18, 2001. The judgment provided that Patsy's Brand "is the owner of all right, title and interest, including trademark rights, in and to the trademark PATSY'S for sauces and is the owner of a valid U.S. trademark registration for such mark, Registration No. 1,874,789" and "[t]hat Defendants shall withdraw their Petition for Cancellation No. 28,142." (Exhibit A, pg. 2, ¶2). This part of the District Court judgment was affirmed by the United States Court of Appeals for the Second Circuit on January 16, 2003. (Exhibit B). The District Court judgment also directed the Commissioner to cancel IOB's Registration No. 1,975,110. (Exhibit A, pg. 3, ¶5). However, the Second Circuit vacated this portion of the District Court's judgment. (Exhibit B).

For the Board's reference, a relevant timeline in these consolidated cancellation proceedings and in the District Court is attached hereto as Exhibit C.

The deadline for filing an affidavit pursuant to 15 U.S.C. § 1058 for Registration No. 1,975,110 was May 21, 2002 (six years after registration date). The deadline for filing an affidavit pursuant to 15 U.S.C. § 1058 for Registration No. 2,213,574 was December 29, 2004 (six years after registration date). IOB did not file affidavits for these registrations by the statutory deadlines, nor within the six-month grace periods as provided in 15 U.S.C. § 1058(c)(1).

On May 27, 2003, the Commissioner issued an order cancelling Registration Nos. 1,975,110 and 2,213,574.<sup>2</sup> That order was not appealed.

There are two civil actions presently pending in the United States District Court for the Eastern District of New York before the Honorable Dora L. Irizarry. Civil Action Nos. 06-00729 and 06-05857. Copies of the amended complaint in Civil Action No. 06-00729 is attached hereto as Exhibit F and copies of the amended complaint and counterclaim in Civil Action No. 06-05857 are attached hereto as Exhibits G & H, respectively. In Civil Action No. 06-05857, Patsy's Italian Restaurant, Inc. ("Patsy's"), an affiliated company of Patsy's Brand, asserts that certain defendants infringe its mark PATSY'S for restaurant services as shown in Trademark Registrations Nos. 3,009,836 and 3,009,866.<sup>3</sup> IOB and its related company, Patsy's, Inc., intervened in the suit and counterclaimed that Patsy's registrations are invalid and not infringed.

### III. ARGUMENT

IOB claims that it requires final orders in these cancellation proceedings to allow it to "appeal the final orders to the United States District Court for the Eastern District of New York in accordance with 15 U.S.C. 1071(b)." However, final orders were entered cancelling both cancellation proceedings approximately four years ago. IOB missed its chance to appeal and cannot seek to restart the clock now. In fact, with respect to Cancellation No. 28,142, it is unclear what IOB is seeking to "appeal" as both the District Court and the Court of Appeals have

---

<sup>2</sup> IOB clearly had notice of the May 27, 2003 cancellation order as early as June 6, 2003. (IOB's Memorandum at 8, n.5). This Order was sent to IOB's present counsel, Levy & Grandinetti, which then filed a Communication stating that it had forwarded the order to IOB. (Exhibit E). IOB has acknowledged that it received a copy of the Order around that time. (June 16, 2003 Reply Brief of IOB Realty, Inc., pg. 2) ("IOB received, from its former attorneys (upon whom it was served), a copy of the Board's [sic] [Commissioner's] order dated May 27, 2003, canceling IOB's registration Nos. 1,975,110 and 2,213,574.").

<sup>3</sup> Trademark Registrations Nos. 3,009,836 and 3,009,866 are not at issue in the subject consolidated cancellation proceedings.

ordered that IOB withdraw that cancellation. With respect to Cancellation No. 29,614, any contemplated future “appeal” by IOB would be untimely and in any event would be moot because IOB failed to file affidavits pursuant to Section 8 of the Lanham Act, 15 U.S.C. § 1058.

**A. Not Only Was A Final Order Entered In Cancellation No. 28, 142, But IOB Has Withdrawn Its Petition For Cancellation**

According to the judgment of the District Court, as affirmed by the Court of Appeals, Patsy’s Brand is the exclusive owner of all rights to the trademark PATSY’S for sauces and all packaged food products. (Exhibits A & B). The District Court ordered IOB to withdraw Cancellation No. 28,142. (Exhibits A & B). That portion of the injunction was affirmed on appeal. On September 4, 2002, the Board issued an order dismissing IOB’s petition for cancellation in Cancellation No. 28,142 with prejudice.<sup>4</sup> (Exhibit I). IOB did not appeal the entry of this order. Therefore, there can be no doubt that the Board’s September 4, 2002 Order in Cancellation No. 28,142 is final. Accordingly, IOB’s motion for a final order in this cancellation proceeding should be denied because a final order already has been entered.

**B. A Final Order Was Also Entered Rendering Cancellation No. 29,614 Moot**

On May 27, 2003, the Commissioner issued an order cancelling IOB’s Registration Nos. 1,975,110 and 2,213,574. There can be no doubt that this order was final as it resulted in the cancellation of Registrations Nos. 1,975,110 and 2,213,574. If IOB wanted to appeal this final order, it should have done so before the proper entity within sixty days after its entry, namely, by July 28, 2003. 15 U.S.C. §1071, 37 C.F.R. §2.145(d).

---

<sup>4</sup> TTABVUE records to the contrary are irrelevant because it is indisputable that Cancellation No. 28,142 is terminated. In two separate briefs later filed with the Board on June 11, 2003 and June 16, 2003, IOB affirmatively stated that it was withdrawing its petition for cancellation in Cancellation No. 28,142. Moreover, in a recent filing with the District Court in one of the pending civil actions, IOB admitted that it “stipulated in 2003 to the dismissal of this proceeding [No. 28,142].” (Exhibit J).

IOB clearly had notice of the May 27, 2003 Order as of early June 2003. (*See* n. 3, *supra*). In its June 16, 2003 Reply Brief, IOB references the May 27, 2003 Order and told this Board that “there were no grounds for cancellation of its marks . . . and requests that they be restored to the register immediately.” However, IOB’s reply brief was not an appeal of the Commissioner’s Order because it did not comply with the statutory requirements for filing an appeal. *See* 15 U.S.C. §1071 and 37 C.F.R. §§ 2.145-2.146. For example, IOB neither filed a petition with the Commissioner seeking reconsideration of his order, filed a notice of appeal with the U.S. Court of Appeals for the Federal Circuit, nor filed a civil action in a United States District Court.<sup>5</sup> *Id.*

Now, almost four years later, IOB blatantly ignores this final order and uses this motion as a vehicle to get a second bite at the apple in an attempt to circumvent the statutory scheme. IOB makes baseless accusations against plaintiff’s counsel in an attempt to hide the fact that it was IOB’s own inaction that resulted in the cancellation of its marks.<sup>6</sup> For example, IOB improperly accuses counsel for Patsy’s Brand, Cooper & Dunham LLP, of “knowingly” taking advantage of an alleged disarray between IOB and its counsel, Pennie & Edmonds, LLP (“Pennie & Edmonds”) by serving copies of documents on Pennie & Edmonds while Cooper & Dunham

---

<sup>5</sup> While IOB may argue that it was representing itself *pro se* and was not familiar with the proper rules and procedures, this argument is without merit. In its May 12, 2003 Order, the Board cautioned IOB that “[w]hile parties are permitted to proceed *pro se* before the TTAB, IOB is reminded that these proceedings are legal in nature, and all parties before the Board will be expected to be familiar with the Board’s rules and procedures.”

<sup>6</sup> IOB’s allegation that as of May 22, 2003, Patsy’s Brand’s counsel “took no action to inform the T.T.A.B. of the fact [that IOB was not represented by counsel before the TTAB] or to inform IOB Realty of the matters pending before the T.T.A.B.” is specious. (IOB’s Memorandum at 10). On April 21, 2003, John Breceovich, Vice President of IOB, had filed a Communication with the TTAB *pro se*, so the TTAB knew that IOB was appearing *pro se* and IOB was fully informed of the matters pending before the TTAB. In fact, Patsy’s Brand’s counsel questioned whether IOB actually was being represented by an attorney who declined to appear, and were told that IOB wanted to appear *pro se*.

“knew” that Pennie & Edmonds “could no longer represent IOB Realty because of a significant conflict of interest.” (IOB’s Memorandum at 9). IOB’s accusations are without merit. IOB has submitted no evidence that there was in fact any “disarray” or that Pennie & Edmonds could no longer represent IOB in the TTAB proceedings. Pennie & Edmonds withdrew from representing IOB in the civil action because sanctions had issued against Pennie & Edmonds in that action, but that did not mean that Pennie & Edmonds could not represent IOB in any capacity. Nor has IOB alleged any evidence that Cooper & Dunham “knew” that Pennie & Edmonds could no longer represent IOB in the TTAB proceedings. In fact, Cooper & Dunham had no knowledge of this fact. Pennie & Edmonds were attorneys of record before the Board and absent a revocation of their power of attorney by IOB, Cooper & Dunham was obligated to serve them as counsel of record.<sup>7</sup> Indeed, the power of attorney to Pennie & Edmonds was not revoked by IOB until very recently, on January 22, 2007.

Since the time to appeal the May 27, 2003 Order has elapsed, IOB has no recourse now. In short, IOB allowed its registrations to lapse and there is no good cause shown as to why IOB needs to get a “second bite” at the apple at this late stage. Accordingly, IOB’s motion should be denied.

---

<sup>7</sup> In its October 18, 2001 Motion for Entry of Judgment, Cooper & Dunham expressly acknowledged that IOB was represented by a different attorney in the civil proceedings who did not appear in the cancellation proceedings, and as a result, “Pennie & Edmonds LLP remains attorney of record” in the cancellation proceedings. (Exhibit D (without exhibits), pg. 4, n. 6). Cooper & Dunham assumes that Pennie & Edmonds met its ethical obligation to inform IOB of any correspondence received from both the Board and Cooper & Dunham until such time as it withdrew or its power of attorney was revoked. 37 C.F.R. 10.23.

**C. IOB's Motion Is Moot Due To Its Failure to File Section 8 Affidavits To Preserve Its Registrations**

It is black letter law that compliance with Section 8 is mandatory and that failure to file the required affidavit by the statutory deadline results in cancellation of the registration by the Commissioner at the end of the sixth year. 37 C.F.R. § 2.164(b) (“If the affidavit or declaration is not filed within the time periods set forth in section 8 of the Act . . . the registration will be cancelled. These deficiencies cannot be cured.”) (emphasis added). “[I]n establishing cancellation as a penalty for failure to file the required affidavit, Congress made no exception for the innocent or negligent.” *Checkers Drive-In Restaurants, Inc. v. Commissioner*, 51 F.3d 1078, 1085 (D.D.C. 1995). *See also In Re Mother Tucker's Food Experience*, 925 F.2d 1402, 1405 (Fed. Cir. 1991). “[T]he requirements of [Section 8] . . . must be complied with in order to maintain the registration irrespective of the pendency of a proceeding seeking its cancellation.” *Abraham's Seed v. John One Ten*, 1 U.S.P.Q.2d 1230, 1232 n. 7 (T.T.A.B. 1986). As further explained below, IOB's failure to file Section 8 affidavits in connection with former Registration Nos. 1,975,110 and 2,213,574 is fatal to the instant motion.

*1. IOB's Former Registration No. 1,975,110 Should Have Been Cancelled Due To Its Failure To File A Section 8 Affidavit*

Regardless of the language of the Commissioner's May 27, 2003 Order, IOB's registration would have been cancelled for failure to file a Section 8 affidavit. In fact, in its Memorandum, IOB concedes that Registration No. 1,975,110 was properly cancelled. (IOB's Memorandum at 4).

Registration No. 1,975,110 issued on May 21, 1996. Pursuant to Section 8 of the Lanham Act, IOB was required to file an affidavit or declaration of continued use or excusable non-use between the fifth and sixth year after the registration date, i.e., between May 21, 2001

and May 21, 2002. The statutory six-month grace period expired on November 21, 2002. IOB did not file an affidavit during that time.

Importantly, the deadline for filing the Section 8 affidavit in connection with Registration No. 1,975,110 (including the statutory six-month grace period) was long prior to the Commissioner's May 27, 2003 Order cancelling the registrations. Therefore, Registration No. 1,975,110 would have been cancelled regardless of whether the May 27, 2003 Order entered in Cancellation No. 29,614 was final or whether IOB's registration allegedly was improperly cancelled under Section 18. Accordingly, Patsy's Brand requests that the Board grant its cross-motion for clarification of the Register to show that IOB's Registration No. 1,975,110 has been cancelled due to its failure to comply with 15 U.S.C. § 1058.

*2. IOB's Failure To File a Section 8 Affidavit For Its Former Registration No. 2,213,574 Is Fatal To The Instant Motion*

IOB cannot have it both ways. Either the May 27, 2003 Order was final in the cancellation proceedings, in which case, IOB failed to timely appeal, or it was not final because of additional briefing requested by the Board, in which case, IOB's former Registration No. 2,213,574 later would have been cancelled for failure to file a Section 8 affidavit. In short, IOB cannot maintain that the May 27, 2003 Order was not final, and at the same time, claim to have a valid registration after failing to satisfy statutory requirements. Thus, even if the May 27, 2003 Order was not final, IOB's motion is moot due to its failure to file a Section 8 affidavit to preserve its former Registration No. 2,213,574.

Registration No. 2,213,574 issued on December 29, 1998. Pursuant to Section 8 of the Lanham Act, IOB was required to file an affidavit or declaration of continued use between December 29, 2003 and December 29, 2004. The statutory six-month grace period expired on June 29, 2005. IOB did not file an affidavit during that time.

Accordingly, IOB's argument that it believed that the May 27, 2003 Commissioner's Order was not final, because IOB responded to the Board's May 12, 2003 Order requesting additional briefing, then IOB should have filed a Section 8 affidavit before at least the June 29, 2005 deadline in order to preserve its registration. Instead, IOB sat back and did nothing and the time has passed for it to do anything at this point. Accordingly, IOB's failure to file a Section 8 affidavit in connection with former Registration Nos. 2,213,574 moots the instant motion. There is no reason for the Board to enter a final order at this late stage when IOB's registration would have been cancelled as of December 29, 2004 for failure to file the Section 8 affidavit. Therefore, if the May 27, 2003 is not considered final, Patsy's Brand respectfully requests that the Register be clarified to reflect the cancellation of IOB's former Registration No. 2,213,574 pursuant to Section 8.

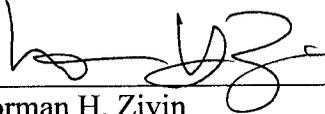
#### **IV. CONCLUSION**

For the reasons set forth above, Patsy's Brand respectfully requests that the Board deny IOB's motion with prejudice. Patsy's Brand further requests that the Board grant its cross-motion for clarification of the Register to show that IOB's Registration No. 1,975,110 was cancelled as of May 21, 2002 for failure to file an affidavit pursuant to Section 8 of the Lanham Act. And even if the May 27, 2003 Order was not final, Patsy's Brand requests that the Board grant its cross-motion for clarification of the Register to show that IOB's Registration No. 2,213,574 also was cancelled as of December 29, 2004 for failure to file an affidavit pursuant to Section 8 of the Lanham Act.

Respectfully submitted,

COOPER & DUNHAM LLP

Dated: February 12, 2007

By:   
\_\_\_\_\_

Norman H. Zivin

Robert T. Maldonado

Tonia A. Sayour

1185 Avenue of the Americas

New York, New York 10036

(212) 278-0400

Attorneys for Registrant/Petitioner

Patsy's Brand, Inc.

**CERTIFICATE OF SERVICE**

I hereby certify that a true copy of the attached **OPPOSITION BY PATSY'S BRAND, INC. TO MOTION BY I.O.B. REALTY INC. FOR FINAL ORDERS IN CANCELLATION PROCEEDINGS AND CROSS-MOTION FOR CLARIFICATION OF THE REGISTER** has been served this 12<sup>th</sup> day of February, 2007, by first class mail, addressed to:

Paul Grandinetti, Esq.  
Levy & Grandinetti  
Suite 408  
1725 K Street, N.W.  
Washington, D.C. 20006-1419

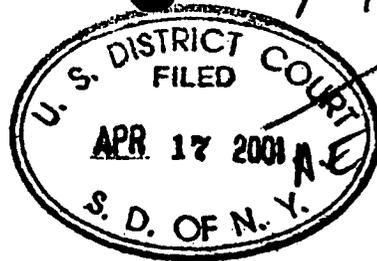
  
Tonia A. Sayour



3/19

MARTIN

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



-----X  
PATSY'S BRAND, INC.,

Plaintiff,

v.

