10-18-2001
U.S. Patent & TMOfc/TM Mail Rcpt Dt. #76

Exhibits

TTAB

60173

05 OCT 23 AM 10:

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

| | |
|---|---|
| IOB REALTY, INC., Petitioner, v. PATSY'S BRAND, INC., Registrant. | Cancellation No. 28,14 |
| PATSY'S BRAND, INC., Petitioner, v. IOB REALTY, INC., Registrant. | Cancellation No. 29,614 |

**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



MG

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.[1]

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.[2] The communication stated that, "The suit concerns the petitioner's

[1]I.O.B.'s first counsel was Fross, Zelnick, Lehrman & Zissu, P.C.

[2]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 preceding [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.[4]

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.[5]

---

[3]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.

[4]Levy & Grandinetti and Tunick, Kupferman & Creadore, P.C. appeared for I.O.B. Realty in the second proceeding.

[5]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.[6] 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.

[6]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.[7] 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 (1st 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).

---

[7]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 15th day of October 2001:

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

I hereby certify that this paper is being deposited this date with the U.S. Postal Service as first class mail addressed to Assistant Commissioner for Trademarks
2900 Crystal Drive
Arlington, Virginia 22202-3513

Norman H. Zivin

10-15-01
Date

7/19

MARTIN

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

U.S. DISTRICT COURT
FILED
APR 17 2001
S.D. OF N.Y.

PATSY'S BRAND, INC.,

Plaintiff,

v.

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

Defendants.

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 Brecevich 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
APR 18 2001
-9:00 AM

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~~ ~~includes~~ the words PATSY'S or PATSY'S RESTAURANT for sauces or other packaged food products;

e. from opposing any application for registration or petitioning to cancel any registration of Plaintiff for ~~any~~ 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.

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



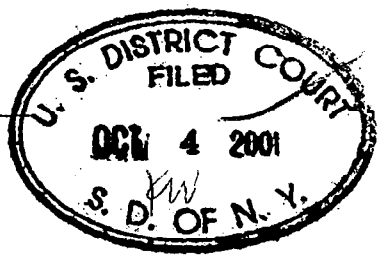
THIS DOCUMENT WAS ENTERED ON THE DOCKET ON 4/18/01

Return To Cashiers

MARTIN, J.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DOC # 121




PATSY'S BRAND, INC.,

Plaintiff,

v.

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

Defendants.

Civil Action No.
99 Civ. 10175 (JSM)

# 01,1773

**AMENDED FINAL JUDGMENT**

The Court having granted Plaintiff's motion for summary judgment on February 21, 2001, and having ordered defendants I.O.B. Realty, Inc. and its principals Frank Brija and John Brecevich to show cause why an order should not be entered imposing sanctions against them, and the Court having entered Judgment for the plaintiff Patsy's Brand, Inc. as against defendants I.O.B Realty, Inc., Patsy's, Inc., Frank Brija and John Brecevich ("I.O.B. defendants") and Nick Tsoulos on April 18, 2001, and, pursuant to an Opinion and Order dated October 1, 2001, the Court having granted in full plaintiff's application for attorneys' fees and expenses, and having awarded sanctions against the I.O.B. defendants and against the I.O.B. defendants' attorney, Andrew J. Spinnell, and having denied the

MICROFILM
OCT - 5 2001
-9:00 AM

I.O.B. defendants' motion for sanctions and to alter and amend the Judgment, it is hereby

**ORDERED, ADJUDGED and DECREED** that the Judgment entered April 18, 2001 is amended to provide that defendants I.O.B. Realty, Inc., Patsy's Inc., Frank Brija and John Brecevich, jointly and severally, shall pay to plaintiff Patsy's Brand, Inc., its reasonable attorneys' fees and expenses in the amount of $250,351.56,

that defendant Frank Brija, also known as Isa Brija, shall pay to plaintiff Patsy's Brand, Inc., the amount of $99,834.63 as sanctions, which amount is a joint and several liability with the I.O.B. defendants,

that the I.O.B. defendants' attorney Andrew J. Spinnell shall pay into the registry of the Court the amount of $5,000 as a sanction for his improper conduct pursuant to 28 U.S.C. § 1927, and

that plaintiff Patsy's Brand, Inc. shall have execution therefore.

Dated: New York, New York
October 4, 2001

JAMES M. PARKINSON
Clerk of the Court

SO ORDERED

BY:

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

Deputy Clerk



THIS DOCUMENT WAS ENTERED
ON THE DOCKET ON 10/5/01

III

For the foregoing reasons, we conclude that the clip of The Three Stooges film used in *The Long Kiss Goodnight* is not an enforceable trademark. We therefore affirm the district court's dismissal of Comedy III's First Amended Complaint.

AFFIRMED.

---

**U.S. District Court**
**Southern District of New York**

Patsy's Brand Inc. v. I.O.B. Realty Inc.

No. 99 Civ. 10175 (JSM)

Decided December 16, 1999
As Amended January 3, 2000

**TRADEMARKS AND UNFAIR TRADE PRACTICES**

**1. Infringement; conflicts between marks — Likelihood of confusion — Particular marks — Confusion likely (§335.0304.03)**

Plaintiff is likely to succeed in proving consumer confusion between parties' "Patsy's" pasta sauces sold under similar logos, since plaintiff has made "Patsy's" into strong trademark for pasta sauce through its successful marketing and sales, since there is strong similarity between parties' marks, and defendants' use of name in similar stylized script makes it likely that consumer glancing at store shelf would confuse parties' products, since plaintiff has presented evidence of actual confusion, and since defendants' efforts to mislead court about timing of its entry into pasta sauce business indicate that it did not choose its label in good faith.

**2. Acquisition, assignment, and maintenance of marks — Acquisition through use — Priority of use (§305.0503)**

Defendants' contention that they are senior users of "Patsy's" mark for restaurants does not warrant finding that defendants are entitled to priority of use for pasta sauce sold in groceries, since both plaintiff and defendants have right to use "Patsy's" for restaurants, and coexistence of their businesses has caused consumer confusion for years, since this confusion makes "Patsy's" mark exceedingly weak for both parties as to restaurants, and since, having operated restaurant for over 50 years without selling sauces, defendants have no right to preclude plaintiff's prior use of "Patsy's" for sauces.