I.O.B. REALTY, INC., PATSY'S,  
INC., FRANK BRIJA, JOHN BRECEVICH  
AND NICK TSOULOS,

Defendants.  
-----X

Civil Action No.  
99 Civ. 10175 (JSM)

**DOC # 82**

FINAL JUDGMENT

Plaintiff Patsy's Brand, Inc. ("Patsy's"), having filed a Complaint for trademark infringement, unfair competition, and dilution, and having moved the Court for summary judgment, and the Defendants, I.O.B. Realty, Inc., Patsy's, Inc., Frank Brija, John Breceovich and Nick Tsoulos having answered the Complaint and having opposed Plaintiff's motion for summary judgment and certain of the defendants having cross-moved the Court for summary judgment, and the Court on February 21, 2001 having granted Plaintiff's motion for summary judgment and having awarded injunctive relief, and having denied Defendants' motion for summary judgment, and the Court having issued an Opinion and Order, which is fully incorporated herein by reference, directing Plaintiff to submit an order for a permanent injunction on one week's notice;

MICROFILM

-900 AM

APR 18 2001

Now, it is hereby ORDERED, ADJUDGED and DECREED as follows:

1. That this Court has jurisdiction over the subject matter and the parties to this action and venue is properly laid in this District.

2. That plaintiff is the owner of all right, title and interest, including trademark rights, in and to the trademark PATSY'S for sauces and is the owner of a valid U.S. trademark registration for such mark, Registration No. 1,874,789.

3. That the trademark PATSY'S as used by Defendants for sauces is likely to cause confusion with plaintiff's trademark PATSY'S for sauces.

4. That Defendants, their successors, assigns, officers, directors, servants, employees, distributors, customers, representatives, agents and attorneys, and all persons in active concert and participation with them, or any of them, be and they are hereby permanently restrained and enjoined:

a. from manufacturing, importing, distributing, advertising, promoting, selling, or offering for sale to the consuming public sauces or other packaged food products bearing plaintiff's trademark PATSY'S or plaintiff's trade dress as shown in the photograph attached as Exhibit B to the Complaint (hereinafter "trade dress"), or any colorable variations thereof or any confusingly similar trademark or trade dress;

b. from representing that Defendant's goods are affiliated with, related to, or sponsored by "Patsy's Restaurant" or suggesting any connection with "Patsy's Restaurant" or Plaintiff;

c. from using the name "~~Patsy's~~" alone in connection with Defendants' pizzeria restaurant services, including but not limited to answering the telephone at defendants' places of business as "Patsy's" alone;

d. from applying for, obtaining or maintaining any trademark registration for a mark which comprises, consists of ~~or~~ <sup>the words</sup> ~~includes~~ PATSY'S <sup>OR PATSY'S RESTAURANT</sup> for sauces or other packaged food products;

e. from opposing any application for registration or petitioning to cancel any registration of Plaintiff for ~~any~~ <sup>Pat</sup> trademark ~~incorporating~~ PATSY'S for sauces or other packaged food products or restaurant services;

f. from listing or identifying their businesses as "Patsy's" alone or as "Patsy's Restaurant" in any telephone directory, sign or advertisement; and

g. from unfairly competing with Plaintiff with respect to the mark PATSY'S for sauces or other packaged food products.

5. That the Commissioner of Patents and Trademarks and the Assistant Commissioner for Trademarks shall cancel Defendants' U.S. Trademark Registration No. 1,975,110 for PATSY'S for restaurant services, pursuant to 15 U.S.C. § 1119.

6. That Defendants shall withdraw their Petition for Cancellation No. 28,142, which is pending before the Trademark Trial and Appeal Board with respect to Plaintiff's trademark registration for PATSY'S.

7. That Defendants shall deliver up to Plaintiff's counsel for destruction any labels, packaging, containers, advertisements, promotional materials and means for making same, which display the mark PATSY'S for sauces or other packaged food products.

8. That, in view of their bad faith conduct, Defendants, jointly and severally, shall pay to Plaintiff its reasonable attorneys' fees and expenses in the amount of Two Hundred Thousand Seven Hundred and Thirty Seven Dollars and Nine Cents (\$200,737.09), and Plaintiff may supplement that amount by a declaration filed within ten (10) days after entry of this Final Judgment. *JK*

9. That Defendants, jointly and severally, shall pay to Plaintiff its costs, to the extent not included in expenses, which Plaintiff shall establish by a Bill of Costs filed within ten (10) days after entry of this Final Judgment.

10. That, in view of their bad faith conduct, Defendants, jointly and severally, shall pay to Plaintiff an additional sanction in the amount of \$ \_\_\_\_\_.

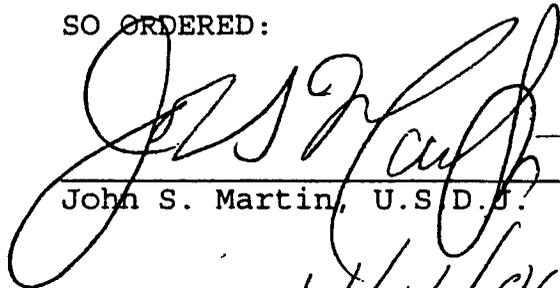
11. That Defendants shall transfer to Plaintiff the domain names <www.patsyssauce.com> and <www.patsysproducts.com>.

12. That all other claims and counterclaims between the parties are hereby dismissed as moot.

Dated: New York, New York

~~March 21, 2001~~

SO ORDERED:

  
\_\_\_\_\_  
John S. Martin, U.S.D.J.

4/16/01  
APR 16 2001



UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT

---

August Term 2002

Argued: September 11, 2002    Decided: January 16, 2003

Docket Nos. 01-9247(L), -9257(CON); 01-9195

---

PATSY'S BRAND, INC.,

*Plaintiff-Appellee,*

—v.—

I.O.B. REALTY, INC.,

*Defendant-Cross-Defendant-Appellant,*

PATSY'S INC., FRANK BRIJA, JOHN BRECEVICH,

*Defendants-Appellants.*

---

PATSY'S BRAND, INC.,

*Plaintiff-Appellee,*

—v.—

ANDREW SPINNELL, ESQ.,

*Appellant.*

Before:

NEWMAN and F. I. PARKER, *Circuit Judges*,  
and UNDERHILL,\* *District Judge*.

---

Appeal from the April 18, 2001, judgment of the United States District Court for the Southern District of New York (John S. Martin, Jr., District Judge), entering an injunction in a trademark suit, and appeal from the October 4, 2001, amended judgment awarding attorney's fees and imposing sanctions.

Injunction modified, and affirmed as modified; award of attorney's fees and imposition of sanctions affirmed.

---

THOMAS I. SHERIDAN, III, New York, N.Y.  
(David Sack, Torys LLP, New York, N.Y., on  
the brief), *for Defendant-Cross-Defendant-  
Appellant I.O.B Realty, Inc., and Defendants-  
Appellants Patsy's, Inc., Brija, and Brecevich.*

ANDREW J. SPINNELL, New York, N.Y., *for  
Appellant.*

NORMAN H. ZIVIN and ROBERT T. MALDONADO,  
New York, N.Y. (Cooper & Dunham LLP,  
New York, N.Y., on the brief), *for Plaintiff-  
Appellee Patsy's Brand, Inc.*

---

\* Honorable Stefan R. Underhill of the United States District Court for the District of Connecticut, sitting by designation.

JON O. NEWMAN, *Circuit Judge.*

This appeal concerns trademark issues arising in a dispute between two New York City restaurants that for decades have operated under similar names and have recently begun selling jars of pasta sauce with similar labels. Defendants-Appellants Patsy's Inc., I.O.B. Realty Inc. ("I.O.B."), Frank Brija, and John Breceovich appeal from the April 18, 2001, judgment and the October 4, 2001, amended judgment of the District Court for the Southern District of New York (John S. Martin, District Judge), granting summary judgment to Plaintiff-Appellee Patsy's Brand, Inc., on its claims of trademark infringement, entering an injunction, awarding attorney's fees, and imposing sanctions. We conclude that summary judgment was appropriately granted, that the injunction is somewhat overbroad and must be modified, and that attorney's fees and sanctions were properly awarded. We therefore modify the injunction and otherwise affirm the judgment and amended judgment of the District Court.

#### Background

*The restaurants.* For more than half a century, two restaurants that include "Patsy's" in their names have co-existed in New York City. The first, opened in 1933, is a pizzeria-style restaurant in East Harlem generally called "Patsy's Pizzeria" and sometimes called just "Patsy's." This restaurant, which we will refer to as "Patsy's Pizzeria," is currently owned by Defendant-Appellant I.O.B. Between 1994 and 1996, I.O.B. licensed Defendant Nick Tsoulos to open five franchise locations in Manhattan under the name "Patsy's Pizzeria" or "Patsy's."

The second restaurant opened in 1944. It is generally called "Patsy's Italian Restaurant" and sometimes just "Patsy's." This restaurant, which we will refer to as "Patsy's Italian

Restaurant," is located in midtown Manhattan and offers a more complete Italian style menu than that of a typical pizzeria.

In October 1994, I.O.B. applied for a service mark for a non-stylized rendition of PATSY'S PIZZERIA in connection with restaurant services. The mark was registered in December 1998. In October 1995, I.O.B. applied for a service mark for a non-stylized rendition of PATSY'S in connection with restaurant services. The mark was registered in May 1996. Prior to the present controversy, I.O.B. never sought to enforce these marks against Patsy's Italian Restaurant.

*Entry into the sauce market.* In 1993, the owners of Patsy's Italian Restaurant decided to begin selling pasta sauces in jars for retail distribution. For this purpose, they formed Patsy's Brand, Inc., the Plaintiff-Appellee in this action. In 1994, Patsy's Brand began manufacturing and distributing its pasta sauces. These sauces are sold at retail in stores throughout the United States and on the Internet. Sales of Patsy's Brand sauces currently exceed one million dollars annually.

Patsy's Brand owns a U.S. Trademark for a stylized rendition of PATSY'S PR SINCE 1944 in connection with sauces. We discuss this mark in detail below. Patsy's Brand applied for this trademark in June 1993 and obtained registration in January 1995.

At some time after Patsy's Brand began manufacturing its sauces, the Defendants also began rather modest marketing of jars of pasta sauce with a label similar in many respects to that of Patsy's Brand's. In the instant litigation, the Defendants made different representations to the District Court as to when their sales of sauce began, initially claiming to have sold sauces as early as 1993. On appeal, the Defendants claim to have begun selling jars of pasta sauce in 1999. Brief for Appellants at 16. They concede that they did not begin to

sell sauce with the challenged label until after Patsy's Brand had entered the market. *Id.* at 19-20.

The Defendants' pasta sauce was offered for sale at Patsy's Pizzeria restaurant and franchise locations in New York City but was never sold at retail. Tsoulos, operator of five of the six locations at which the sauce was offered for sale, testified that only two jars were ever sold at his locations. However, the challenged jar label includes a UPC code, indicating possible plans to begin retail sales in the future. The label also displays a toll-free number through which sauce can be ordered, and I.O.B. reserved the web domain name <www.patsysauce.com>.

*Sauce jars and labels.* Patsy's Brand sauces are sold in clear glass jars with gold-colored screw-on lids and printed labels. The stylized "Patsy's" logo appears in large type in the upper center of the label, flanked by identical inward-facing profiles of a classical statue. In small type, the initials "PR" (apparently for "Patsy's Restaurant") appear enclosed in a circle as part of the logo. To the lower right of the logo appear the words "Since 1944," also in small type. The identification of the flavor of the sauce appears at the bottom of the label in white capital bold letters on a rectangular field of a different color than the label background. Gold borders line the top and bottom of the label. The background color of the label varies according to the flavor of the sauce. On one flavor of sauce, the label background is green.

The Defendants' sauces are sold in clear glass jars with gold-colored screw-on lids and printed labels. The upper portion of the Defendants' jars are slightly more tapered than those of Patsy's Brand's. The word "Patsy's" appears in script at an angle in the center of the label. The words "Since 1933" appear to the lower right of the word "Patsy's." The label includes a registration symbol beside the "Patsy's" logo, even

though the Defendants do not have a federally registered trademark for use of a mark with sauces. The label also includes the design of a woman sipping from a wine glass that is identical to an image that appears on menus in Patsy's Pizzerias. The label states that the sauce is distributed by "Patsy's Restaurant, New York, New York"; the word "Pizzeria" does not appear on the label. The label has a green background and is bordered in gold at the top and bottom. The script typeface of the logo mirrors that used on the signs and menus in Patsy's Pizzerias, and the green color is the same as that used on the outside of the restaurant.

*Proceedings before the Patent and Trade Office.* In August 1997, Patsy's Brand applied for trademark protection of a non-stylized rendition of PATSY'S to be used in connection with sauces. The application was denied by the Patent and Trade Office ("PTO") on the grounds of likely confusion with the marks previously registered by I.O.B. for Patsy's Pizzeria.

In October 1998, I.O.B. filed a petition with the Trademark Trial and Appeal Board ("TTAB") of the PTO seeking to have Patsy's Brand's 1995 registration for its sauce label cancelled. Patsy's Brand then filed cancellation proceedings seeking to cancel I.O.B.'s registration of PATSY'S PIZZERIA and PATSY'S for restaurant services. The proceedings of the TTAB were suspended in June 2000, pending disposition of the current litigation.

*Procedural history.* In October 1999, Patsy's Brand filed a complaint in the Southern District of New York against Patsy's Inc., I.O.B., its controlling officers Brija and Breceovich, and franchise operator Tsoulos. The complaint alleged trademark infringement, trade dress infringement, unfair competition, and false advertising.

In opposition to the Plaintiff's motion for a preliminary injunction, the Defendants submitted false evidence pur-

porting to show that I.O.B. had sold jars of sauce with its present label as early as 1993, prior to Patsy's Brand's entry into the sauce market. In support of this contention, the Defendants submitted a label that they had allegedly used in 1993 and a printer's invoice allegedly showing ordering of the label in 1993. The probative value of these documents was destroyed by evidence that a bar code on the label did not exist until at least 1998 and the area code for a phone number on the invoice did not exist until some time after 1993. After the fraudulent nature of the documents was revealed, the Defendants abandoned their reliance on them as evidence of early use of their sauce label.<sup>1</sup>

Brija then stated in a declaration submitted to the Court that the Defendants' sauce had been sold in jars as early as 1993 but under a slightly different label. The District Court found this claim to be false because the second label proffered as the true 1993 label included a registration mark, yet I.O.B. Realty did not own any registered trademarks for PATSY'S PIZZERIA or PATSY'S in 1993.

Both sides moved for summary judgment. On April 18, 2001, the District Court entered judgment for Patsy's Brand, granting permanent injunctive relief. The injunction not only prohibited use of the Defendants' sauce label, but also cancelled I.O.B.'s trademark for PATSY'S for restaurant services and enjoined the Defendants from listing or identifying their restaurant business as "Patsy's" or "Patsy's Restaurant" in any telephone directory, sign, or advertisement.

Following the entry of final judgment, Patsy's Brand moved for attorney's fees and sanctions, and I.O.B. cross-moved for sanctions. The District Court granted Patsy's

---

<sup>1</sup> The District Court made no finding that Tsoulos was involved in the submission of the fraudulent documents, and no attorney's fees or sanctions were assessed against him.

Brand's motion for attorney's fees pursuant to the Lanham Act, 15 U.S.C. § 1117(a) (2000), sanctioned Brija for contempt of court for his submission of the fraudulent invoice, and sanctioned Defendants' attorney Andrew Spinnell pursuant to 28 U.S.C. § 1927 (2000) for filing a vexatious cross-motion for sanctions. An amended final judgment including these sanctions was entered on October 4, 2001.

## Discussion

### I. The Trademark Issues

The District Court resolved two sets of trademark issues in favor of Patsy's Brand. First, the Court rejected the Defendants' contention that PATSY'S PR SINCE 1944 as a mark for sauces is invalid because it infringes on I.O.B.'s preexisting marks PATSY'S PIZZERIA and PATSY'S in connection with restaurant services. Second, the Court ruled that the Defendants' label for their sauce is confusingly similar to the label validly used by Patsy's Brand for its sauce. In making both of these rulings, the Court carefully analyzed the well known *Polaroid* factors. See *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir. 1961). Before reviewing these rulings, we consider the standard of review.

#### A. Standard of Review

"The district court's ultimate balancing of the *Polaroid* factors is always subject to *de novo* review," *Cadbury Beverages, Inc. v. Cott Corp.*, 73 F.3d 474, 478 (2d Cir. 1996), and such review is *a fortiori* applicable on review of a grant of summary judgment, *Nabisco, Inc. v. Warner-Lambert Co.*, 220 F.3d 43, 45 (2d Cir. 2000). Patsy's Brand concedes that the standard of review is *de novo* as to the District Court's ultimate conclusion of likely confusion, but argues that we should examine the District Court's findings concerning the

“predicate facts,” by which the Plaintiff appears to mean the subsidiary findings concerning each of the *Polaroid* factors, only for clear error, even on review of a grant of summary judgment. Although certain passages from prior opinions of this Court may be read to support this position, our holdings demonstrate a more cautious approach.

In *Cadbury Beverages*, we observed that “the district court’s findings with regard to each of the *Polaroid* factors ‘are entitled to considerable deference,’ even on appeals from summary judgment.” 73 F.3d at 478 (quoting *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 873 (2d Cir. 1986)). However, we went on to caution: “If a factual inference must be drawn to arrive at a particular finding on a *Polaroid* factor, and if a reasonable trier of fact could reach a different conclusion, the district court may not properly resolve that issue on summary judgment.” *Id.* In *Cadbury* we held that the District Court had improperly drawn inferences in favor of the moving party, and vacated the grant of summary judgment. *See id.* at 480-82. *See also The Sports Authority, Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 965-66 (2d Cir. 1996).<sup>2</sup> Nothing in our prior holdings suggests that a district court deciding a motion for summary judgment in a trademark infringement case has any greater discretion than it would have in a non-trademark case to resolve disputed issues of fact or draw inferences against the non-moving party. On undisputed facts, the District Court is owed some deference in its subsidiary conclusions as to each

---

<sup>2</sup> In *Nabisco*, on review of a denial of a summary judgment motion, we stated that “the predicate facts are reviewed on a clearly erroneous standard,” 220 F.3d at 46., but it is uncertain whether that statement referred to historical facts that were the predicate for the finding as to each *Polaroid* factor, *e.g.*, how many advertising dollars the plaintiff had spent, or the finding concerning the *Polaroid* factor itself, *e.g.*, the strength of the mark. Nothing turned on this ambiguity because the facts of the case were undisputed. *Id.*

*Polaroid* factor, but such conclusions are not immune from appellate review. For example, there is a considerable component of law in the determination whether a mark has the degree of strength necessary to weigh in favor of the party claiming infringement.

#### B. The Defendants' Infringement Claim

Although not asserting any claim for affirmative relief, the Defendants assert, as a defense to the infringement claim brought by Patsy's Brand, that Patsy's Brand's mark for sauces is invalid because its use infringes I.O.B.'s preexisting marks PATSY'S PIZZERIA and PATSY'S for restaurant services. Applying the *Polaroid* factors, the District Court found that Patsy's Brand's sauce mark did not infringe I.O.B.'s restaurant marks. Although the Court's analysis may well have been correct, we conclude that a more fundamental threshold matter renders the *Polaroid* analysis unnecessary and defeats the Defendants' challenge to the validity of Patsy's Brand's mark for its sauces.

In claiming that Patsy's Brand's sauce mark infringes the Defendants' restaurant marks, the Defendants are in essence advancing a "bridging-the-gap" argument, contending that the sauce market is sufficiently related to the restaurant market such that the proprietor of a mark for a restaurant can prevent another's use of a similar mark in the sauce market in order to preserve the proprietor's opportunity to enter that market in the future using its restaurant mark. However that contention might fare in the usual run of "bridging-the-gap" cases, see *Scarves by Vera, Inc. v. Todo Imports Ltd.*, 544 F.2d 1167, 1172-75 (2d Cir. 1976) (apparel designer can protect future opportunity to use its clothing mark to market cosmetics, toiletries, and perfume), it is unavailable in this case because of laches. For several decades, the Defendants have accepted the existence of Patsy's Italian Restaurant operat-

ing in New York City with a name similar to that of Patsy's Pizzeria. Having done so, they cannot now prevent those associated with Patsy's Italian Restaurant from now selling sauce under a label that builds on the goodwill associated with the name of that restaurant, and preserve for the Pizzeria the right at some later time to use its goodwill to market its sauce.

The doctrine of laches often prevents a senior user from challenging a junior user's activities even in the same market. *See, e.g., Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 191-94 (2d Cir. 1996). Where the junior user operates in a market separate though related to that of the senior user, the senior user's "right to preempt is a very slender thread indeed," *Dwinell-Wright Co. v. White House Milk Co.*, 132 F.2d 822, 825 (2d Cir. 1943) (L. Hand, J.), and is easily lost due to delay, *id.* at 824-26; *see Physician's Formula Cosmetics, Inc. v. West Cabot Cosmetics, Inc.*, 857 F.2d 80, 82-83 n.1 (2d Cir. 1988); *Polaroid*, 287 F.2d 497-98. Where, as here, the senior user has tolerated for decades the junior user's competition in the *same* market with a name similar to that of the senior user, the justification for preserving for the senior user use of a dominant component of its name in a related field vanishes entirely. In such circumstances, protection for use of the common feature of the two names in the related field belongs to the first entrant into that field. When a senior user delays in enforcing its rights, a junior user may acquire a valid trademark in a related field, enforceable against even the senior user. *Physicians Formula Cosmetics*, 857 F.2d at 82-83 n.1.

We recognize that "[t]rademark laws exist to protect the public from confusion." *Hermes International v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 107-08 (2d Cir. 2000). The failure of I.O.B. and its predecessors to police its restaurant marks against Patsy's Italian Restaurant has perhaps cre-

ated a certain degree of now unavoidable confusion in the New York City market for restaurant services. As a result, it is possible that the first to enter the sauce market with a common feature of the restaurant names will precipitate some confusion among customers of Patsy's Brand's who might think that the sauce comes from the older restaurant. But that risk is far preferable to denying the first to market sauce the opportunity to capitalize on the goodwill of the slightly younger restaurant. We hold that the trademark PATSYS PR SINCE 1944 is a valid trademark enforceable against the Defendants.

### C. The Plaintiff's Infringement Claim

A defendant will be held to have infringed on a protected mark if " 'numerous ordinary prudent purchasers are likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace of defendant's mark.' " *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 390-91 (2d Cir. 1995) (quoting *Gruner + Jahr USA Publishing v. Meredith Corp.*, 991 F.2d 1072, 1077 (2d Cir. 1993)). Likelihood of confusion is usually determined by reference to the eight-factor *Polaroid* test, and in this case the District Court carefully analyzed each factor.

*Strength of the mark.* To determine the strength of a mark, a court examines the mark's " 'tendency to identify the goods sold under the mark as emanating from a particular, although possibly anonymous, source.' " *Arrow Fastener*, 59 F.3d at 391 (quoting *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1131 (2d Cir. 1979)). Strength of trade dress is similarly analyzed. *Bristol-Meyers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1044 (2d Cir. 1992). The Defendants contend that PATSY'S PR SINCE 1944 should be considered weak because its dominant feature is a personal name.

A personal name alone is a descriptive mark, and as such is generally weak unless there is evidence of secondary meaning. *Cf. 815 Tonawanda Street Corp. v. Fay's Drug Co.*, 842 F.2d 643, 648 (2d Cir. 1988) (examining strength of name mark for purposes of determining common-law protection). However, a personal name rendered in a distinctive lettering style may be considered strong even without a showing of secondary meaning. *Cf. Gruner + Jahr*, 991 F.2d at 1077-78 (holding the otherwise descriptive mark PARENTS to be strong in its stylized form). Here, the protected mark is a distinctive rendition of a name in script lettering accompanied by initials and a date as well as arbitrary design elements. As such, the strength of the mark favors the Plaintiff.

Although the District Court did not explicitly consider the strength of Patsy's Brand's trade dress, the "total image of [the] product", *LeSportsac, Inc. v. K mart Corp.*, 754 F.2d 71, 75 (2d Cir. 1985), including its "size, shape, . . . color combinations, texture [, and] graphics," *id.* at 75, is sufficiently distinctive that consumers would be able to immediately identify Patsy's Brand products as such. The strength factor also weighs in the Plaintiff's favor on the trade dress claim.

*Similarity of the marks.* The District Court correctly weighed this factor in favor of Patsy's Brand, both as to trademark and trade dress. The script used for "Patsy's" on the Defendants' label, and the notation "since 1933" bear a striking similarity to elements of Patsy's Brand's registered trademark. Other elements of the labels are appropriately considered as part of the trade dress claim, and, as such, the similarities in bordering, location of design elements, and coloring combine to create undeniably similar impressions upon the viewer. The similarity factor strongly favors the Plaintiff.

*Proximity of the products.* Both products are relatively expensive "gourmet" sauces sold in jars. Nonetheless, the

Defendants contend that confining sales of their sauce to their pizzeria locations puts sufficient distance between the marketing channels for the two sauces to alleviate any risk of confusion. The District Court found that the Defendants' present decision to restrict sales to its restaurant and franchises might somewhat weaken the showing of proximity but nonetheless did not tip this factor in Defendants' favor. We agree. The products appeal to the same consumers, and sale locations are geographically close. Consumers who visit a Patsy's Pizzeria are reasonably likely to visit nearby retail stores where Patsy's Brand sauces are sold, creating the opportunity for confusion.

*Likelihood of bridging the gap.* Since the sauce products are in direct competition, this factor is not relevant. *See, e.g., Paddington Corp. v. Attiki Importers & Distributors, Inc.*, 996 F.2d 577, 586 (2d Cir. 1993).

*Actual confusion.* The record contains some evidence of actual confusion, most of which is the Defendants' self-damaging evidence of "reverse confusion." *See Banff, Ltd. v. Federated Department Stores, Inc.*, 841 F.2d 486, 490 (2d Cir. 1988) (explaining "reverse confusion"). Although no customer bought a jar of the Defendants' sauce thinking it was made by the Plaintiff (normal confusion), in a few instances, a customer of the Defendants' restaurant bought, or at least saw, a jar of the Plaintiff's sauce, thinking it came from the Defendants (reverse confusion). In view of the limited time that the Defendants were selling their sauce and the small number of their sales, these few instances of reverse confusion adequately support the District Court's weighing the actual confusion factor in favor of Patsy's Brand.

*Good faith in adopting the mark.* The District Court found this factor to "weigh heavily" in favor of Patsy's Brand, based on similarities in the marks and label designs and on

the Defendants' presentation at trial of fabricated evidence. *Patsy's Brand*, 2001 WL 170672, at \*12-\*13. We do not agree that this conclusion can be reached on summary judgment. The evidence as to similarity might permit an inference of bad faith, but does not require one. The Defendants' misconduct at trial does not indicate bad faith in adopting the mark, only illegal conduct in trying to protect it. The "bad faith" factor cannot be counted in favor of the Plaintiff in the *Polaroid* analysis, although, as we discuss below, the misconduct is relevant on the issues of attorney's fees and sanctions.

*Quality of products.* The District Court concluded that, although there was no reliable evidence that either sauce was of superior quality relative to the other, this factor weighed in favor of Patsy's Brand because some people would like one sauce more than the other and that Patsy's Brand was "entitled to have consumers judge the quality of its product without being confused by Defendants' sauce . . . ." *Patsy's Brand*, 2001 WL 170672, at \*13. In the absence of undisputed evidence supporting the superiority of Patsy's Brand's product, this factor cannot be enlisted in the Plaintiff's favor on summary judgment.

*Sophistication of the consumer.* The District Court weighed this factor in favor of Patsy's Brand, correctly observing that "pasta shoppers are ordinary consumers of inexpensive retail products," *id.*, and would likely be confused by similar labels bearing similar marks. Judge Martin was entitled to make this assessment in view of the nature of the product, *see Lever Brothers Co. v. American Bakeries Co.*, 693 F.2d 251, 259 (2d Cir. 1982) ("The ordinary purchaser of bread and margarine is a casual buyer, and the bustling, self-service atmosphere of a typical supermarket makes careful examination of products unlikely, and [the District Judge] so concluded."), and its low price, *see Harold F. Ritchie, Inc. v. Chesebrough-*

*Pond's, Inc.*, 281 F.2d 755, 762 n.19 (2d Cir. 1960) (buyer sophistication is usually low "where inexpensive products are involved"). The Defendants endeavored to counter these common-sense assessments with an expert who opined generally that New Yorkers "tend to be savvy and knowledgeable about restaurants and food." We think this factor was properly weighed in favor of Patsy's Brand, although perhaps not significantly.

*Aggregate assessment.* Despite our disagreement with the District Court's view that the "bad faith" and "product quality" factors can be weighed in favor of the Plaintiffs, at least on summary judgment, Judge Martin's assessment of the other *Polaroid* factors amply supports his ultimate conclusion that the Plaintiff has shown a sufficient likelihood of confusion to prevail. The parties' products are in direct competition, Patsy's Brand's stylized mark and trade dress have adequate strength, the Defendants' mark and dress bear a strikingly close resemblance to those of the Plaintiff's, there is some evidence of actual confusion, and the consumers of these products are not highly sophisticated purchasers. The only reasonable conclusion that may be reached from the undisputed evidence is that the Defendants have infringed Patsy's Brand's trademark and trade dress.

## II. The Scope of the Injunction

The Defendants contend that in four respects the injunction is overly broad. Two challenges concern the Defendants' marketing of pasta sauce and other packaged food products: the Defendants contend that the injunction should not regulate their marketing of packaged food products other than pasta sauces and should not prohibit them from using the name PATSY'S PIZZERIA for pasta sauce. Two other challenges concern the Defendants' marketing of their pizzeria: the Defendants contends that the injunction should not pro-

hibit them from identifying their restaurant business as "Patsy's" or "Patsy's Restaurant" and should not require cancellation of their trademark registration for PATSY'S for restaurant services.

"Injunctive relief should be narrowly tailored to fit specific legal violations. Accordingly, an injunction should not impose unnecessary burdens on lawful activity." *Waldman Pub. Corp. v. Landoll, Inc.*, 43 F.3d 775, 785 (2d Cir. 1994) (citations omitted). Thus, we have required further tailoring of injunctions issued by district courts in trademark cases where the injunction "[went] beyond the scope of the issues tried in the case." *Starter Corp. v. Converse, Inc.*, 170 F.3d 286, 300 (2d Cir. 1999). Nevertheless, we have also recognized that "a party who has once infringed a trademark may be required to suffer a position less advantageous than that of an innocent party," *Oral-B Laboratories, Inc. v. Mi-Lor Corp.*, 810 F.2d 20, 24 (2d Cir. 1987), and "a court can frame an injunction which will keep a proven infringer safely away from the perimeter of future infringement," 5 *McCarthy on Trademarks and Unfair Competition* § 30:4, at 30-12 (4th ed. 2002). In applying these principles to the District Court's injunction, we must keep in mind the unusual context of two restaurants operating for decades in the same city with similar names and the use of a dominant feature of those names, "Patsy's," in the recent marketing of a food product.

*Applying injunction to the Defendants' packaged food products.* The District Court acted well within its discretion in applying the injunction not only to the Defendants' marketing of pasta sauce but also to their marketing of "packaged food products." Injunction, ¶¶ 4(a), 4(d), 4(e), 4(g), and 7. Having been the first to bridge the gap from restaurant services to pasta sauce, the Plaintiff is entitled to preserve its opportunity to bridge the gap from pasta sauce to other packaged food products. Whatever goodwill it develops in the

marketing of pasta sauce is entitled to be enjoyed in the marketing of other food products, without encountering confusingly similar marketing by the Defendants.

*Using "Patsy's Pizzeria" for pasta sauce.* Although the injunction does not explicitly prohibit the Defendants from using the name "Patsy's Pizzeria" in marketing their pasta sauce, the Defendants apprehend that its terms will be so interpreted. That apprehension has recently been realized by the District Court's August 27, 2002, ruling that the Defendants violated the injunction by selling sauce with a label that identified the seller as "Patsy's Pizzeria." *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, Civ.A. 99-CV-10175, 2002 WL 1988200 (S.D.N.Y. Aug. 27, 2002). Whether the label that precipitated that ruling is sufficiently similar to the Plaintiff's label and trade dress for its pasta sauce to violate the injunction as currently written, a matter we do not decide (and could not decide with the challenged labeling absent from our record), we agree with the Defendants that the injunction should be modified to permit some, although very limited, use of the name of the Defendants' restaurant in their marketing of pasta sauce and other packaged food products.