---

Action by Patsy's Brand Inc. against I.O.B. Realty Inc. and Nick Tsoulos for trademark infringement and dilution. On plaintiff's motion for preliminary injunction. Granted.

Norman H. Zivin, of Cooper & Dunham, New York, N.Y., for plaintiff.

Theodore R. Kupferman, of Tunick, Kupferman & Creadore, New York; Jody E. Markman, of Feldman & Markman, New York, for defendants.

**Martin, J.**

Plaintiff Patsy's Brand, Inc. brought this trademark and false advertising action against I.O.B. Realty, owner of Patsy's Pizzeria, and Nick Tsoulus, owner of several Patsy's Pizzeria franchises licensed by I.O.B. Patsy's Brand claims defendants have infringed and diluted its trademark for pasta sauce sold in jars by selling sauce under the name "Patsy's" with a confusingly similar logo. Plaintiff now seeks a preliminary injunction to prevent defendants from selling pasta sauces under the name Patsy's.

To get the requested injunction plaintiff must show that it is likely to succeed on the merits of its claims and that it will be irreparably harmed by defendant's continued sale of the sauce. *See Fisher-Price, Inc. v. Well-Made Toy Mfg. Corp.*, 25 F.3d 119, 122 [30 USPQ2d 11954] (2d Cir. 1994). On the merits a trademark or trade dress infringement claim requires proof of a valid trademark or distinctive trade dress and a likelihood of consumer confusion as to the source of the goods. *See Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1003 [222 USPQ 373] (2d Cir. 1983); *Two Pesos v. Taco Cabana*, 505 U.S. 763, 112 S.Ct. 2753, 2758 [128 USPQ 411] (1992). Courts analyze the likelihood of confusion between two products by considering the nonexclusive, nonexhaustive list of factors set out by Judge Friendly in the *Polaroid* case: (1) the strength of the mark; (2) the degree of similarity between the two marks; (3) the proximity of the products; (4) the likelihood that the prior owner will "bridge the gap" to the new product area; (5) actual confusion; (6) the defendant's good faith in adopting the mark; (7) the quality of defendant's product; and (8) the sophistication of buyers. *See Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 [128 USPQ 411]

(2d Cir.), *cert. denied*, 368 U.S. 820 [131 USPQ 499] (1961).

Patsy's restaurant on West 56th Street has done business continuously in the same location since 1944. In 1994 the owners of Patsy's formed Patsy's Brand, Inc. to market versions of their pasta sauces for sale in grocery stores and other retail outlets. With heavy investment in product development and marketing Patsy's Brand has built a million-dollar-a-year retail sauce business in just four years.

I.O.B and it's predecessor owners have continuously operated Patsy's Pizzeria [1] at 118th Street and 1st Avenue since 1933. In 1995 I.O.B. licensed defendant Nick Tsoulus to open several Patsy's Pizzerias at other locations in New York.

It is not clear exactly when defendants entered or decided to enter the sauce market, and I.O.B. has been less than honest in its representations on this issue. I.O.B. initially claimed that it has been selling or giving away its sauce in Patsy's containers and bags since 1993, and that it first ordered printed labels for jars in that same year. The only piece of independent evidence that supported this position was an invoice from the printer dated April 22, 1993. The invoice, however, was obviously falsified because it included a telephone number with an area code that did not yet exist in 1993. Furthermore, the jar labels I.O.B. claims have been around since 1993 have a UPC symbol that did not exist until 1998, and the label advertises "Legendary Italian Cuisine for Over 65 Years." If, as I.O.B. states, their restaurant opened in 1933, the label would not have been truthful until at least 1998. I.O.B. has now disavowed any reliance on the invoice and on its argument that it entered or decided to enter the sauce market before plaintiff.

**[1]** Turning to the *Polaroid* factors, plaintiff is likely to succeed in proving consumer confusion at trial. There is little question that Patsy's Brand has made "Patsy's" into a strong trademark for sauce through its successful marketing and sales. There is also a strong similarity between the plaintiff's and defendant's marks. The name used is exactly the same, and the use of the name in similar stylized script makes it likely that someone glancing at a store shelf would confuse the two jars. I.O.B. argues that the sauces are not sold in close proximity because it has sold its sauces in its own restaurants, but the UPC symbol included on defendant's label shows that it probably plans to begin grocer sales at some point in the future. Even at this early stage of the litigation there is some evidence of actual consumer confusion. In his deposition Nick Tsoulus stated that at least one customer in a Patsy's Pizzeria had asked why the sauce in jars sold there was priced differently than in the grocery store. Since I.O.B. claims that it has not yet sold its sauce in grocery stores, the customer was evidently confusing plaintiff's sauce with defendant's.

In addition, I.O.B.'s efforts to mislead the Court about the timing of its entry into the sauce business indicate that it did not choose its sauce label in good faith. It seems more likely that I.O.B. chose the label in an effort to take advantage of plaintiff's successful efforts to create name recognition and consumer goodwill for Patsy's pasta sauce. The combination of these factors convinces the Court that there is a strong likelihood that continued sales of I.O.B.'s sauce will confuse consumers about the origin of sauces sold under the name Patsy's. And in a trademark case irreparable harm is presumed where there is a likelihood of confusion. *See Tough Traveler, Ltd. v. Outbound Products*, 60 F.3d 964, 967-68 [35 USPQ2d 1617] (2d Cir. 1995).

I.O.B.'s only remaining argument is that it is the senior user of the trademark "Patsy's" for the restaurant business and that its trademark "bridges the gap" from restaurants to sauce sold in groceries. *See Scarves by Vera, Inc. v. Todo Imports, Ltd. (Inc.)*, 544 F.2d 1167, 1174 [192 USPQ 289] (2d Cir. 1976). Therefore, I.O.B. argues, it was plaintiff who infringed when it began selling sauce in 1994.

In *Scarves by Vera*, plaintiff, a famous maker of women's scarves, sued defendant for selling women's cosmetics under the name, "VERA." The court found that "defendant's products were by their nature so closely related to plaintiff's own products that plaintiff was entitled to protection against defendant's use of the mark 'VERA' on its products." *See id.* at 1174. Thus, in some cases consumer confusion is likely even when the litigants' products do not directly compete with one another.

**[2]** I.O.B. argues that Italian restaurants and the grocery store pasta sauces are as closely related as scarves and cosmetics. This may very well be true. A famous restaurant will often expand into the packaged food

[1] Although I.O.B. claims that its restaurant is known simply as "Patsy's," there is strong evidence to the contrary. Telephone directories from 1946 to date, restaurant guides such as *Zagat*, the contract by which I.O.B. purchased the restaurant, and many of I.O.B.'s own exhibits including photos, newspaper articles, and printer invoices refer to I.O.B.'s restaurant as "Patsy's Pizzeria" or "Patsy's Pizza."

market in an effort to play on its name, and a consumer who sees a grocery item with the name of a famous restaurant is likely to assume that it is connected to the restaurant. For example, trademark protection would be available for the restaurant in question if an interloper began selling "Pizza Hut" pizza sauce or "McDonald's" microwavable hamburgers. However, these examples and the cases cited by I.O.B. are predicated on ownership of a strong trademark, and I.O.B.'s mark in the name "Patsy's" is weak. The fact is that both plaintiff and defendant have the right to use the name "Patsy's" for the restaurant business, and the coexistence of the Patsy's Restaurant and several Patsy's Pizzerias has caused considerable confusion among New York restaurant goers for years. This confusion makes the mark "Patsy's" exceedingly weak for both plaintiff and defendant when it comes to restaurants.

Furthermore, it seems clear that after over 0 years in the restaurant business without making the jump to selling sauces defendant had no intent to do so. Therefore, it appears that I.O.B. did not bridge the gap, nor was it likely to do so until it noted the success plaintiff was having. Having operated for over 50 years without selling sauces, I.O.B. had no right to preclude plaintiff from using the Patsy's mark when it began selling sauces in 1994.

Because plaintiff is likely to succeed on its trademark claims and because the continued sale of I.O.B's sauce will irreparably harm plaintiff, defendants are hereby ordered to cease all sales of packaged pasta sauce under the name Patsy's during the course of this litigation.

SO ORDERED.

---

**U.S. Court of Appeals**
**Eighth Circuit**

Phillips Beverage Co. v. Belvedere, S.A.

Nos. 98-3602, 98-4046

Decided February 18, 2000

**COPYRIGHTS**

**International issues — In general (§220.01)**

**JUDICIAL PRACTICE AND PROCEDURE**

**Procedure — Contempt, sanctions (§410.49)**

**REMEDIES**

**Non-monetary and injunctive — In general (§505.01)**

Federal district court did not err in ordering defendant to withdraw application for U.S. Customs Service order to detain importation of bottles that allegedly infringe defendant's copyright, and in imposing contempt sanctions for noncompliance with that order, since district court had previously denied motion for temporary restraining order to prevent importation of same bottles, and defendant's Customs Service application was therefore attempt to sidestep district court's denial of interim relief, and since All Writs Act, 28 U.S.C. §1651(a), gives district court authority to act as it did in order to enforce its earlier order.

---

Appeal from the U.S. District Court for the District of Minnesota, Kyle, J.

Action by Phillips Beverage Co., through its operating division, Millenium Import Co., against Belvedere S.A., f/k/a France Euro Agro S.A. Defendant moved for temporary restraining order to prevent importation of bottles that allegedly infringe its copyright. Following denial of that motion, defendant applied for order from U.S. Customs Service to detain importation of bottles, and plaintiff obtained injunction ordering defendant to withdraw its Customs Service application. Defendant appeals from district court's injunction, and from assessment of sanctions imposed for noncompliance with injunction. Affirmed.

Peter D. Raymond, Eric C. Osterberg, and Jeffrey M. Tamarin, of Hall, Dickler, Kent, Friedman & Wood, New York, N.Y.; Ronald James Schutz, Rita Coyle DeMeules, and J. Sebastian Stewart, of Robins & Kaplan, Minneapolis, Minn., for plaintiff-appellee.

Gary A. Orseck, Lawrence Saul Robbins, Neil M. Soltman, and Frederick S. Levin, of Mayer, Brown & Platt, Washington, D.C.; Richard Gary Mark and R. Scott Davies, of Briggs & Morgan, Minneapolis; Darrin Michael Rosha, of Briggs & Morgan, St. Paul, Minn., for defendant-appellant.

Before McMillian and Fagg, circuit judges, and Bogue, district judge (District of South Dakota, sitting by designation.)

**Fagg, J.**

Belvedere, S.A. (Belvedere) appeals from an injunction and related civil contempt sanctions issued by the district court in favor of Phillips Beverage Company, through its operating division, Millenium Import Company (Phillips). We affirm.

Belvedere designed and manufactured a vodka bottle for a Polish distillery. When the relationship between Belvedere and the dis-

## Patsy's Brand Inc. v. I.O.B. Realty Inc.

**U.S. District Court**
**Southern District of New York**

No. 99 Civ. 10175 (JSM)

Decided February 21, 2001

### TRADEMARKS AND UNFAIR TRADE PRACTICES

**[1] Practice and procedure in Patent and Trademark Office — Interpartes proceedings — In general (§ 325.0301)**

### JUDICIAL PRACTICE AND PROCEDURE

**Procedure — Stays — In general (§ 410.2901)**

### REMEDIES

**Non-monetary and injunctive — Equitable relief — In general (§ 505.0701)**

Federal district court presented with issue of trademark validity need not defer ruling pending determination of same issue by U.S. Patent and Trademark Office, since, if suit concerns infringement, interest in prompt adjudication far outweighs value of having views of PTO; similarly, party may not defeat adversary's right to injunction by representing that it will voluntarily refrain from engaging in infringing conduct.

### TRADEMARKS AND UNFAIR TRADE PRACTICES

**[2] Acquisition, assignment, and maintenance of marks — Acquisition through use — Priority of use (§ 305.0503)**

**Infringement; conflicts between marks — Likelihood of confusion — Particular marks — Confusion not likely (§ 335.0304.05)**

Defendants' prior use of "Patsy's" mark in connection with restaurant business does not preclude plaintiff from using that mark for sale of pasta sauces through retail outlets, since personal names such as "Patsy" are descriptive and thus are not protectible without secondary meaning, since record shows that defendant, which was predominantly known as "Patsy's Pizzeria," was not using "Patsy's" mark at time plaintiff began sauce sales under "Patsy's" brand name, since this weakness of "Patsy's" name as mark for defendants' pizzeria undercuts proximity of parties' products in marketplace and likelihood of confusion, and since equities favor plaintiff in view of its efforts in marketing its products, and defendants' delay in asserting rights to mark at issue; thus, since plaintiff has valid trademark for its "Patsy's" sauce logo and design, it has right to prohibit others, including defendants, from using that mark to distribute sauces in retail food stores.