In view of the long-standing use of the name "Patsy's Pizzeria" to identify their restaurant, the Defendants are entitled to include in their labeling of pasta sauce and other packaged food products that they produce a modestly sized identification that the product comes from the establishment that operates "Patsy's Pizzeria." *See Scarves by Vera*, 544 F.2d at 1175 (permitting defendant to use its tradename "in small type, but only in conjunction with other words which prevent any likelihood of confusion"). Such identification must not exceed 10-point type, must be a minor component of the labeling, must use the name "Patsy's Pizzeria" in full with the lettering of both words in the same size and font, must not use a font that is similar to that used by the Plain-

tiff, and must use the name only to identify the maker or distributor of the product.<sup>3</sup> Apart from this modification to permit the Defendants narrow leeway to identify the source of their products, the injunction's prohibition against marketing pasta sauce and other packaged food products with labeling or trade dress confusingly similar to that of the Plaintiff is affirmed.

*Identifying the Defendants' restaurant business as "Patsy's" or as "Patsy's Restaurant."* We agree with the Defendants that the injunction exceeds the proper scope of this litigation by purporting to restrict the Defendants' identification of their restaurant business. Injunction, ¶ 4(f). The restaurants have coexisted with similar names for decades. Indeed, that circumstance has inured to the benefit of the Plaintiff by affording it the opportunity to use the dominant feature of its name, "Patsy's," in its sauce labeling, despite the prior use of that same feature in the name of the Defendants' restaurant. Having secured that benefit in a suit concerned with its recent decision to market pasta sauce, the Plaintiff cannot use this litigation to restrict the way the Defendants' have been identifying their restaurant for several decades. Whether or not such relief might be warranted in a suit concerned with restaurant services is beyond the scope of this litigation. Although we conclude that the injunction should be confined to the marketing of pasta sauce and food products and should not reach the Defendants' restaurant business, we suggest to both sides that henceforth they would be well advised to minimize the risk of confusion by identifying their restaurants by the complete names: "Patsy's Italian Restaurant" and "Patsy's Pizzeria."

*Cancelling the Defendants' trademark registration for PATSY'S for restaurant services.* For the reasons just stated,

---

<sup>3</sup> A suitable example would be "Made by the operators of Patsy's Pizzeria, New York, N.Y."

we also conclude that the provision requiring cancellation of the Defendants' registration of PATSY'S for restaurant services, Injunction ¶ 5, exceeds the scope of this litigation and should be deleted.

### III. Attorney's Fees and Sanctions

The Lanham Act authorizes the award of attorney's fees to prevailing parties in "exceptional cases," 15 U.S.C. § 1117(a), which we have understood to mean instances of "fraud or bad faith," *Twin Peaks Productions v. Publications International, Ltd.*, 996 F.2d 1366, 1383 (2d Cir. 1993) (quoting *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1004 (9th Cir. 1985)), or "willful infringement," *Bambu Sales, Inc. v. Ozak Trading Inc.*, 58 F.3d 849, 854 (2d Cir. 1995). The District Court awarded the Plaintiff its attorney's fees in the amount of \$250,351.56 because of the Defendants' misconduct in presenting fraudulent documents during the course of the litigation. That ruling raises the issue of whether attorney's fees may be awarded in Lanham Act litigation not only for willful infringement but also for acts of fraud in the course of conducting trademark litigation.

Prior to Judge Martin's fee award in this case, two other judges of the Southern District had relied on misconduct in the course of trademark litigation to support an award of attorney's fees, although the litigation misconduct was in addition to willful infringement. See *Sara Lee Corp. v. Bags of New York, Inc.*, 36 F. Supp. 2d 161, 170 (S.D.N.Y. 1999) (Motley, J.); *Guess?, Inc. v. Gold Center Jewelry*, 997 F. Supp. 409, 412 (S.D.N.Y. 1998) (Kaplan, J.). In the pending case, an award of attorney's fees would not have been warranted in the absence of the litigation misconduct because the Defendants had a good faith basis for resisting the Plaintiff's suit in view of the PTO Examiner's ruling that the Plaintiff could not use its mark for sauces.

We agree with Judge Martin that fraudulent conduct in the course of conducting trademark litigation permits a finding that a case is "exceptional" for purposes of an attorney's fee award under the Lanham Act. Although such misconduct might be sanctioned as a contempt or pursuant to 28 U.S.C. § 1927 without a shifting of all attorney's fees, a party that seeks to prevail in trademark litigation through fraudulent means has no basis for complaint that it risks liability for its adversary's attorney's fees. And the need to deter such misconduct justifies an award of up to the entire fee, in the exercise of a district judge's discretion, without the need for apportioning precisely how much litigation expense was attributable to the misconduct.

Judge Martin also ruled that Brija, the person primarily responsible for the submission of the fraudulent invoice, should be sanctioned for contempt in an amount equal to fifty percent of the attorney's fees and expenses that the Plaintiff incurred starting on October 27, 1999, which appears to be the date when Brija submitted the fraudulent invoice.<sup>4</sup> Brija does not dispute his liability for a sanction, but contends that the amount is excessive. We think the award was well within the Judge's discretion.

In addition to the sanction imposed on Brija, Judge Martin imposed a sanction of \$5,000 on Atty. Andrew J. Spinnell, pursuant to 28 U.S.C. § 1927, for his misconduct in making

---

<sup>4</sup> The District Court's opinion imposing the sanction on Brija initially states that he should "reimburse Plaintiff for 50% of the legal fees and expenses it incurred *starting on* October 27, 1999" (emphases added). However, the opinion subsequently states that it is requiring payment of "50% of the attorneys' fees and expenses it incurred *as of* October 27, 2001" (emphases added). The opinion calculates this sum as \$99,834.63, which is the amount of the sanction imposed on Brija by the amended judgment entered October 5, 2001. The parties have overlooked this inconsistency in the opinion. We will assume that the reference to "starting on October 27, 1999" is correct.

a motion to sanction the Plaintiff. Judge Martin acted well within his discretion in finding that Spinnell's motion was frivolous and undertaken for "some improper purpose." *Oliveri v. Thompson*, 803 F.2d 1265, 1273 (2d Cir. 1986). Indeed, in this Court, Spinnell acknowledges the improper purpose in stating that one of his motives in making a motion to sanction the Plaintiff "was to apply pressure on Plaintiff and its counsel" to produce some billing records that Spinnell was endeavoring to obtain after the discovery deadline had passed. Brief for Appellant Spinnell at 9.

#### Conclusion

We modify the injunction entered April 18, 2001, by deleting ¶¶ 4(f) and 5, and construing the injunction to permit the Defendants to include in their labeling of pasta sauce and other packaged food products that they produce a modestly sized identification that the product comes from the establishment that operates "Patsy's Pizzeria"; such identification must not exceed 10-point type, must be a minor component of the labeling, must use the name "Patsy's Pizzeria" in full with the lettering of both words in the same size and font, must not use a font that is similar to that used by the Plaintiff, and must use the name only to identify the maker or distributor of the product. We affirm the judgment entered July 18, 2001, as modified, and affirm the amended judgment entered October 4, 2001. The Appellee may recover two-thirds of its costs.

720—1-21-2003 • USCA—80004 FY90  
RECORD PRESS, INC., 157 Chambers St., N.Y. 10007 (212) 619-4949

UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse, Foley Square, in the City of New York, on the 27<sup>th</sup> day of March, two thousand three.

PRESENT: HONORABLE JON O. NEWMAN,  
HONORABLE FRED I. PARKER,  
Circuit Judges.  
HONORABLE STEFAN R. UNDERHILL,  
District Judge.



-----  
PATSY'S BRAND, INC.,  
Plaintiff-Appellee,

v.

Docket No. 01-9247

I.O.B. REALTY, INC.,  
Defendant-Cross-Defendant-Appellant,

PATSY'S INC., FRANK BRIJA, JOHN BRECEVICH,  
Defendants-Appellants.  
-----

ORDER

Upon consideration of the Appellants' petition for rehearing, it is hereby ORDERED that the District Court's injunction, already modified by our opinion filed January 16, 2003, is further modified to add the following provision:

"This injunction does not prohibit the Defendants from using the name PATSY'S PIZZERIA on take-out boxes into which hot pizza, cooked in the Defendants' own pizzerias and sold in such pizzerias (not in grocery stores, supermarkets, or other retails stores), is placed so that a customer can take the pizza away from the pizzerias."

\_\_\_\_\_  
Of the United States District Court for the District of Connecticut, sitting by designation.

Patsy's Brand, Inc. v. I.O.B. Realty, Inc., et al.  
Docket No. 01-9247

In all other respects, the petition for rehearing is denied.

FOR THE COURT,  
ROSEANN B. MacKECHNIE, Clerk

By Lucille Carr



TTAB's Timeline Relating To Consolidated Cancellation Proceedings

<u>Date</u>	<u>Action</u>
October 9, 1999	IOB Realty, Inc. ("IOB") files petition for cancellation of Patsy's Brand, Inc. ("Patsy's Brand") mark Reg. No. 1,874,789 (PATSY'S for sauces) (Filed by Fross Zelnick/Glenn Mitchell). (Cancellation No. 92028142)
October 28, 1999	Patsy's Brand files petition for cancellation of IOB's Reg. Nos. 1,975,110 (PATSY'S for restaurant services) and 2,213,574 (PATSY'S PIZZERIA for restaurant services). (Cancellation No. 92029614)
December 20, 1999	Paul Grandinetti, Esq. files answer to Patsy's Brand's petition for cancellation. (Cancellation No. 92029614)
December 28, 1999	Mr. Grandinetti files a Communication claiming that a Revocation and Power of Attorney was filed on December 16, 1999 and served on Cooper & Dunham, LLP on December 24, 1999 (But there is no record of a Revocation and Power of Attorney filed on that date in the Trademark Trial and Appeal Board ("TTAB") and it was never served on Cooper & Dunham).
June 21, 2000	All proceedings suspended by TTAB pending final disposition of the civil action between the parties (at IOB's request).
June 27, 2000	Mr. Grandinetti files a request to withdraw as counsel for IOB (does not serve Cooper & Dunham).
August 23, 2000	TTAB denies Mr. Grandinetti's June 27, 2000 request to withdraw for failure to specify basis for withdrawal and failure to include proof of service.
August 30, 2000	Mr. Grandinetti files a renewed request for withdrawal as counsel for IOB based on undisclosed irreconcilable differences with IOB which he claims are privileged and confidential.

- December 1, 2000 TTAB suspends proceedings in view of withdrawal of Mr. Grandinetti and failure of IOB to appoint new attorneys or state it would represent itself. IOB ordered to show cause why default should not be entered based upon lack of interest.
- December 29, 2000 Pennie & Edmonds filed a notice of appearance with no Certificate of Service.
- \*\*April 18, 2001** Southern District of New York Final Judgment issued by Judge Martin in *Patsy's Brand, Inc. v. I.O.B. Realty, Inc. et al.*, 99 Civ 10175.<sup>1</sup>
- \*\*April 30, 2001** IOB files a motion to alter or amend the final judgment. Fed.R.Civ.P. 59(e), 60(b)(3).
- May 15, 2001 TTAB sent a copy of the Pennie & Edmonds notice of appearance to Cooper & Dunham. Continued suspension based on civil court proceedings (Parties are given 20 days to request reinstatement after the final determination of the civil action).
- \*\*October 1, 2001** Southern District of New York Opinion and Order issued by Judge Martin in *Patsy's Brand, Inc. v. I.O.B. Realty, Inc. et al.*, 99 Civ 10175, denying IOB's motion to alter/amend final judgment.
- \*\*October 5, 2001** Southern District of New York Amended Final Judgment issued by Judge Martin in *Patsy's Brand, Inc. v. I.O.B. Realty, Inc. et al.*, 99 Civ 10175.
- October 18, 2001 Patsy's Brand files Request for Reinstatement of Proceedings and Motion for Entry of Judgment (attached Judge Martin Final Judgment and Amended Final Judgment and Reported Decisions).
- \*\*October 26, 2001** IOB filed Notice of Appeal in *Patsy's Brand, Inc. v. I.O.B. Realty, Inc. et al.*, 99 Civ 10175.
- IOB did not inform the TTAB that they were

---

<sup>1</sup> \*\* All highlighted items relate to the civil litigation between the parties in Civil Action No. 99 Civ 10175 (JSM) (S.D.N.Y.).

appealing the Southern District of New York judgment.

November 5, 2001 IOB's response to Request for Reinstatement and Motion for Entry of Judgment is due, but IOB does not file a response.

May 21, 2002 Last day for IOB to file a declaration of use for Reg. No. 1,975,110 and no declaration was filed.

September 4, 2002 TTAB grants Patsy's Brand motion for entry of judgment in both cancellations as conceded (cancels Reg. No. 1,975,110) (ten months after IOB's response was due).

**\*\*January 16, 2003** Second Circuit Opinion issued (injunction affirmed and modified).

**\*\*January 30, 2003** IOB files petition for rehearing.

**\*\*March 27, 2003** Second Circuit Order further modifying injunction but denying all other relief requested.

March 28, 2003 TTAB Order to Show Cause why Registration No. 2,213,574 should not be cancelled. TTAB stated IOB "lost interest" – cancellation of Registration No. 1,975,110 stands (twenty days for IOB to show cause why Registration No. 2,213,574 should not be cancelled).

April 21, 2003 Patsy's Brand files a Communication with the TTAB submitting the January 16, 2003 Second Circuit Opinion and March 27, 2003 Second Circuit Order.

April 25, 2003 John Brecevic files late response to March 28, 2003 Order to Show Cause (Cooper & Dunham did not receive a copy of this until May 19, 2003 when it was obtained from the TTAB). Response attaches copies of January 16, 2003 Second Circuit Opinion and March 27, 2003 Second Circuit Order.

May 12, 2003 TTAB discharges March 28, 2003 Order to Show Cause based on IOB's April 25, 2003 late response.

TTAB gives parties thirty days to submit briefs on the following: “[w]hat effect, if any, does the judgment in the civil proceeding (as modified by the court of appeals) have upon this matter?”

TTAB states, “[I]t appears that IOB is no longer represented by its counsel of record, Darren W. Saunders of Pennie & Edmonds.” (although no withdrawal has been filed).

- May 22, 2003 Letter from Cooper & Dunham to Torys LLP regarding representation of IOB.
- May 22, 2003 Letter from Torys LLP to Cooper & Dunham responding to inquiry regarding representation.
- May 27, 2003 Commissioner’s Order Cancelling Registration Nos. 1,975,110 and 2,213,574, petition having been granted September 4, 2002.
- June 11, 2003 IOB files brief in response to May 12, 2003 Order.
- June 12, 2003 Mr. Grandinetti files a Notice of Misdirected Mail stating that the May 27, 2003 Order Cancelling Registration was forwarded to IOB (not served on Cooper & Dunham).
- June 16, 2003 Patsy’s Brand files brief in response to May 12, 2003 Order noting entry of Second Circuit’s March 27, 2003 Order and the PTO’s May 27, 2003 Order, and noting that Reg. No. 1,975,110 should be cancelled in any event for failure to file a declaration of use (serving IOB).
- June 27, 2003 IOB files reply brief in response to May 12, 2003 Order noting the May 27, 2003 Order cancelling the registrations.



**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

-----X		
IOB REALTY, INC.,	)	
	)	
Petitioner,	)	Cancellation No. 28,142
	)	
v.	)	
	)	
PATSY'S BRAND, INC.,	)	
	)	
Registrant.	)	
	)	
	)	
-----X		
PATSY'S BRAND, INC.,	)	
	)	
Petitioner,	)	Cancellation No. 29,614
	)	
v.	)	
	)	
IOB REALTY, INC.,	)	
	)	
Registrant.	)	
-----X		

**REQUEST FOR REINSTATEMENT OF PROCEEDINGS AND MOTION  
FOR ENTRY OF JUDGMENT**

Patsy's Brand, Inc. hereby requests reinstatement of these proceedings, and moves for entry of judgment in its favor.

This case concerns two cancellation proceedings, which were consolidated and suspended by order of the Trademark Trial and Appeal Board, dated June 21, 2000. The suspension of the proceedings was entered in view of the pendency of a civil action

between the parties, entitled Patsy's Brand, Inc. v. IOB Realty, Inc. et al, Civil Action No. 99 Civ. 10175 (JSM), in the United States District Court for the Southern District of New York. The civil action now has been concluded by a Final Judgment entered April 18, 2001 (Exhibit A), and an Amended Final Judgment, entered October 5, 2001 (Exhibit B). Accordingly, proceedings herein should be reinstated. Since the issues have been decided by the District Court, judgment should be entered in favor of Patsy's Brand, Inc.

PROCEEDINGS TO DATE

On October 9, 1998, I.O.B. Realty filed a petition to cancel Patsy's Brand's Reg. No. 1,874,789 for the mark PATSY'S & Design for sauces. The Cancellation No. 28,142 was instituted by a Board Order dated November 2, 1998.<sup>1</sup>

On November 1, 1999, I.O.B. Realty filed a communication bringing the above-mentioned civil action to the Board's attention and requesting a stay of the cancellation proceeding.<sup>2</sup> The communication stated that, "The suit concerns the petitioner's

---

<sup>1</sup>I.O.B.'s first counsel was Fross, Zelnick, Lehrman & Zissu, P.C.