**[3] Infringement; conflicts between marks — Likelihood of confusion — Particular marks — Confusion likely (§ 335.0304.03)**

Defendants' sales of their "Patsy's" pasta sauce, in their own restaurants, is likely to create confusion as to origin of parties' products, since plaintiff holds valid "Patsy's" trademark for pasta sauce that it sells in retail stores, since plaintiff's "Patsy's PR Since 1944" logo is distinctive, strong mark for sauce, since parties' labels use identical "Patsy's" name in similar stylized script and share other similar elements, since confinement of defendants' sales to their pizzerias might weaken proximity of products somewhat, but once jars of defendants' sauce enter stream of commerce, significant danger of post-sale confusion arises, since both parties have presented evidence of actual confusion, since totality of evidence establishes that defendants designed their label with intention of capitalizing on plaintiff's goodwill, and since pasta sauce shoppers are ordinary consumers of inexpensive retail products who are likely to be confused by two pasta sauce labels bearing "Patsy's" name.

---

Action by Patsy's Brand Inc. against I.O.B. Realty Inc., Patsy's Inc., Frank Brija, John Brecevich, and Nick Tsoulos for trademark and trade dress infringement, and false advertising. On parties' cross-motions for summary judgment on issue of liability. Plaintiff's motion granted as to trademark and trade dress infringement claims, and denied as moot as to false advertising claim. Defendants' cross-motion denied.

Prior decision: 53 USPQ2d 1861.

Norman Zivin, of Cooper & Dunham, New York, N.Y., for plaintiff.

**Martin, J.**

While corporate giants have come to learn the value of choosing a distinctive name such as Xerox or Verizon, for years individuals have gone into the restaurant business with little thought to the distinctiveness of their trademarks and have simply used their own names to identify their businesses. Thus, a quick glance at the Manhattan phonebook reveals legions of restaurants called Annie's, Benny's, or Billy's, etc. In this case, two men named Patsy opened Italian restaurants in different parts of Manhattan, one in 1933 at 118th Street and First Avenue in Harlem, now owned by Defendants, and the other in 1944 on West 56th Street, owned by Plaintiff. Over the years, each developed some degree of notoriety because of their celebrity clientele. Indeed, the owners of each of these restaurants now contend that their restaurant was a favorite of Frank Sinatra.

For the first fifty years of the restaurants' dual existence, the island of Manhattan was large enough to allow the two Patsy's to coexist peacefully. Even today there is no real competition between them as restaurants, and neither contends that the competition of the other in the restaurant business is unfair. Plaintiff's Patsy's is a traditional Italian restaurant offering a full menu of Italian dishes. While there is some dispute concerning the extent of Defendants' Patsy's menu, that establishment is primarily known as a pizzeria. One reason that they have been able to coexist over the years is that Plaintiff's restaurant has been listed in the phonebook as "Patsy's," while Defendants' establishment has been listed as "Patsy's Pizzeria."[1]

In 1994, the owners of Patsy's Restaurant decided to capitalize on its reputation by selling pasta sauce in supermarkets and similar food stores. They formed Patsy's Brand, Inc. for the purpose of selling jarred pasta sauces under the brand name Patsy's and, in 1995, obtained a trademark registration for use on pasta sauces of the mark/design "Patsy's PR Since 1944." Plaintiff's sauces are now available nationwide in grocery stores and other retail outlets, over the Internet, and in Patsy's Restaurant itself. (Scognamillo Decl. ¶¶ 6-10, Ex. 8.) Plaintiff's sauces comprise a $1 million per year business. (Scognamillo Decl. ¶ 12.)

Plaintiff's trade dress features a label presenting the mark Patsy's in stylized script with flourishes. Underneath the word Patsy's appear the initials "PR" enclosed in a decorative circle; the words "Since 1944" appear to the lower right. The flavor description of the sauce appears in all capital block letters centered beneath the word Patsy's. Plaintiff's label features gold borders on the top and bottom, and is pasted on a clear sauce jar with a gold-colored screw-on lid. The background color of the label varies according to sauce type. Two images of a Roman statue, purportedly Michelangelo's David, appear on either side of the label.

In 1991, I.O.B. Realty, Inc. ("I.O.B.") purchased Patsy's Pizzeria. In 1994, I.O.B. licensed Defendant Nick Tsoulos to open a Patsy's Pizzeria franchise in Manhattan. In 1996, I.O.B. licensed four additional franchises. Also in 1996, Defendants obtained a trademark registration for the marks "Patsy's" and "Patsy's Pizzeria" for restaurant services. At some point, Defendants began selling jarred pasta sauce in their restaurants.

Defendants' trade dress features a label displaying the word Patsy's, which is centered and appears in script. The words "Since 1933" appear on the lower right portion of the label. The flavor description, appearing in all capital block letters, is centered beneath the name Patsy's, and Defendants' label has a green background and gold borders on the top and bottom. The label is pasted on a clear jar with a gold-colored screw-on lid. The script typeface for the "Patsy's" logo mirrors the typeface used on Defendants' menus and signs, and the green background of the label is the same color as the outside of Patsy's Pizzeria restaurants. A small image of a woman sipping a cocktail appears on the label's side. The label also features a registration symbol ® next to the word Patsy's, and states that the sauce is distributed by "Patsy's Restaurant, New York, New York." Defendants' sauces were never sold in retail stores.

In 1998, Defendants instituted a cancellation proceeding against Plaintiff in the U.S. Patent and Trademark Office (the "PTO") for the purpose of canceling Plaintiff's ownership of the stylized mark "Patsy's PR Since 1944" for pasta sauces. Defendants claim in that pro-

[1] For purposes of clarity, the two establishments will be referred to herein as they have been listed in the phonebook.

ceeding that Plaintiff's use of the mark is deceptively similar to the logo used by Defendants on their menus and signs, and causes confusion as to the source of the sauce. Also in 1998, Plaintiff was denied a registration for the single word Patsy's for use on sauces because it was likely to cause confusion with Defendants' mark for restaurant services. Plaintiff then filed cancellation proceedings against Defendants based on their registration of "Patsy's" and "Patsy's Pizzeria" for restaurant services.

In September 1999, Plaintiff commenced this action for trademark and trade dress infringement and false advertising against I.O.B., Frank Brija ("Brija"), and John Brecevich ("Brecevich"), owners of Patsy's Pizzeria, and Nick Tsoulos, licensee of the Patsy's Pizzeria franchises, under Sections 32(1) and 43(a) of the Lanham Act, 15 U.S.C. §§ 1114(1) and 1125(a), and sought a preliminary injunction enjoining Defendants from selling pasta sauce bearing the name Patsy's. At the time that the action was commenced, Defendants were selling pasta sauce at both the original Harlem pizzeria and the Manhattan franchises, as well as through a toll-free number pasted on their sauce label. Defendants had also reserved a web-site called www.patsysauce.com. In addition, Defendants had asserted in the cancellation proceeding before the PTO that they anticipated selling their sauces in retail outlets.

In opposing Plaintiff's application for a preliminary injunction, Defendant I.O.B. asserted that: "Defendants have been selling sauce in a mason jar with the label at issue since at least the spring of 1993." (Def.'s Mem. Opp. Mot. P.I. at 2.) In support of this false assertion, I.O.B. offered a falsified invoice from the printer of the label. When it was pointed out that Defendants' sauce label contained a bar code that did not exist until 1998 and that the purported 1993 invoice from the printer listed a telephone number with an area code that did not come into existence until several years later, defense counsel disclaimed any reliance on the documents and later withdrew from representing I.O.B.

In granting the preliminary injunction, the Court found that Plaintiff had demonstrated a likelihood of success on the merits and irreparable harm from Defendants' continued sale of its sauce. In its opinion, the Court stated:

> I.O.B.'s efforts to mislead the Court about the timing of its entry into the sauce business indicate that it did not choose its sauce label in good faith. In seems more likely that I.O.B. chose the label in an effort to take advantage of plaintiff's successful efforts to create name recognition and consumer goodwill for Patsy's pasta sauce.

*Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, No. 99 Civ. 10175, 2000 WL 4154, at *2 [53 USPQ2d 1861] (S.D.N.Y. Jan. 3, 2000).

The parties now cross-move for summary judgment on the issue of liability. For the reasons set forth below, Plaintiff's motion is granted on its trademark and trade dress claims, and Defendants' cross-motion is denied. Plaintiff's motion for summary judgment on its false advertising claims is denied as moot, and Defendants' cross-motion is denied.

## DISCUSSION

### I. Scope of the Issues Before the Court

Apparently recognizing that it has not enhanced its likelihood of success before this Court by its submission of fabricated evidence in opposition to the application for a preliminary injunction, I.O.B. argues that there is no need for this Court to decide which of the parties has the right to use the name Patsy's for sauce in retail outlets because it will voluntarily agree not to sell sauce outside its own restaurants until after the resolution of the pending proceedings before the PTO.[2]

While defense counsel is obviously wise in concluding that I.O.B. might have a better chance of prevailing in a proceeding that it had not polluted by the introduction of phony documents and demonstrably false assertions of fact, the issue of the validity of Plaintiff's trademark has been part of this litigation from the outset and there is no reason for this Court to await the outcome of the PTO proceedings before ruling on the issue. Nor are Plaintiff or the Court required to accept as determinative I.O.B.'s representations that it will not sell its sauce outside of its restaurants, particularly in light of I.O.B.'s tarnished credibility.

[1] The argument that a court presented with an issue of trademark validity should defer ruling pending a determination of the issue

[2] The cancellation proceedings in the PTO, now consolidated, have been stayed pending the outcome of this litigation.

by the PTO was squarely rejected by the Second Circuit in *Goya Foods, Inc. v. Tropicana Prods., Inc.*, 846 F.2d 848 [6 USPQ2d 1950] (2d Cir. 1988), in which Judge Newman stated:

> where, as in the pending case, a district court suit concerns infringement, the interest in prompt adjudication far outweighs the value of having the views of the PTO. Whether a litigant is seeking to halt an alleged infringement or, as in this case, seeking a declaration of non-infringement, it is entitled to have the infringement issue resolved promptly so that it may conduct its business affairs in accordance with the court's determination of its rights.

*Id.* at 853-54.

Similarly, a party may not defeat an adversary's right to an injunction by a representation that it will voluntarily refrain from engaging in infringing conduct. As the Ninth Circuit observed in *F.T.C. v. Affordable Media, LLC*, 179 F.3d 1228 (9th Cir. 1999):

> It is possible, of course, that a defendant's conduct can moot the need for injunctive relief, but the "test for mootness in cases such as this is a stringent one." The reason that the defendant's conduct, in choosing to voluntarily cease some wrongdoing, is unlikely to moot the need for injunctive relief is that the defendant could simply begin the wrongful activity again: "Mere voluntary cessation of allegedly illegal conduct does not moot a case; if it did, the courts would be compelled to leave '[t]he defendant . . . free to return to his old ways.' "

*Id.* at 1238 (citations omitted). Here, of course, I.O.B. does not even suggest that it is willing to forego for all time the right to sell sauces in locations other than its pizzerias. Indeed, the fact that it has devoted significant funds to pursuing this litigation with the aid of well-known counsel amply demonstrates that it has every intention of selling its sauces through traditional commercial channels unless enjoined by this Court from doing so.

## II. Trademark and Trade Dress Infringement

Plaintiff claims that Defendants' sale of pasta sauce under the name "Patsy's" with a stylized script logo constitutes trademark and trade dress infringement. In order to sustain a cause of action for trademark or trade dress infringement, Plaintiff must establish a valid trademark or distinctive trade dress in its own product and a likelihood of consumer confusion as to the source of the competing goods. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210-211, 120 S.Ct. 1339, 1343 (2000); *Paddington Corp. v. Attiki Importers & Distributors, Inc.*, 996 F.2d 577, 582 [27 USPQ2d 1189] (2d Cir. 1993).