<sup>2</sup>The communication was signed by Stephen E. Feldman, Esq., as counsel for I.O.B., although no substitution of counsel had been or was ever filed.

right to use the mark at issue and the registrants' right to maintain the registration of the mark. (The issues in this cancellation proceeding are the same as in the Court proceeding [sic. should be "proceeding"])."³

On January 7, 2000, the Board suspended further proceedings during the pendency of a motion to dismiss the cancellation filed by Patsy's Brand. On June 21, 2000, the Board denied Patsy's Brand's motion to dismiss.

In the meanwhile, on October 25, 1999, Patsy's Brand filed a petition to cancel I.O.B. Realty's Reg. Nos. 1,975,110 for the mark PATSY'S for restaurant services, and 2,213,574 for the mark PATSY'S PIZZERIA for restaurant services. The Cancellation No. 29,614 was instituted by a Board Order dated November 10, 1999.<sup>4</sup>

By the above-mentioned Order dated June 21, 2000, the Board suspended both cancellation proceedings in view of the civil action and consolidated the cancellation proceedings.<sup>5</sup>

---

<sup>3</sup>On January 6, 1999 [sic. should be "2000"], Levy & Grandinetti and Tunick, Kupferman & Creadore, P.C. filed another communication, withdrawing the request for a stay, although again no substitution of counsel had been filed or was served.

<sup>4</sup>Levy & Grandinetti and Tunick, Kupferman & Creadore, P.C. appeared for I.O.B. Realty in the second proceeding.

<sup>5</sup>By Orders of February 28 and May 15, 2001, Pennie & Edmonds LLP was substituted as counsel for I.O.B. Realty, although no

In the civil action, the United States District Court granted Patsy's Brand's motion for a preliminary injunction against the I.O.B. Realty defendants' use of the mark PATSY'S for sauces. The decision is published at 53 U.S.P.Q.2d 1861. A copy is attached as Exhibit C. Later, the District Court entered summary judgment in favor of Patsy's Brand on February 21, 2001. That decision is published at 58 U.S.P.Q.2d 1048. A copy is attached as Exhibit D.

A final judgment was entered on April 18, 2001 (Exhibit A).

I.O.B. Realty moved to amend the final judgment, which motion was denied by the Court on October 1, 2001. A copy of the Court's opinion and order is attached as Exhibit E.<sup>6</sup> An amended final judgment was entered on October 5, 2001 (Exhibit B).

As shown by the Final Judgment (Exhibit A), the District Court, in the civil action, has made the following decisions:

1. Patsy's Brand is the owner of the trademark PATSY'S for sauces and is the owner of valid Reg. No. 1,874,789 (¶ 2).

---

notice of substitution of counsel was served on the undersigned counsel.

<sup>6</sup>As shown in the latest opinion, I.O.B. Realty then was represented in the civil action by Andrew Spinnell, Esq. Mr. Spinnell has not appeared in these proceedings. Accordingly, Pennie & Edmonds LLP remains attorney of record here.

2. I.O.B. Realty is enjoined from petitioning to cancel Patsy's Brand's registration for the mark PATSY'S for sauces, or other packaged food products or restaurant services (§ 3e).
3. I.O.B. Realty is enjoined from applying for, obtaining or maintaining any registration for a mark which comprises or consists of the words PATSY'S or PATSY'S RESTAURANT for sauces or other packaged food products (§ 3d).
4. The Commissioner is directed to cancel I.O.B. Realty's Reg. No. 1,975,110 for the mark PATSY'S for restaurant services (§ 5).
5. I.O.B. Realty is ordered to withdraw Cancellation No. 28,142 (§ 6).

#### ARGUMENT

It is time for these cancellation proceedings to come to an end. I.O.B. Realty has kept the matters pending for three years without any chance of success. In view of the District Court's opinions and judgments, there is no reason for these proceedings to go on any longer.

I.O.B. Realty cannot continue to prosecute Cancellation No. 28,142. It has been enjoined from proceeding and the Court has ordered withdrawal of the cancellation. Judgment should be entered

in favor of Patsy's Brand.

I.O.B. Realty cannot continue to defend Cancellation No. 29,614. It has been enjoined from maintaining any registration which comprises the word PATSY'S for sauces or other packaged food products, and the Court has ordered cancellation of Reg. No. 1,975,110 for PATSY'S, which is one of the subjects of the proceeding.<sup>7</sup> At least to that extent, judgment should be entered in favor of Patsy's Brand.

The District Court's final judgment (Exhibit A) is final for the purposes of these proceedings. Under New York law, a District Court judgment is final even if an appeal is taken. In New York, "The expression 'final judgment' has a well-defined meaning in the Civil Practice Act. It designates that judgment of the court of original jurisdiction by which the rights of the parties are adjudicated and determined. The finality of the judgment so entered is not affected by the pendency of an appeal." In re Bailey, 265 A.D. 758, 40 N.Y.S.2d 746 (1<sup>st</sup> Dept. 1943), aff'd, 291 N.Y. 534, 50 N.E. 2d 653 (1943); see also Connelly v. Wolf, Block, Schorr & Solis-Cohen, 463 F. Supp. 914, 918 f.n. 3 (E.D.Pa. 1978) (applying New York law).

---

<sup>7</sup>In cancellation No. 29,614, Patsy's Brand also seeks to cancel I.O.B. Realty's Reg. No. 2,213,574 for PATSY'S PIZZERIA.

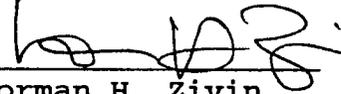
At this time, I.O.B. Realty has not appealed the District Court's judgment, but even if it does so, the judgment is executory. Thus, there is no reason why judgment should not be entered in favor of Patsy's Brand at this time.

CONCLUSION

It is respectfully submitted that these consolidated cancellations should be reinstated and judgment entered in favor of Patsy's Brand, Inc.

Respectfully,

COOPER & DUNHAM LLP

Dated: October 15, 2001 By: 

Norman H. Zivin

Robert T. Maldonado

1185 Avenue of the Americas

New York, New York 10036

(212) 278-0400

Attorneys for Patsy's Brand, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a correct copy of Request for Reinstatement of Proceedings and Motion for Entry of Judgment was served upon the following counsel by first class mail this 15<sup>th</sup> day of October 2001:

Darren Saunders  
Pennie & Edmonds  
1155 Ave. of the Americas  
New York, NY 10036

Lo Bz.



06-12-2003

U.S. Patent & TMO/TM Mail Rpt. Ct. #58

**IN THE UNITED STATES PATENT AND  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

I.O.B. Realty, Inc.

v.

Patsy's Brand, Inc.

Patsy's Brand, Inc.,

v.

I.O.B. Realty, Inc.,



Cancellation  
No. 28,142

Cancellation  
No. 29,614

03 JUN 23 AM 11:01

**NOTICE OF MISDIRECTED MAIL**

The Board forwarded a copy of the enclosed Notice of Cancellation of May 27, 2003, to the attorneys identified below. Neither Mr. Paul Grandinetti nor the firm Levy & Grandinetti represent I.O.B. Realty, Inc. Please direct all future correspondence directly to I.O.B. Realty, Inc.

The firm, Levy & Grandinetti, forwarded a copy of the Notice of Cancellation to I.O.B. Realty, Inc., as well as a copy of this Notice of Misdirected Mail.

Respectfully submitted,

11 June 2003

Date

Paul Grandinetti

Levy & Grandinetti  
Suite 1108  
1725 K Street, N.W.  
Washington, D.C. 20006-1423

(202) 429-4560

TDC

U. S. DEPARTMENT OF COMMERCE  
PATENT AND TRADEMARK OFFICE

\_\_\_\_\_  
PATSY'S BRAND, INC.

v.

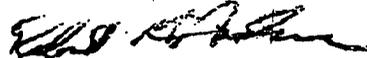
\_\_\_\_\_  
I.O.B. REALTY, INC.

\_\_\_\_\_  
Cancellation No. 92029614

\_\_\_\_\_  
Paul Grandinetti of Levy & Grandinetti for Patsy's Brand,  
Inc.

Norman H. Zivin of Cooper & Dunham, LLP for I.O.B. Realty,  
Inc.

\_\_\_\_\_  
The petition of Patsy's Brand, Inc. having been granted  
on September 4, 2002, Registration Nos. 2,213,574 and  
1,975,110 are hereby cancelled.



Robert M. Anderson  
Deputy Commissioner for  
Trademark Operations

MAY 27 2003





56th Street, New York, New York 10019. Patsy's Italian Restaurant, Inc. and Patsy's Brand, Inc. shall be collectively referred to as "Patsy's."

3. On information and belief, defendants Anthony Banas ("Banas") is an individual who is doing business as Patsy's, Patsy's Pizzeria and Patsy's Bakery & Café. On information and belief, defendant Banas is conducting such business at 1949 Richmond Avenue, Staten Island, New York 10314, within this Judicial District.

4. On information and belief, defendant Anthony & Patsy's Inc. ("Anthony & Patsy's") is a corporation organized and existing under the laws of the State of New York. On information and belief, Anthony & Patsy's has an address at 4351 Hyland Avenue, Staten Island, New York, within this Judicial District.

NATURE OF CLAIMS, JURISDICTION AND VENUE

5. This action arises under the trademark and unfair competition laws of the United States (15 U.S.C. Sections 1114(1)), and under the common and statutory unfair competition laws of the State of New York (Section 360-1 of New York General Business Law).

6. Jurisdiction of this Court is founded upon 15 U.S.C. § 1121, 28 U.S.C. §§ 1331 and 1338 (a) and (b), and the pendent jurisdiction of this Court, 28 U.S.C. § 1367.

7. Venue is proper within this Judicial District under 28

U.S.C. § 1391(b) and (c).

ALLEGATIONS COMMON TO ALL CLAIMS FOR RELIEF

8. In about 1944, Pasquale Scognamillo opened an Italian restaurant on West 56th Street in New York City called "Patsy's," which still operates today. "Patsy's" restaurant has been a family-owned restaurant for more than 60 years.

9. Since it opened in 1944, "Patsy's" restaurant has enjoyed an outstanding reputation for serving fine Italian cuisine in New York City. "Patsy's" restaurant has received much critical acclaim and has attracted celebrities, including particularly Frank Sinatra, whose visits to "Patsy's" restaurant regularly were reported by the media.

10. Patsy's Restaurant enjoys a nationwide reputation for quality restaurant services.

11. Patsy's Restaurant is the owner of the PATSY'S service mark, which has been registered for restaurant services upon the Principal Register of the United States Patent and Trademark Office as Registration Nos. 3,009,836 and 3,009,866, both issued November 1, 2005. Copies of these registrations are attached hereto as Exhibits A and B. The registrations are valid and subsisting.

12. Patsy's is well-known for its high quality sauces and packaged food products. In about 1990, Patsy's Restaurant determined to bottle its sauces for sale at retail, so it formed

Patsy's Brand in 1993 to market and sell sauces and other packaged food products under the trademark PATSY'S.

13. Patsy's sells its high-quality line of PATSY'S sauces and packaged food products in Patsy's Italian Restaurant, as well as in department stores, specialty food stores, and supermarkets throughout the United States, including the State of New York. Its products enjoy a nationwide reputation for quality.

14. Patsy's Brand Inc. is the owner of the PATSY'S trademark, which has been registered for sauces upon the Principal Register of the United States Patent and Trademark Office as Registration No. 1,874,789, issued January 17, 1995, and Registration No. 2,777,068, issued October 28, 2003. Copies of these registrations are attached hereto as Exhibits C and D. These registrations are valid and subsisting.

15. Patsy's Brand Inc. also is the owner of the PATSY'S trademark, which has been registered for other packaged food products upon the Principal Register of the United States Patent and Trademark Office as Registration No. 2,845,063, issued May 25, 2004. A copy of this registration is attached hereto as Exhibit E. This registration is valid and subsisting.

16. On information and belief, defendants are involved in the business of operating an Italian restaurant, a bakery, a café and a food store in Staten Island, within this Judicial District, under plaintiffs' registered trademark and service mark PATSY'S, without

plaintiffs' authorization or consent.

17. On information and belief, defendants' restaurant, bakery, café and food store opened in October 2005, and offers a full Italian menu, as well as packaged food products. On the signage and in advertisements, defendants refer to their place of business as PATSY'S.

18. On information and belief, prior to October 2005, defendants did not operate any restaurant, bakery, café or food store, and did not sell packaged food products under plaintiffs' registered trademark and service mark PATSY'S.

19. On information and belief, by recently opening an Italian restaurant, bakery, café and food store and selling packaged food products under plaintiffs' registered mark in Staten Island, defendants have embarked upon a malicious and intentional scheme and plan to unfairly trade upon and appropriate to themselves plaintiffs' reputation and the success of their restaurant and packaged food products.

20. Patsy's restaurant services and defendants' restaurant, bakery and café services are competitive services offered in the same general channels of trade to similar classes of consumers. Therefore, consumers are likely to pay for defendants' unauthorized services believing that they emanate from or are sponsored by Patsy's.

21. On information and belief, Patsy's packaged food products

and defendants' packaged food products are closely related goods offered in the same general channels of trade to similar classes of consumers. Therefore, consumers are likely to purchase defendants' unauthorized food products believing that they emanate from or are sponsored by Patsy's.

22. Defendants' use of a counterfeit, copy or colorable imitation of plaintiffs' mark for its restaurant, bakery and café services and for its packaged food products was and is without plaintiffs' authorization or consent.

23. The advertising, distributing, offer for sale and sale by defendants of restaurant, bakery and café services and packaged food products under colorable imitations of Patsy's registered trademark and service mark PATSY'S has caused and is likely to cause confusion or mistake or deception of purchasers as to the source or origin of defendants' services and packaged food products.

24. Because current and future purchasers are likely to purchase defendants' unauthorized restaurant, bakery and café services and packaged food products bearing the PATSY'S mark believing they are genuine services, Patsy's has suffered and will continue to suffer a loss in new and repeat customers, to its substantial detriment.

25. Patsy's has no control over the quality of the services and food products advertised, distributed, offered for sale and

sold by defendants. By advertising, distributing, selling and offering for sale unauthorized restaurant, bakery and café services and packaged food products, defendants are attempting to subvert the right of Patsy's to control the quality of services and products bearing its registered trademark and service mark. The confusion as to source engendered by defendants leaves Patsy's' valuable goodwill in the PATSY'S mark at the mercy of defendants.

26. Continued advertising, sale and offer for sale of the unauthorized services and packaged food products by defendants has injured and will continue to injure the business reputation of Patsy's, to its substantial detriment.

27. The infringement by defendants has been willful and deliberate, designed specifically to trade upon the enormous goodwill associated with Patsy's mark PATSY'S for restaurant services and packaged food products in the United States and to capitalize on plaintiffs' initiative.

AS AND FOR A FIRST CLAIM FOR RELIEF FOR  
INFRINGEMENT OF FEDERALLY REGISTERED SERVICE MARK

28. Plaintiffs Patsy's repeats and realleges the allegations set forth in paragraphs 1 through 27 above, as though fully set forth herein.

29. This cause of action, arising under Section 32 of the Lanham Act, 15 U.S.C. § 1114, is for infringement of service marks registered by Patsy's in the United States Patent and Trademark

Office.

30. The unauthorized restaurant, bakery and café services advertised, sold and/or offered for sale by defendants bearing Patsy's federally registered service mark PATSY'S (U.S. Registration Nos. 3,009,836 and 3,009,866) or colorable variations thereof are likely to cause confusion, mistake or deception in that actual and potential customers are likely to believe that defendants' services are provided by, sponsored by, approved by, licensed by, affiliated with, or emanate from Patsy's, and defendants' acts constitute service mark infringement.

31. Defendants will continue his infringing acts unless enjoined by this Court. Patsy's has no adequate remedy at law.

AS AND FOR A SECOND CLAIM FOR RELIEF FOR  
INFRINGEMENT OF FEDERALLY REGISTERED TRADEMARK

32. Plaintiffs Patsy's repeats and realleges the allegations set forth in paragraphs 1 through 31 above, as though fully set forth herein.

33. This cause of action, arising under Section 32 of the Lanham Act, 15 U.S.C. § 1114, is for infringement of trademarks registered by Patsy's in the United States Patent and Trademark Office.