Plaintiff owns a valid trademark for the words "Patsy's PR Since 1944" appearing in a stylized script logo on pasta sauce. Registration is prima facie evidence of the validity of a mark. *See* 15 U.S.C. § 1057(b); *Lois Sportswear, U.S.A. v. Levi Strauss & Co.*, 799 F.2d 867, 871 [230 USPQ 831] (2d Cir. 1986). In addition, the design and presentation of Plaintiff's label is inherently distinctive.

If Plaintiff's mark is valid and its dress distinctive, Plaintiff is entitled to an injunction prohibiting Defendants from distributing pasta sauces bearing the name Patsy's in food stores and supermarkets. There can be no question regarding consumer confusion because both parties are selling identical products, Italian pasta sauces, under identical names, "Patsy's." Thus, were Defendants to follow through on their announced plans to sell their sauces through commercial channels, consumers would be constantly confused about the source of the Patsy's sauce that they were buying.

### A. *Priority of Use*

I.O.B. contends that its predecessor was the first to use the name Patsy's in connection with a restaurant operation, and that it was the first to sell sauces under the Patsy's label. Therefore, I.O.B. claims that it and not Plaintiff is the one who should have the sole right to use that name for sauces.

Before considering the significance of the conceded fact that I.O.B.'s predecessor was the first to use the name Patsy's for its restaurant business, it must be observed that there is no *credible* evidence that I.O.B. sold sauce under any label prior to the time Plaintiff began to distribute its sauces under its Patsy's trademark in 1994. Defendants claim on this motion that they have used two sauce labels, a simplified label first used in 1993, and the label at issue in this litigation, first used in 1999. As noted above, in opposing the motion for a preliminary injunction, I.O.B. flatly asserted that "Defendants have been selling

sauce in a mason jar with the label at issue since at least the spring of 1993." Despite this unequivocal statement, similar statements made during oral argument on the preliminary injunction motion, and the introduction of phony documents for the purpose of establishing that I.O.B. had been using its current label since 1993, I.O.B.'s counsel states in its current papers:

> There has been confusion, engendered by the plaintiff, between the two different sauce labels used by I.O.B. Contrary to the plaintiff's arguments, (see Pl. Br. at 5 n1), the defendants never claimed that the label in issue, which was designed and printed in 1999 (Brija Decl. ¶ 17), was created in 1993. (See Op. at 3).

(Def.'s Mem. Opp. Summ. J. at 14 n.7.)

While I.O.B.'s counsel can be forgiven for being unaware of the representations made in open court by I.O.B.'s prior counsel, there is no excuse for their failure to be familiar with the prior submissions of their predecessor counsel or the Declaration of their client Mr. Brija given prior to the hearing on the preliminary injunction application in which he swore falsely that the image of a woman holding a glass, one of the distinctive features of the current label, had been placed on the label in 1993. (*Compare* Brija Decl. Oct. 1999, ¶¶ 15, 17, *with* Brija Decl. Sept. 15, 2000, ¶ 17 and Ex. I.)

Moreover, I.O.B.'s counsel overlooks the irrefutable evidence that Brija's current story concerning an earlier label which he now claims he used in 1993 is as false as his prior claim that the current label had been in use since 1993. In his Declaration dated September 15, 2000, Brija swears that there were two versions of the label, the one currently in use and an earlier version that he created in 1993 or 1994. (Brija Decl. Sept. 15, 2000, ¶ 17.) He annexes to his Declaration as Exhibit I what he represents to be a copy of that earlier label. The problem with this story is that the label, which simply shows the word Patsy's in stylized script against a dark background, also contains on its face clear evidence that what Brija says is not true. Right underneath the letter "S" on that label appears the symbol ®, signifying that the mark is a registered trademark. However, I.O.B. did not apply for the trademark Patsy's for restaurant services until 1995, and it was not issued until 1996. Thus, the label allegedly created in 1993 or 1994, which depicts a registered mark, could not have been prepared at that time.

The record before the Court leaves no doubt that Plaintiff was the first to sell sauce under the Patsy's trademark. Other than Brija's conflicting testimony, Defendants have submitted absolutely no evidence that pasta sauce bearing a Patsy's label was sold in Defendants' restaurants prior to 1999. What Defendants have submitted are two patently false documents that purport to show sales in 1993. While Brija's current Declaration has obviously been submitted in an attempt to establish that there is a "genuine issue of material fact" as to which party first used the Patsy's label in connection with the sale of sauce, it fails for two reasons. First, as noted above, in the course of the preliminary injunction proceeding I.O.B. vigorously asserted that it sold its sauce since 1993 using only one label. (Def.'s Mem. Opp. Mot. P.I. at 2; Brija Decl. Oct. 1999, ¶ 20.) Now that I.O.B. has been forced to admit that sales using the submitted label could not have begun prior to 1998, it cannot create an issue of fact by submitting an affidavit contradicting its earlier assertions that it had used only one label since it began selling sauce in 1993. *See United Nat'l Ins. Co. v. Tunnel, Inc.*, 988 F.2d 351, 354-55 (2d Cir. 1993); *Perma Research & Dev. Co. v. Singer Co.*, 410 F.2d 572, 578 (2d Cir. 1969); *Douglas v. Weil, Gotshal & Manges*, No. 92 Civ. 7638, 1993 WL 364572, at *3 (S.D.N.Y. Sept. 14, 1993). Second, the Court is not required to accept a demonstrably false statement as true in determining whether there is a genuine issue of material fact.

Because Plaintiff has established that it was the first to use the name Patsy's for pasta sauce, two questions remain: (1) Did Defendants' prior use of the mark Patsy's in connection with their restaurant business preclude Plaintiff from validly registering Patsy's as a trademark for pasta sauce; and (2) Even if Plaintiff has the right to use Patsy's as a trademark for sauces, can it preclude Defendants from selling their sauce under the name Patsy's in their own restaurants.