34. The unauthorized packaged food products advertised, distributed, sold and/or offered for sale by defendants bearing Patsy's federally registered trademark PATSY'S (U.S. Registration

Nos. 1,874,789; 2,777,068; and 2,845,063) or colorable variations thereof are likely to cause confusion, mistake or deception in that actual and potential customers are likely to believe that defendants' goods are provided by, sponsored by, approved by, licensed by, affiliated with, or emanate from Patsy's, and defendants' acts constitute trademark infringement.

35. Defendants will continue his infringing acts unless enjoined by this Court. Patsy's has no adequate remedy at law.

AS AND FOR A THIRD CLAIM FOR RELIEF FOR  
FOR INJURY TO BUSINESS REPUTATION

36. Patsy's repeats and realleges the allegations in paragraphs 1 through 35 above, as though fully set forth herein.

37. This cause of action arises under Section 360-1 of the General Business Law of the State of New York.

38. Defendants' acts are likely to injure the business reputation of Patsy's as consumers who are dissatisfied with the quality of defendants' unauthorized services and packaged food products will attribute their dissatisfaction to Patsy's.

39. Defendants will continue to impair Patsy's rights unless enjoined by this Court. Patsy's has no adequate remedy at law.

AS AND FOR A FOURTH CLAIM FOR RELIEF FOR  
COMMON LAW TRADEMARK INFRINGEMENT

40. Patsy's repeats and realleges the allegations in

paragraphs 1 through 39 above, as though fully set forth herein.

41. This cause of action arises under New York common law.

42. Defendants, by their acts, have unfairly competed with Patsy's and have infringed Patsy's common law rights in the mark PATSY'S, in violation of the common law of the State of New York.

43. Patsy's has been and is being damaged by such acts, and damage will continue unless defendants' acts are enjoined by this Court. Patsy's has no adequate remedy at law.

AS AND FOR AN FIFTH CLAIM FOR RELIEF  
FOR COMMON LAW UNFAIR COMPETITION

44. Patsy's repeats and realleges the allegations in paragraphs 1 through 43 above, as though fully set forth herein.

45. Defendants' advertisement, distribution, sale and/or offer for sale of unauthorized services and products bearing Patsy's registered mark PATSY'S or colorable variations thereof is likely to deceive or to confuse the trade and the general public as to the source or origin of defendants' services and goods and as to the existence of a relationship between Patsy's and defendants.

46. On information and belief, defendants are advertising, distributing, selling and/or offering for sale restaurant, bakery and café services and packaged food products under Patsy's well-known mark PATSY'S in a manner such as to pass off his services and goods as those of Patsy's and to capitalize on the initiative and goodwill of Patsy's.

47. By the acts alleged above, defendants have impaired Patsy's' goodwill and has otherwise adversely affected Patsy's business by the use of unfair and improper business practices, in violation of the common law of unfair competition of the State of New York.

48. Patsy's has been and is being damaged by such unfair competition and damage will continue unless defendants' acts are enjoined by this Court. Patsy's has no adequate remedy at law.

**WHEREFORE**, plaintiffs Patsy's Italian Restaurant, Inc. and Patsy's Brand, Inc. demand judgment:

(a) Preliminarily and permanently enjoining defendants, their officers, directors, agents, servants, employees and attorneys, heirs and assigns, and all those acting in concert or participation with them:

1. from advertising, promoting, selling and offering for sale restaurant, bakery and café services or packaged food products under Patsy's federally registered mark PATSY'S or any colorable variation thereof or any confusingly similar mark;

2. from representing that defendants' services or goods are affiliated with, related to, or sponsored by Patsy's Italian Restaurant, Inc. or Patsy's Brand, Inc. or suggesting any connection with either of them;

3. from using any signage, advertising, promotional

material, packaging or the like which contains an express or implied claim that defendants' restaurant, bakery and café or packaged food products are affiliated with or sponsored by Patsy's Italian Restaurant, Inc. or Patsy's Brand, Inc.; and

4. from committing any acts which are likely to injure plaintiffs' business reputation.

(b) Ordering defendants to pay their profits to Patsy's and any damages sustained by Patsy's as a result of defendants' acts, pursuant to 15 U.S.C. § 1117(a), or any other damages recoverable under any other statute alleged in this Complaint;

(c) Ordering defendants to pay to Patsy's three times the amount of Patsy's actual damages due to the exceptional circumstances of this case, pursuant to 15 U.S.C. § 1117(b);

(d) Ordering that all merchandise bearing Patsy's registered mark PATSY'S or colorable variations thereof, and all advertising, packaging and labeling therefore, within the possession, custody or control of defendant, be delivered up to Patsy's for destruction, pursuant to 15 U.S.C. § 1118;

(e) Awarding Patsy's its attorneys' fees and costs against defendants because of the exceptional nature of this case, pursuant to 15 U.S.C. § 1117(a); and

(f) Granting such other and further relief as this Court deems just and proper.

COOPER & DUNHAM LLP

Dated: September 29, 2006  
New York, New York

By Robert T. Maldonado  
Norman H. Zivin (NZ-6053)  
Robert T. Maldonado (RM-7873)  
Tonia A. Sayour (TS-7208)  
1185 Avenue of the Americas  
New York, New York 10036  
(212) 278-0400

Attorneys for Plaintiffs  
PATSY'S ITALIAN RESTAURANT, INC.  
and PATSY'S BRAND, INC.

**Int. Cl.: 42**

**Prior U.S. Cls.: 100 and 101**

**Reg. No. 3,009,836**

**Registered Nov. 1, 2005**

**United States Patent and Trademark Office**

**SERVICE MARK  
PRINCIPAL REGISTER**



**PATSY'S ITALIAN RESTAURANT, INC. (NEW  
YORK CORPORATION)  
236 WEST 56TH STREET  
NEW YORK, NY 10019**

**FIRST USE 0-0-1944; IN COMMERCE 0-0-1944.**

**SER. NO. 75-811,610, FILED 9-30-1999.**

**FOR: RESTAURANT SERVICES, IN CLASS 42  
(U.S. CLS. 100 AND 101).**

**KAREN M. STRYZ, EXAMINING ATTORNEY.**

**Int. Cl.: 42**

**Prior U.S. Cls.: 100 and 101.**

**Reg. No. 3,009,866**

**Registered Nov. 1, 2005**

**United States Patent and Trademark Office**

**SERVICE MARK  
PRINCIPAL REGISTER**

**PATSY'S**

**PATSY'S ITALIAN RESTAURANT, INC. (NEW  
YORK CORPORATION)  
236 WEST 56TH STREET  
NEW YORK, NY 10019**

**OWNER OF U.S. REG. NO. 1,874,789.**

**SER. NO. 76-242,314, FILED 4-13-2001.**

**FOR: RESTAURANT SERVICES NOT INCLUD-  
ING PIZZA, IN CLASS 42 (U.S. CLS. 100 AND 101).**

**FIRST USE 0-0-1944; IN COMMERCE 0-0-1944.**

**KAREN M. STRYZ, EXAMINING ATTORNEY**

**Int. Cl.: 30**

**Prior U.S. Cl.: 46**

**United States Patent and Trademark Office**

**Reg. No. 1,874,789**  
Registered Jan. 17, 1995

**TRADEMARK  
PRINCIPAL REGISTER**



**PATSY'S BRAND, INC. (NEW YORK CORPORATION)  
236 WEST 36TH STREET  
NEW YORK, NY 10019**

**FOR: SAUCES, IN CLASS 30 (U.S. CL. 46).  
FIRST USE 2-15-1994; IN COMMERCE  
2-15-1994.**

**NO CLAIM IS MADE TO THE EXCLUSIVE  
RIGHT TO USE "SINCE 1944", APART FROM  
THE MARK AS SHOWN.**

**SN 74-400,856, FILED 6-14-1993.**

**PATRICIA MALESARDI, EXAMINING ATTORNEY**

**Int. Cl.: 30**

**Prior U.S. Cl.: 46**

**Reg. No. 2,777,068**

**United States Patent and Trademark Office**

**Registered Oct. 28, 2003**

**TRADEMARK  
PRINCIPAL REGISTER**

**PATSY'S**

**PATSY'S BRAND, INC. (NEW YORK CORPORATION)  
236 WEST 56TH ST.  
NEW YORK, NY 10019**

**OWNER OF U.S. REG. NO. 1,874,789.**

**SER. NO. 75-342,206, FILED 8-18-1997.**

**FOR: SAUCES, IN CLASS 30 (U.S. CL. 46).**

**FIRST USE 2-15-1994; IN COMMERCE 2-15-1994.**

**KAREN M. STRYZ, EXAMINING ATTORNEY**

**Int. Cls.: 29 and 30**

**Prior U.S. Cl.: 46**

**Reg. No. 2,845,063**

**United States Patent and Trademark Office**

**Registered May 25, 2004**

**TRADEMARK  
PRINCIPAL REGISTER**

**PATSY'S**

**PATSY'S BRAND, INC. (NEW YORK CORPORATION)  
236 WEST 56TH ST.  
NEW YORK, NY 10019**

**FOR: OLIVE OIL; EXTRA VIRGIN OIL; CHEESE;  
ROASTED PEPPERS AND PROCESSED EGG-  
PLANT, IN CLASS 29 (U.S. CL. 46).**

**FIRST USE 5-0-2000; IN COMMERCE 5-0-2000.**

**FOR: CHEESE RAVIOLI; MANICOTTI; LASAG-  
NA; PASTA; VINEGAR; PASTRIES, NAMELY, TIR-  
AMISU, IN CLASS 30 (U.S. CL. 46).**

**FIRST USE 5-0-2000; IN COMMERCE 5-0-2000.**

**OWNER OF U.S. REG. NO. 1,874,789.**

**SN 75-391,165, FILED 11-17-1997.**

**KAREN M. STRYZ, EXAMINING ATTORNEY**



UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

-----X

PATSY'S ITALIAN RESTAURANT, INC.,

Plaintiff,

v.

ANTHONY BANAS d/b/a PATSY'S and  
d/b/a PATSY'S PIZZERIA TRATTORIA  
IMPAZZIRE; ALLAN ZYLLER d/b/a  
PATSY'S and d/b/a PATSY'S PIZZERIA  
TRATTORIA IMPAZZIRE;  
AL & ANTHONY'S PATSY'S, INC.; IOB  
REALTY, INC., PATSY'S, INC. and  
BSZ REALTY CORP.

Defendants.

-----X

Civil Action No. 06 CV 05857 (DLI-RER)

JURY TRIAL DEMANDED

**FIRST AMENDED COMPLAINT**

Plaintiff, Patsy's Italian Restaurant, Inc., by its attorneys, for its Complaint against Defendants Anthony Banas d/b/a Patsy's and d/b/a Patsy's Pizzeria Trattoria Impazzire; Allan Zyller d/b/a Patsy's and d/b/a Patsy's Pizzeria Trattoria Impazzire; Al & Anthony's Patsy's, Inc.; and BSZ Realty Corp. (collectively referred to as "Defendants"), alleges as follows:

THE PARTIES

1. Patsy's Italian Restaurant, Inc. ("Patsy's Restaurant" or "Plaintiff") is a corporation organized and existing under the laws of the State of New York. Patsy's Restaurant has its principal place of business at 236 West 56th Street, New York, New York

10019.

2. On information and belief, Defendant Anthony Banas ("Banas") is an individual who is doing business as Patsy's and Patsy's Pizzeria Trattoria Impazzire. On information and belief, Defendant Banas is conducting such business at 407 Jericho Turnpike, Syosset, New York 11791 and resides at 150 Rockville Avenue, Staten Island, New York 10314, both within this Judicial District.

3. On information and belief, Defendant Allan Zyller ("Zyller") is an individual who is doing business as Patsy's and Patsy's Pizzeria Trattoria Impazzire. On information and belief, Defendant Zyller is conducting such business at 407 Jericho Turnpike, Syosset, New York 11791 and resides at 27 Timber Ridge Drive, Hauppauge, New York 11788, both within this Judicial District.

4. On information and belief, Defendant Al & Anthony's Patsy's, Inc. ("Al & Anthony's Patsy's") is a corporation organized and existing under the laws of the State of New York. On information and belief, Al & Anthony's Patsy's has an address at 27 Timber Ridge Drive, Hauppauge, New York 11788, within this Judicial District.

5. On information and belief, Defendant BSZ Realty Corp. ("BSZ Realty") is a corporation organized and existing under the laws of the State of New York. On information and belief, BSZ

Realty has an address at 27 Timber Ridge Drive, Hauppauge, New York 11788, within this Judicial District.

NATURE OF CLAIMS, JURISDICTION AND VENUE

6. This action arises under the trademark and unfair competition laws of the United States (15 U.S.C. Sections 1114(1) and 1125(a)), and under the common and statutory unfair competition laws of the State of New York (Section 360-1 of New York General Business Law).

7. Jurisdiction of this Court is founded upon 15 U.S.C. § 1121, 28 U.S.C. §§ 1331 and 1338 (a) and (b), and the pendent jurisdiction of this Court, 28 U.S.C. § 1367.

8. Venue is proper within this Judicial District under 28 U.S.C. § 1391(b) and (c).

ALLEGATIONS COMMON TO ALL CLAIMS FOR RELIEF

9. In about 1944, Pasquale Scognamillo opened an Italian restaurant on West 56th Street in New York City called "Patsy's," which Plaintiff still operates today. "Patsy's" Restaurant has been a family-owned restaurant for more than 60 years.

10. Since it opened in 1944, Patsy's Restaurant has enjoyed an outstanding reputation for serving fine Italian cuisine in New York City. Patsy's Restaurant has received much critical acclaim and has attracted celebrities, including particularly Frank Sinatra, whose visits to Patsy's Restaurant regularly were reported by the media.

11. Patsy's Restaurant enjoys a nationwide reputation for quality restaurant services.

12. Patsy's Restaurant is the owner of the PATSY'S service mark, which has been registered for restaurant services upon the Principal Register of the United States Patent and Trademark Office as Registration Nos. 3,009,836 and 3,009,866, both issued November 1, 2005. Copies of these registrations are attached hereto as Exhibits A and B. The registrations are valid and subsisting.

13. Patsy's Restaurant is also well-known for its high quality sauces and specialty food products. In about 1993, Patsy's Restaurant formed an affiliated company known as Patsy's Brand, Inc. ("Patsy's Brand"), which markets and sells sauces and packaged food products, such as roasted vegetables, olive oil and frozen pasta, under the trademark PATSY'S.

14. Patsy's Brand sells its high-quality line of PATSY'S sauces and packaged food products in Patsy's Restaurant, as well as in department stores, specialty food stores, and supermarkets throughout the United States, including the State of New York. Its products enjoy a nationwide reputation for quality. The nationwide sale of PATSY'S food products enhances the national reputation of Patsy's Restaurant.

15. PATSY'S food products also are sold on national television and are recognized by consumers throughout the United States.

16. In addition, Plaintiff's famous chef, Sal Scognamillo, regularly appears on national and regional television and radio programs, and his appearances bolster the national reputation of Patsy's Restaurant. Mr. Scognamillo has also authored a cookbook entitled "Patsy's Cookbook" which was published in 2002. Over 40,000 copies of Patsy's Cookbook have been sold throughout the United States.

17. On information and belief, Defendants are involved in the Italian restaurant business in Syosset, Long Island at 407 Jericho Turnpike, within this Judicial District, under Plaintiff's registered service mark PATSY'S, without Plaintiff's authorization or consent.

18. On information and belief, Defendant BSZ Realty is a corporation recently named on the liquor license application for the Syosset restaurant located at 407 Jericho Turnpike.

19. On information and belief, Defendants' restaurant has opened to the public. On the signage, Defendants refer to their place of business as PATSY'S.

20. On February 17, 2006, Patsy's Restaurant and Patsy's Brand brought suit against Defendant Banas in this Judicial District for trademark infringement, injury to business reputation and unfair competition arising out of Banas' unauthorized operation of an Italian restaurant, a bakery, a café and a food store in Staten Island under Patsy's Restaurant's and Patsy's Brand's

registered trademark and service mark PATSY'S. See Civil Action No. 06-CV-00729 (DLI-RER).

21. After counsel for Banas' repeated assurances that Banas had closed the Staten Island restaurant and was no longer in business, Patsy's Restaurant and Patsy's Brand entered into settlement discussions with Defendant Banas. During the settlement discussions, Patsy's Restaurant discovered that Banas and the other Defendants in this case were in the midst of opening up the restaurant in Syosset under Plaintiff's registered service mark PATSY'S.

22. Defendants have opened an Italian restaurant under Plaintiff's mark PATSY'S with full knowledge of Plaintiff's ownership and exclusive rights in the mark.

23. On information and belief, by opening an Italian restaurant under Plaintiff's registered mark in Syosset, Defendants have embarked upon a malicious and intentional scheme and plan to unfairly trade upon and appropriate to themselves Plaintiff's reputation and the success of its restaurant.

24. Plaintiff's restaurant services and Defendants' restaurant services are competitive services offered in the same general channels of trade to similar classes of consumers. Therefore, consumers are likely to pay for Defendants' unauthorized services believing that they emanate from or are sponsored by Patsy's Restaurant.

25. Defendants' use of a counterfeit, copy or colorable imitation of Plaintiff's mark for its restaurant services was and is without Plaintiff's authorization or consent.

26. The advertising, offer for sale and/or sale by Defendants of restaurant services under colorable imitations of Patsy's Restaurant's registered service mark PATSY'S already has caused and is likely to cause confusion or mistake or deception of purchasers as to the source or origin of Defendants' services.

27. Because future customers are likely to purchase Defendants' unauthorized restaurant services in connection with the PATSY'S mark believing they are genuine services, Patsy's Restaurant has suffered and will continue to suffer a loss in new and repeat customers, to its substantial detriment.

28. Patsy's Restaurant has no control over the quality of the services advertised, offered for sale and/or sold by Defendants. By advertising, offering for sale and/or selling unauthorized restaurant services, Defendants are attempting to subvert the right of Patsy's Restaurant to control the quality of services bearing its registered service mark. The confusion as to source engendered by Defendants leaves Patsy's Restaurant's valuable goodwill in the PATSY'S mark at the mercy of Defendants.

29. Continued advertising, offering for sale, and/or selling of the unauthorized services by Defendants has injured and will continue to injure the business reputation of Patsy's Restaurant,

to its substantial detriment.

30. The infringement by Defendants has been willful and deliberate, with full knowledge of Plaintiff's rights, and designed specifically to trade upon the enormous goodwill associated with Patsy's Restaurant's mark PATSY'S for restaurant services in the United States and to capitalize on Plaintiff's initiative.

AS AND FOR A FIRST CLAIM FOR RELIEF FOR  
INFRINGEMENT OF FEDERALLY REGISTERED SERVICE MARK

31. Plaintiff Patsy's Restaurant repeats and realleges the allegations set forth in paragraphs 1 through 28 above, as though fully set forth herein.

32. This cause of action, arising under Section 32 of the Lanham Act, 15 U.S.C. § 1114, is for infringement of service marks registered by Patsy's Restaurant in the United States Patent and Trademark Office.

33. Defendants' advertising, offering for sale and/or selling of restaurant services under the federally registered service mark PATSY'S (U.S. Registration Nos. 3,009,836 and 3,009,866) or colorable variations thereof is likely to cause confusion, mistake or deception in that actual and potential customers are likely to believe that Defendants' services are provided by, sponsored by, approved by, licensed by, affiliated with, or emanate from Patsy's Restaurant, and Defendants' acts constitute service mark infringement.

34. Defendants will continue their infringing acts unless

enjoined by this Court. Patsy's Restaurant has no adequate remedy at law.

AS AND FOR A SECOND CLAIM FOR RELIEF FOR VIOLATION OF  
§43(a) OF THE LANHAM ACT, 15 U.S.C. §1125(a)

35. Patsy's Restaurant repeats and realleges the allegations in paragraphs 1 through 32 above, as though fully set forth herein.

36. Defendants' advertising, offering for sale, and/or selling of restaurant services under the federally registered service mark PATSY'S (U.S. Registration Nos. 3,009,836 and 3,009,866) or colorable variations thereof, constitutes a false designation of origin that is likely to cause confusion, mistake or deception as to origin, sponsorship or approval and therefore constitutes unfair competition, in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

37. Defendants' advertising, offering for sale, and/or selling of restaurant services under the federally registered service mark PATSY'S (U.S. Registration Nos. 3,009,836 and 3,009,866) or colorable variations thereof, constitutes a false representation that is likely to cause confusion, mistake and/or deceive the consuming public as to the affiliation and/or connection of Defendants' services as originating from or being sponsored by Patsy's Restaurant when, in fact, they are not.

38. Defendants' complained-of acts are willful and have damaged Patsy's Restaurant, and unless restrained will continue to damage Patsy's Restaurant, including causing irreparable injury to its reputation and goodwill. Patsy's Restaurant has no adequate

remedy at law.

AS AND FOR A THIRD CLAIM FOR RELIEF  
FOR INJURY TO BUSINESS REPUTATION

39. Patsy's Restaurant repeats and realleges the allegations in paragraphs 1 through 36 above, as though fully set forth herein.

40. This cause of action arises under Section 360-1 of the General Business Law of the State of New York.

41. Defendants' acts are likely to injure the business reputation of Patsy's Restaurant as customers who are dissatisfied with the quality of Defendants' unauthorized services will attribute their dissatisfaction to Patsy's Restaurant.

42. Defendants will continue to impair Patsy's Restaurant's rights unless enjoined by this Court. Patsy's Restaurant has no adequate remedy at law.

AS AND FOR A FOURTH CLAIM FOR RELIEF FOR  
COMMON LAW TRADEMARK INFRINGEMENT

43. Patsy's Restaurant repeats and realleges the allegations in paragraphs 1 through 40 above, as though fully set forth herein.

44. This cause of action arises under New York common law.

45. Defendants, by their acts, have unfairly competed with Patsy's Restaurant and have infringed Patsy's Restaurant's common law rights in the mark PATSY'S, in violation of the common law of the State of New York.

46. Patsy's Restaurant has been and is being damaged by such acts, and damage will continue unless Defendants' acts are enjoined

by this Court. Patsy's Restaurant has no adequate remedy at law.

AS AND FOR AN FIFTH CLAIM FOR RELIEF  
FOR COMMON LAW UNFAIR COMPETITION

47. Patsy's Restaurant repeats and realleges the allegations in paragraphs 1 through 44 above, as though fully set forth herein.

48. Defendants' advertisement, offer for sale and/or sale of unauthorized services bearing Patsy's Restaurant's registered mark PATSY'S or colorable variations thereof is likely to deceive or to confuse the trade and the general public as to the source or origin of Defendants' services and as to the existence of a relationship between Patsy's Restaurant and Defendants.

49. On information and belief, Defendants are advertising, offering for sale, and/or selling restaurant services under Patsy's Restaurant's well-known mark PATSY'S in a manner such as to pass off their services as those of Patsy's Restaurant and to capitalize on the initiative and goodwill of Patsy's Restaurant.

50. By the acts alleged above, Defendants have impaired Patsy's Restaurant's goodwill and have otherwise adversely affected Patsy's Restaurant's business by the use of unfair and improper business practices, in violation of the common law of unfair competition of the State of New York.

51. Patsy's Restaurant has been and is being damaged by such unfair competition and damage will continue unless Defendants' acts are enjoined by this Court. Patsy's Restaurant has no adequate remedy at law.

**WHEREFORE**, Plaintiff Patsy's Italian Restaurant, Inc. demands judgment:

(a) Preliminarily and permanently enjoining Defendants, their agents, servants, employees and attorneys, and all those acting in concert or participation with them:

1. from advertising, promoting, selling and offering for sale restaurant services under Patsy's Restaurant's federally registered mark PATSY'S or any colorable variation thereof or any confusingly similar mark;

2. from representing that Defendants' services are affiliated with, related to, or sponsored by Patsy's Italian Restaurant, Inc. or suggesting any connection with it;

3. from using any signage, advertising, promotional material, packaging or the like which contains an express or implied claim that Defendants' restaurant is affiliated with or sponsored by Patsy's Italian Restaurant, Inc.; and

4. from committing any acts which are likely to injure Plaintiff's business reputation.

(b) Ordering Defendants to pay their profits to Patsy's Restaurant and any damages sustained by Patsy's Restaurant as a result of Defendants' acts, pursuant to 15 U.S.C. § 1117(a), or any other damages recoverable under any other statute alleged in this Complaint;

(c) Ordering Defendants to pay to Patsy's Restaurant three

times the amount of Patsy's Restaurant's actual damages due to the exceptional circumstances of this case, pursuant to 15 U.S.C. § 1117(b);

(d) Ordering that all products, signs, containers, menus or the like bearing Patsy's Restaurant's registered mark PATSY'S or colorable variations thereof, and all advertising therefore, within the possession, custody or control of Defendants, be delivered to Patsy's Restaurant for destruction, pursuant to 15 U.S.C. § 1118;

(e) Awarding Patsy's Restaurant its attorneys' fees and costs against Defendants because of the exceptional nature of this case, pursuant to 15 U.S.C. § 1117(a); and

(f) Granting such other and further relief as this Court deems just and proper.

COOPER & DUNHAM LLP

Dated: December 22, 2006  
New York, New York

/s Robert T. Maldonado /  
Norman H. Zivin (NZ-6053)  
Robert T. Maldonado (RM-7873)  
Tonia A. Sayour (TS-7208)  
1185 Avenue of the Americas  
New York, New York 10036  
(212) 278-0400

Attorneys for Plaintiff  
PATSY'S ITALIAN RESTAURANT, INC.

Int. Cl.: 42

Prior U.S. Cls.: 100 and 101

Reg. No. 3,009,836

**United States Patent and Trademark Office**

Registered Nov. 1, 2005

**SERVICE MARK  
PRINCIPAL REGISTER**



PATSY'S ITALIAN RESTAURANT, INC. (NEW  
YORK CORPORATION)  
236 WEST 56TH STREET  
NEW YORK, NY 10019

FIRST USE 0-0-1944; IN COMMERCE 0-0-1944.

SER. NO. 75-811,610, FILED 9-30-1999.

FOR: RESTAURANT SERVICES, IN CLASS 42  
(U.S. CLS. 100 AND 101).

KAREN M. STRYZ, EXAMINING ATTORNEY

**Int. Cl.: 42**

**Prior U.S. Cls.: 100 and 101**

**Reg. No. 3,009,866**

**United States Patent and Trademark Office**

**Registered Nov. 1, 2005**

**SERVICE MARK  
PRINCIPAL REGISTER**

**PATSY'S**

**PATSY'S ITALIAN RESTAURANT, INC. (NEW YORK CORPORATION)  
236 WEST 56TH STREET  
NEW YORK, NY 10019**

**OWNER OF U.S. REG. NO. 1,874,789.**

**SER. NO. 76-242,314, FILED 4-13-2001.**

**FOR: RESTAURANT SERVICES NOT INCLUDING PIZZA, IN CLASS 42 (U.S. CLS. 100 AND 101).**

**FIRST USE 0-0-1944; IN COMMERCE 0-0-1944.**

**KAREN M. STRYZ, EXAMINING ATTORNEY**



Kieran X. Bastible (KB-9300)  
MEYER, SUOZZI, ENGLISH & KLEIN, P.C.  
990 Stewart Avenue  
P.O. Box 9194  
Garden City, New York 11530-9194  
(516) 741-6565  
KBastible@msek.com

Paul Grandinetti  
Rebecca J. Stempien  
LEVY & GRANDINETTI  
1725 K Street, N.W., Suite 408  
Washington, D.C. 20006-1419  
Telephone (202) 429-4560  
mail@levygrandinetti.com  
**Attorney for Defendants**

**IN THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

PATSY'S ITALIAN RESTAURANT, INC.,	)	
	)	Civil Action No. 06-CV-5857
Plaintiff,	)	
	)	<b>AMENDED ANSWER AND</b>
v.	)	<b>COUNTERCLAIM OF</b>
	)	<b>DEFENDANTS</b>
ANTHONY BANAS, ALLAN ZYLLER,	)	
AL & ANTHONY'S PATSY'S, INC.,	)	
I.O.B. REALTY, INC., PATYS'S INC., and	)	
BSZ REALTY CORP,	)	DEMAND FOR JURY TRIAL
	)	
Defendants.	)	
	)	

The Defendants, Anthony Banas ("Banas"), Allan Zyller ("Zyller"), Al & Anthony's Patsy's Inc., Patsy's Inc., and I.O.B. Realty, Inc. ("I.O.B. Realty") and BSZ Realty Corp. (BSZ Realty) (collectively, "Defendants"), by and through counsel, answers the allegations set forth in the Amended Complaint ("Complaint") as follows.

**DEMAND FOR JURY TRIAL**

The Defendants demand a jury trial on all issues so triable in this matter.

**THE PARTIES**

1. The Defendants deny knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in Paragraph 1 of the Complaint.

2. The Defendants admit the allegations set forth in Paragraph 2 of the Complaint except they deny that Defendant Banas is doing business as Patsy's and Patsy's Pizzeria Trattoria Impazzire or that he is conducting such business at 407 Jericho Turnpike, Syosset, New York 11791.

3. The Defendants admit the allegations set forth in Paragraph 3 of the Complaint except they deny that Defendant Zyller is doing business as Patsy's and Patsy's Pizzeria Trattoria Impazzire or that he is conducting such business at 407 Jericho Turnpike, Syosset, New York 11791.

4. The Defendants admit the allegations set forth in Paragraph 4 of the Complaint.

5. The Defendants admit the allegations set forth in Paragraph 5 of the Complaint.

**NATURE OF CLAIMS, JURISDICTION AND VENUE**

6. The Defendants deny the allegations set forth in Paragraph 6 of the Complaint except they admit that the Plaintiff purports to bring this action pursuant to 15 U.S.C. Sections 1114(1) and 1125(a) and Section 360-1 of New York General Business Law.

7. The Defendants admit the allegations set forth in Paragraph 7 of the Complaint.

8. The Defendants admit the allegations set forth in Paragraph 8 of the Complaint.

**ALLEGATIONSS COMMON TO ALL CLAIMS FOR RELIEF**

9. The Defendants lack knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in Paragraph 9 of the Complaint and therefore deny the same.

10. The Defendants lack knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in Paragraph 10 of the Complaint and therefore deny the same.

11. The Defendants lack knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in Paragraph 11 and therefore deny the same.

12. The Defendants deny the allegations concerning the validity of Plaintiffs' marks and admit the remaining allegations set forth in Paragraph 12 of the Complaint.

13. The Defendants lack knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in Paragraph 13 of the Complaint and therefore deny the same.

14. The Defendants lack knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in Paragraph 14 of the Complaint and therefore deny the same.

15. The Defendants lack knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in Paragraph 15 of the Complaint and therefore deny the same.

16. The Defendants lack knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in Paragraph 16 of the Complaint and therefore deny the same.

17. The Defendants deny the allegations set forth in Paragraph 17 of the Complaint.

18. The Defendants admit the allegations set forth in Paragraph 18 of the Complaint.

19. The Defendants admit that Defendants' restaurant has opened to the public and deny the remaining allegations set forth in Paragraph 19 of the Complaint.

20. The Defendants admit that suit has been filed against Defendant Banas and deny the remaining allegations set forth in Paragraph 20 of the Complaint. The Defendants respectfully refer the Court to the cited action for a factual understanding of its proceedings.

21. The Defendants lack knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in Paragraph 21 of the Complaint and therefore deny the same.

22. The Defendants deny the allegations set forth in Paragraph 22 of the Complaint.

23. The Defendants deny the allegations set forth in Paragraph 23 of the Complaint.

24. The Defendants neither admit nor deny the legal assertions and conclusion contained in Paragraph 24 of the Complaint, leaving all questions of law for the Court, but deny having knowledge or information sufficient to form a belief as to the truth or falsity of the factual assertions set forth in Paragraph 24 of the Complaint.

25. The Defendants deny the allegations set forth in Paragraph 25 of the Complaint.

26. The Defendants deny the allegations set forth in Paragraph 26 of the Complaint.

27. The Defendants deny the allegations set forth in Paragraph 27 of the Complaint.

28. The Defendants deny the allegations set forth in Paragraph 28 of the Complaint except they admit that Patsy's Restaurant has no control over the quality of the services advertised and offered for sale by the Defendants.

29. The Defendants deny the allegations set forth in Paragraph 29 of the Complaint.

30. The Defendants deny the allegations set forth in Paragraph 30 of the Complaint.

**ANSWER TO FIRST CLAIM FOR RELIEF FOR INFRINGEMENT  
OF FEDERALLY REGISTERED SERVICE MARK**

31. The Defendants incorporate Paragraphs 1 through 30 as if fully restated herein.

32. The Defendants deny the allegations set forth in Paragraph 32 of the Complaint except admit that the Plaintiff purports to state a cause of action pursuant to the Lanham Act, 15 U.S.C. § 1114.