The answer to each of these questions requires the Court to analyze the well-known *Polaroid* factors, which include: (1) the strength of the party's mark; (2) the degree of similarity between the two marks; (3) the proximity of the products; (4) the likelihood that the prior owner will "bridge the gap" to

the new product area; (5) actual confusion; (6) the junior user's good faith in adopting its mark; (7) the quality of the junior user's product; and (8) the sophistication of buyers. *See Polaroid Corp. v. Polared Elecs. Corp.*, 287 F.2d 492, 495 [128 USPQ 411] (2d Cir. 1961). In analyzing these factors, courts consider the totality of the circumstances and weigh them according to their importance in the individual case at hand. Summary judgment is appropriate where application of the *Polaroid* test leads to only one conclusion. *See Sports Auth., Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 960 [39 USPQ2d 1511] (2d Cir. 1996). Because the application of the *Polaroid* factors to the two questions presented above involves somewhat different analyses, they will be treated separately below.

### B. *Plaintiff's Right to the Use of "Patsy's" for Sauce*

In analyzing the first question, I.O.B., as the first party to use the name Patsy's in connection with a restaurant operation, is considered the "senior" user of the mark. The issue is whether Defendants have the right to preclude Plaintiff, as the junior user of the Patsy's mark, from using that mark for the sale of pasta sauce through retail outlets.

[2] 1. *The Strength of the Mark.* In determining the strength of a trademark, courts consider four distinct categories of marks "in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful." *Abercrombie & Fitch Co. v. Hunting World. Inc.*, 537 F.2d 4, 9 [189 USPQ 759] (2d Cir. 1976). Personal names, such as Patsy, are considered descriptive and are, therefore, accorded the lowest level of protection in trademark law. *See 815 Tonawanda St. Corp. v. Fay's Drug Co.*, 842 F.2d 643, 648 [6 USPQ2d 1284] (2d Cir. 1988). In order for a party using a descriptive mark to exclude another from using the same mark, it must show that the mark has taken on a secondary meaning, *see id.* at 647, that is, that a significant number of consumers identify that name "to symbolize a particular business, product or company." *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 n.5 [203 USPQ 161] (2d Cir. 1979) (quoting *Ideal Toy Corp. v. Kenner Prods.*, 443 F.Supp. 291, 305 n.14 [197 USPQ 738] (S.D.N.Y. 1977)).

At the time that Plaintiff sought to market the name Patsy's for sauce in 1994, and to register its mark in 1995, it had been using that name for its restaurant for fifty years. While I.O.B. contends that its predecessor had been using the name Patsy's for its business even longer, the facts of record demonstrate that Defendants' restaurant was predominantly known as Patsy's Pizzeria. Indeed, the record reveals that it has been listed in the phonebook as Patsy's Pizzeria for well over forty years. In addition, Defendants cannot dispute that within the last twenty years, their establishments have been famous primarily for pizza and that they are listed in restaurant guides and on the Internet as Patsy's Pizzeria. Furthermore, both establishments apparently operated in Manhattan for over fifty years without any apparent confusion among their respective customers.

Thus, the record establishes that when Plaintiff began sauce sales under the brand name Patsy's, Defendants did not use "Patsy's" as a trademark and, even if they did, it was for them an extremely weak mark. Indeed, I.O.B.'s right to the mark Patsy's was so weak that it could not have prevented Plaintiff from opening other Patsy's restaurants in New York City or elsewhere in the country. In view of the fact that Plaintiff has been known exclusively as Patsy's, while Defendants have been known primarily as Patsy's Pizzeria, this factor weighs in Plaintiff's favor.

2. *The Similarity of the Marks.* If one views Defendants' business as "Patsy's Pizzeria," as it is commonly known, there may be some similarity between its mark and Plaintiff's use of "Patsy's" on sauce, but not enough to cause considerable confusion among consumers. While there is some similarity in the script typeface used by Plaintiff on its sauce label and the script used by Defendants on their menus and signs outside their pizzerias, there is little likelihood that consumers in retail stores outside of the immediate neighborhood of a Patsy's Pizzeria would be confused as a result of this similarity. [3]

3. *The Proximity of the Products.* This factor considers the proximity of the two products, or how closely they compete in the marketplace. *See Cadbury Beverages, Inc. v. Cott*

[3] There is nothing in the record to suggest that Plaintiff deliberately chose a script similar to Defendants' script.

*Corp.*, 73 F.3d 474, 480 [37 USPQ2d 1508] (2d Cir. 1996). While the restaurant business is distinct from the retail food store market, it is not uncommon for those who have established a reputation in the restaurant business to seek to take advantage of that reputation by selling items used in the restaurant through commercial channels. Here again, the fact that Plaintiff has always used the name Patsy's Restaurant, while Defendants are best known as Patsy's Pizzeria, makes it unlikely that Plaintiff's use of the mark will result in consumer confusion. Thus, any competitiveness between the two marks is undercut by the fact that "Patsy's" is a relatively weak mark for Defendants.

4. *The Likelihood of "Bridging the Gap."* This *Polaroid* factor examines whether the senior user is likely to enter the junior user's market. *See Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 504 [37 USPQ2d 1516] (2d Cir. 1996). Even if I.O.B. had a much stronger trademark interest in the name Patsy's for its restaurant, this factor would not weigh in its favor. At the time that Plaintiff sought to register its mark for sauces, Patsy's Pizzeria had been in operation for sixty years and had not sold sauces as a separate product in any significant sense. Given this history, there was no basis in 1994 for allowing I.O.B. to interfere with Plaintiff's right to use Patsy's as a trademark for sauce. As Judge Learned Hand observed in *Dwinell-Wright Co. v. White House Milk Co.*, 132 F.2d 822 (2d Cir. 1943):

> Here, as often, equity does not seek for general principles, but weighs the opposed interests in the scales of conscience and fair dealing... The owner's rights in such appendant markets are easily lost; they must be asserted early, lest they be made the means of reaping a harvest which others have sown.

*Id.* at 825.

Moreover, Defendants seem to lose sight of the fact that Plaintiff also owns a restaurant named Patsy's, which means that, after coexisting for fifty years, each arguably had an equal right to bridge the gap into the sauce market.

5. *Actual Confusion.* Defendants claim that they are the victims of reverse confusion, and that the name recognition in Plaintiff's sauce derives from consumer identification of Patsy's Pizzeria restaurants, not Patsy's Restaurant. "Reverse confusion exists when a subsequent user selects a trademark that is likely to cause consumers to believe, erroneously, that the goods marketed by the prior user are produced by the subsequent user." *Lang v. Retirement Living Publ'g Co.*, 949 F.2d 576, 583 [21 USPQ2d 1041] (2d Cir. 1991).