33. The Defendants deny the allegations set forth in Paragraph 33 of the Complaint.

34. The Defendants deny the allegations set forth in Paragraph 34 of the Complaint.

**ANSWER TO SECOND CLAIM FOR RELIEF FOR VIOLATION  
OF § 43(a) OF THE LANHAM ACT, 15 U.S.C. § 1125(a)**

35. The Defendants incorporate Paragraphs 1 through 34 as if fully restated herein.

36. The Defendants deny the allegations set forth in Paragraph 36 of the Complaint.

37. The Defendants deny the allegations set forth in Paragraph 37 of the Complaint.

38. The Defendants deny the allegations set forth in Paragraph 38 of the Complaint.

**ANSWER TO THIRD CLAIM FOR RELIEF FOR  
INJURY TO BUSINESS REPUTATION**

39. The Defendants incorporate Paragraphs 1 through 38 as if fully restated herein.

40. The Defendants deny the allegations set forth in Paragraph 40 of the Complaint except admit that the Plaintiff purports to state a cause of action pursuant to Section 360-1 of the General Business Law of the State of New York.

41. The Defendants deny the allegations set forth in Paragraph 41 of the Complaint.

42. The Defendants deny the allegations set forth in Paragraph 42 of the Complaint.

**ANSWER TO FOURTH CLAIM FOR RELIEF FOR  
COMMON LAW TRADEMARK INFRINGEMENT**

43. The Defendants incorporate Paragraphs 1 through 42 as if fully restated herein.

44. The Defendants deny the allegations set forth in Paragraph 44 of the Complaint except admit that Plaintiff purports to state a cause of action pursuant to New York common law.

45. The Defendants deny the allegations set forth in Paragraph 45 of the Complaint.

46. The Defendants deny the allegations set forth in Paragraph 46 of the Complaint.

**ANSWER TO FIFTH CLAIM FOR RELIEF FOR  
COMMON LAW UNFAIR COMPETITION**

47. The Defendants incorporate Paragraphs 1 through 46 as if fully restated herein.

48. The Defendants deny the allegations set forth in Paragraph 48 of the Complaint.

49. The Defendants deny the allegations set forth in Paragraph 49 of the Complaint.

50. The Defendants deny the allegations set forth in Paragraph 50 of the Complaint.

51. The Defendants deny the allegations set forth in Paragraph 51 and of the

remainder of the Complaint.

**AFFIRMATIVE DEFENSES**

52. The Defendants incorporate Paragraphs 1 through 51 as if fully restated herein.

53. In further response to the Complaint, and as separate affirmative defenses, the

Defendants allege as follows.

**First Affirmative Defense**

The Plaintiff has not alleged any valid trademark, service mark, or other mark which has been infringed.

**Second Affirmative Defense**

The Plaintiff has filed this case in bad faith.

**Third Affirmative Defense**

The Plaintiff does not have the right or standing to bring the claims.

**Fourth Affirmative Defense**

The Plaintiff has failed to make a prior notice or demand of any claim.

**Fifth Affirmative Defense**

The alleged misuse of a service mark, if any, was inadvertent, unintentional, and made in good faith.

**Sixth Affirmative Defense**

There has been no misleading description or false or misleading representation.

**Seventh Affirmative Defense**

There has been no use of any of the Plaintiff's Marks in connection with the selling, sale, distribution, or advertising of goods and services.

**Eighth Affirmative Defense**

There has been no use of any of the Plaintiff's Marks in a manner likely to confuse consumers.

**Ninth Affirmative Defense**

The Plaintiff has failed to provide notice by using the symbol "TM" or "®" with the use of one or more of the Plaintiff's Marks and, therefore, the Plaintiff is limited to the type of damages that may be recovered.

**Tenth Affirmative Defense**

The Plaintiff's claims are barred, in whole or in part, by the doctrine of fair use.

**Eleventh Affirmative Defense**

The Plaintiff's claims are barred, in whole or in part, because they fail to satisfy the legal and factual requirements sufficient to maintain the cited cause of action.

**Twelfth Affirmative Defense**

The Plaintiff's claims are barred, in whole or in part, because the Plaintiff has filed a sham litigation.

**Thirteenth Affirmative Defense**

Defendant I.O.B. Realty possesses licensable rights, as expressly acknowledged by the Second Circuit, to the service mark PATSY'S PIZZERIA which are not subject to interference by the Plaintiff.

**Fourteenth Affirmative Defense**

The Plaintiff's claims are barred, in whole or in part, because the registered marks of the Plaintiff are unenforceable.

**Fifteenth Affirmative Defense**

The Plaintiff's claims are barred, in whole or in part, by the doctrine of laches.

**Sixteenth Affirmative Defense**

The Plaintiff's claims are barred, in whole or in part, by the doctrine of unclean hands.

**Seventeenth Affirmative Defense**

The Plaintiff's claims are barred, in whole or in part, because one or more of the registered or other marks of the Plaintiff are invalid.

**Eighteenth Affirmative Defense**

The Plaintiff's claims are barred, in whole or in part, by the doctrine of trademark misuse.

**Nineteenth Affirmative Defense**

The Plaintiff's claims are barred, in whole or in part, because the Plaintiff lacks a protectable interest in one or more of the marks asserted.

**Twentieth Affirmative Defense**

The Plaintiff's claims are barred, in whole or in part, because of fraud on the U.S. Patent and Trademark Office and/or this Court by the Plaintiff.

### **COUNTERCLAIM**

Defendants, by and through their attorneys, for its counterclaim against Plaintiff assert as follows.

#### **NATURE OF COUNTERCLAIM, JURISDICTION, AND VENUE**

1. This counterclaim is for declaratory judgment pursuant to FED. R. CIV. P. 57 and 28 U.S.C. § 2201 (a) *et seq.*, for the purposes of determining questions of actual controversy between the parties with regard to U.S. Trademark Registration Numbers 3,009,836 and 3,009,866 (the "Patsy's Restaurant Marks"), issued November 1, 2005, and assigned to Patsy's Italian Restaurant, Inc. ("Patsy's Restaurant" or "Plaintiff").

2. Jurisdiction of this Court is founded upon 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331 and 1338.

3. Venue is proper within this Judicial District under 28 U.S.C. § 1391.

#### **PARTIES**

4. The Plaintiff Patsy's Restaurant is a corporation organized under the laws of the State of New York with its principal place of business in New York, New York.

5. The Defendant Anthony Banas is an individual conducting business in New York and who can receive service at Patsy's Pizzeria, 407 Jericho Turnpike, Syosset, New York 11791.

6. The Defendant Allan Zyller is an individual conducting business as Patsy's Pizzeria at 407 Jericho Turnpike, Syosset, New York 11791.

7. The Defendant Al & Anthony's Patsy's, Inc. is a corporation organized under the laws of the State of New York conducting business at 27 Timber Ridge Drive, Hauppauge, New York 11788.

8. The Defendant Patsy's Inc. is a corporation organized under the laws of the State of New York with its principal place of business at 2287 First Avenue, New York, New York 10035.

9. The Defendant I.O.B. Realty, Inc., is a corporation organized under the laws of the State of New York with its principal place of business at 2287 First Avenue, New York, New York 10035.

10. The Defendant BSZ Realty Corp., is a corporation organized under the laws of the State of New York with its principal place of business at 27 Timber Ridge Drive, Hauppauge, New York, 11788.

#### COUNT I

#### **Declaratory Judgment that U.S. Trademark Registration Numbers 3,009,836 and 3,009,866 Are Not Infringed or Are Invalid**

11. On or about October 30, 2006, Patsy's Restaurant filed a Complaint against the Defendants, initiating the present action and asserting and seeking to enforce its alleged intellectual property rights with respect to the Patsy's Restaurant Marks.

12. In Paragraph 11 and throughout the Complaint, the Plaintiff alleges that the Defendants are using the Patsy's Restaurant Marks.

13. The actual trademark used by the Defendants is PATSY'S PIZZERIA.

14. Patsy's Inc. has a cross-license agreement for use of the mark PATSY'S PIZZERIA with the owner of the mark, I.O.B. Realty, Inc.

15. I.O.B. Realty's rights to the service mark PATSY'S PIZZERIA were affirmed in a prior case between I.O.B. Realty and the current Plaintiff's associated business, Patsy's Brand Inc. *See Patsy's Brand, Inc. v. I.O.B. Realty, Inc. et al.*, 317 F.3d 209 (2d Cir. 2001).

16. Patsy's Inc. is a party to the joint venture of the Long Island Patsy's Pizzeria.

17. On or about November 1, 2005, the U.S. Patent and Trademark Office issued the Patsy's Restaurant Marks to Patsy's Restaurant. Copies of the registrations are attached to the Plaintiff's Complaint as Exhibits A and B.

18. Registration No. 3,009,836 is for the mark PATSY'S PR for restaurant services.

19. Registration No. 3,009,866 is for the mark PATSY'S for restaurant services not including pizza.

20. The Patsy's Restaurant Marks do not include the word PIZZERIA.

21. Plaintiff has no intellectual property rights to the word PATSY'S when used with the word PIZZERIA. Therefore, there is no infringement of the Patsy's Restaurant Marks or, if the marks of these registrations are infringed by the Defendants' use of the mark PATSY'S PIZZERIA with pizzeria services, the registrations are invalid.

22. An actual and justiciable controversy exists concerning whether Defendants are, without the consent of the Plaintiff, using in commerce any reproduction, counterfeit, copy or colorable imitation of the Patsy's Restaurant Marks, in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, mistake, or to deceive.

23. Defendants have not infringed, are not now infringing, and are not threatening to infringe any of the Patsy's Restaurant Marks.

**PRAYER FOR RELIEF ON COUNTERCLAIM**

WHEREFORE, Defendants seek judgment as follows:

- (a) That this Court dismiss the Complaint in its entirety and deny all the relief requested therein;
- (b) That this Court find that the Defendants' use of the mark PATSY'S PIZZERIA does not infringe any trademark right protected by U.S. Trademark Registration Numbers 3,009,836 and 3,009,866 or, in the alternative, that these registrations are invalid;
- (c) That this Court decree that the Plaintiff has no exclusive rights to the word PATSY'S when used in connection with the word PIZZERIA in any language; and
- (d) That the Defendants be awarded any relief, including punitive damages and/or attorney fees, as this Court may deem just and proper.

This Answer and Counterclaims of the Defendants and Demand for Jury Trial is submitted by counsel as follows.

January 10, 2007  
Date

/s/ Paul Grandinetti  
Paul Grandinetti  
LEVY & GRANDINETTI  
Suite 408  
1725 K Street, N.W.  
Washington, D.C. 20006-1419  
Telephone (202) 429-4560

and

Kieran X. Bastible (KB-9300)  
MEYER, SUOZZI, ENGLISH & KLEIN, P.C.  
990 Stewart Avenue  
P.O. Box 9194  
Garden City, New York 11530-9194  
(516) 741-6565

**Attorney for Defendants**

**CERTIFICATE OF SERVICE**

I certify that on January 10, 2006, I electronically filed the foregoing AMENDED ANSWER AND COUNTERCLAIMS OF THE DEFENDANTS AND DEMAND FOR JURY TRIAL with the Clerk of the Court by using the CM/ECF system which will send a notice of electronic filing to the following:

Mr. Norman H. Zivin  
1185 Avenue of the Americas  
New York, New York 10036

/s/ Paul Grandinetti  
Paul Grandinetti  
LEVY & GRANDINETTI  
Suite 408  
1725 K Street, N.W.  
Washington, D.C. 20006-1419  
Telephone (202) 429-4560

**Attorneys for Defendants**



UNITED STATES DEPARTMENT OF COMMERCE  
Patent and Trademark Office  
Trademark Trial and Appeal Board  
2900 Crystal Drive  
Arlington, Virginia 22202-3513

September 4, 2002

Cancellation No. 92028142  
Cancellation No. 92029614

IOB Realty, Inc.

v.

Patsy's Brand, Inc.

Patsy's Brand, Inc.

v.

IOB Realty, Inc.

**David Mermelstein, Attorney:**

This combined cancellation proceeding was suspended in light of civil litigation between the parties.

On October 18, 2001, Patsy's Brand, Inc. ("Patsy") informed the Board that the civil litigation had concluded in its favor, and moved for entry of judgment in this proceeding accordingly. IOB Realty, Inc. ("IOB") has not filed a response to Patsy's motion. Patsy's motion for judgment is GRANTED as conceded. Trademark Rule 2.127(a).

Therefore, judgment in Patsy's favor is entered in both proceedings. IOB's petition for cancellation in Canc. No. 92028142 is DISMISSED with prejudice, and Patsy's petition for

○ Cancellation No. 92028142  
Cancellation No. 92029614

cancellation in Canc. No. 92029614 is GRANTED, and  
Registration No. 1,975,110 will be cancelled in due course.

*By the Trademark Trial  
and Appeal Board*



**LEVY & GRANDINETTI**

1725 K STREET, N.W., SUITE 408  
WASHINGTON, D.C. 20006-1419

TELEPHONE (202) 429-4580  
FACSIMILE (202) 429-4564  
E-MAIL: mail@levygrandinetti.com

February 2, 2007

**VIA ECF SYSTEM**

Judge Dora Lizette Irizarry  
UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK  
225 Cadman Plaza East  
Brooklyn, New York 11201

Re: *Patsy's Italian Restaurant, Inc. et al. v. Banas et al.*  
Civil Action Nos. 00729/5857

Dear Judge Irizarry:

Pursuant to the Court's Order of January 30, 2007, the Defendants provide a status report on the matters pending before the U.S. Patent and Trademark Office's Trademark Trial and Appeal Board ("T.T.A.B.").

The Defendants are aware of the following three related proceedings currently before the T.T.A.B.

(1) Cancellation Number 92/028,142 was filed October 9, 1998, by the Defendant I.O.B. Realty, Inc., to cancel Plaintiff Patsy's Brand, Inc.'s Registration Number 1,874,789 for the mark PATSY'S PR SINCE 1944 for sauces. The Trademark Office's online TTABVUE currently identifies this Cancellation as pending. I.O.B. Realty stipulated in 2003 to the dismissal of this proceeding.

(2) Cancellation Number 92/029,614 was filed October 28, 1999, by Patsy's Brand, Inc., to cancel I.O.B. Realty's Registration Numbers 1,975,110 and 2,213,574 for the marks PATSY and PATSY'S PIZZERIA, respectively, for restaurant services. The TTABVUE currently identifies this Cancellation as terminated.

(3) Cancellation Number 92/046,912 was filed January 9, 2007, by I.O.B. Realty to cancel Patsy's Italian Restaurant, Inc.'s Registration Number 3,009,836 for the mark PATSY'S PR for restaurant services. The TTABVUE currently identifies this Cancellation as pending.

On January 22, 2007, I.O.B. Realty requested the T.T.A.B. to issue final decisions for both Cancellation Numbers 92/028,142 and 92/029,614. I.O.B. Realty brought to the T.T.A.B.'s attention the fact that Registration Numbers 1,975,110 and 2,213,574 for the marks PATSY and PATSY'S PIZZERIA, respectively, were cancelled prior to the deadline for additional briefing

Judge Dora Lizette Irizarry  
Civil Action Nos. 00729/5857  
February 2, 2007  
Page 2

in Cancellation Number 92/029,614. A copy of this communication with the T.T.A.B. was provided to the Court on January 22, 2007. (Docket Number 70.)

Patsy's Italian Restaurant has until March 3, 2007, to file an answer in Cancellation Number 92/046,192. The Defendants do not intend to request a stay in either pending proceeding before the T.T.A.B. However, minimal activity in these proceedings is anticipated over the next few months.

I.O.B. Realty also has three trademark applications pending before the U.S. Patent and Trademark Office:

- (1) Serial Number 76/649,149 was filed on October 25, 2005, for the PATSY'S PIZZERIA (Class 43) for restaurant services;
- (2) Serial Number 77/086,491 was filed on January 19, 2007, for the mark PATSY'S PIZZERIA (Class 35) for franchising, namely, offering technical assistance in the establishment and/or operation of pizzerias; and
- (3) Serial Number 78/804,471 was filed on February 1, 2006, for the mark PATSY'S PIZZERIA (Class 30) for an "intent to use" the mark on prepared fresh and frozen pizza to be sold wholesale and pizza ingredients to be sold wholesale to pizzerias.

Serial Numbers 76/649,149 and 78/804,471 have been suspended pending resolution, respectively, of Patsy's Brand, Inc.'s Serial Number 76/647,346 for the mark PATSY'S (Class 29) for frozen eggplant parmigiana and Patsy's Italian Restaurant, Inc.'s Serial Number 76/208,702 for the mark PATSY'S OF NEW YORK for restaurant services. The Trademark Office has not yet assigned Serial Number 77/086,491 to an examining attorney.

Sincerely yours,

  
Rebecca J. Stempien

RJS:elb

cc: Hon. Ramon Reyes, Jr.