Defendants would only have the right to prevent Plaintiff from using the Patsy's mark if Plaintiff's use would be likely to confuse consumers in the marketplace. *See Homeowners Group. Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1106 [18 USPQ2d 1587] (6th Cir. 1991). Defendants submit numerous affidavits as proof of their pizza's fame and of the long-standing use of their stylized script logo on menus and signs. In response, Plaintiff submits numerous affidavits attesting to *its* fame. Defendants also submit some evidence of reverse confusion, in the form of affidavits of several consumers who saw Plaintiff's sauce and thought that it was produced by Defendants.

At the time that Plaintiff launched its sauce product line, Defendants owned only one Patsy's Pizzeria, albeit a popular one, and had made no attempt in sixty years to enter the food products market. Defendants did not seek to protect their menu and sign design at the time of Plaintiff's entry into the sauce market, or to enjoin Plaintiff's sale of its pasta sauce. In the intervening years, Plaintiff has built a significant nationwide business and garnered name recognition in that industry. *See Scarves by Vera, Inc. v. Todo Imports Ltd.*, 544 F.2d 1167, 1175 [192 USPQ 289] (2d Cir. 1976) (noting that plaintiff who expended large sums and gained wide recognition was deserving of protection). In *Physicians Formula Cosmetics Inc. v. West Cabot Cosmetics, Inc.*, 857 F.2d 80 [8 USPQ2d 1136] (2d Cir. 1988), the court rejected a similar argument of prior use when it found that the senior user expanded its mark from bar soap to creams and lotions with knowledge that the junior user, a seller of cosmetics and skin creams, had used their registered mark on those products for decades. *See id.* at 82 n.1. The court noted that the equities favored the junior user due to its efforts in marketing its products and the senior user's delay in asserting rights to the mark.[4]

[4] In addition, Defendants obtained their registration of Patsy's for restaurant services *after* Plaintiff had al-

In any event, given the weakness of the name Patsy's as a trademark for restaurants, there is little likelihood that a significant number of consumers who see Plaintiff's sauce in retail food outlets will believe that they are purchasing sauce from Patsy's Pizzeria. Thus, this factor does not significantly weigh in Defendants' favor.

6. *Plaintiff's Good Faith in Adopting the Mark.* Bad faith exists where the junior user adopted its mark in order to capitalize on the senior user's reputation and goodwill. *See Lang*, 949 F.2d at 583. This factor weighs heavily in Plaintiff's favor because it adopted a mark that it had been using for fifty years, and there is no evidence that any other party was using the mark in selling pasta sauce at that time. It is also unlikely that Plaintiff adopted a script typeface for its logo in order to capitalize on a logo used on menus and a sign at an uptown pizzeria.[5] Moreover, Plaintiff's label explicitly seeks to trade on the fame of *its* restaurant, not of Defendants' pizzerias.

7. *The Quality of the Parties' Products.* While both parties obviously have inflated views concerning the quality of their products, there is nothing to suggest that Plaintiff's sauces are so inferior in taste that they are likely to injure the other Patsy's outstanding reputation for pizza or injure its more limited sale of other dishes. Therefore, this factor is of no moment.

8. *Sophistication of the Consumer.* Because Plaintiff sells its sauce in retail outlets around the country, it is likely that the average consumer will not have heard of either Patsy's restaurant before purchasing the sauce. Thus, if both parties were permitted to sell Patsy's sauce in retail outlets, the eventual consumer would not be so sophisticated concerning the New York restaurant market that she would not be confused about the source of the competing products.

The balancing of the *Polaroid* factors tips decisively in Plaintiff's favor on the question of its right to register its Patsy's trademark for sauces and to sell sauces under that brand name. Most important is the weakness of the name Patsy's as a mark for Defendants' pizzerias, a weakness which undermines the proximity of the products in the marketplace and the likelihood of consumer confusion. Moreover, the equities now overwhelmingly favor Plaintiff. Thus, because Plaintiff has a valid trademark for its sauce logo and design, it has the right to prohibit others, including Defendants, from using that trademark to distribute sauces in retail food stores.

### C. *Plaintiff's Right to Preclude Defendants From Selling Patsy's Sauce in Their Restaurants*

The impetus of this litigation was Defendants' sale of pasta sauce bearing the name Patsy's in their pizzerias. The analysis of Defendants' right to do so begins with the conclusion stated above, that Plaintiff has a valid trademark for "Patsy's" for pasta sauce, and evaluates the *Polaroid* factors to determine whether Defendants can use the name Patsy's to sell sauce in their own restaurants. While this presents a closer question, a balancing of the *Polaroid* factors tilts conclusively in Plaintiff's favor.

[3] 1. *The Strength of the Mark.* Plaintiff's "Patsy's PR Since 1944" logo is a strong mark for pasta sauce. Not only does Plaintiff have a registered trademark for the mark and design of its label, but the label design is distinctive and serves to differentiate Plaintiff's sauce from other pasta sauces in the marketplace. *See Time, Inc. v. Petersen Publ'g Co.*, 173 F.3d 113, 118 [50 USPQ2d 1474] (2d Cir. 1999). The label has been used continuously since 1994, and Plaintiff has advertised its sauce extensively, (Scognamillo Decl. ¶¶ 6-10; Scognamillo Dep. at 219-20), and achieved a high sales volume (Scognamillo Decl. ¶ 12). Although Defendants contend that Plaintiff's sauce logo is similar to the logo Defendants use on their menus and signs in the New York City area, no other pasta sauce manufacturer uses a Patsy's script logo. *See Morningside Group Ltd. v. Morningside Capi-*

---

ready launched its sauce business. Thus, characterization of Plaintiff as the "junior user" of the Patsy's logo is itself a questionable proposition.

[5] To support their contentions of bad faith, Defendants submit evidence that the Patsy's Restaurant sign features block letters and unconnected script letters, not the fanciful script used on their sauce label. (Saunders Decl. ¶ 5, Ex. D; ¶ 6, Ex. E.) However, Plaintiff submits a New York Times advertisement from 1989 that features the script logo later used on their label. (Scognamillo Reply Decl. Ex. 5.) Because Plaintiff did not begin sauce sales until 1994, it is unlikely that Plaintiff designed a logo at least five years earlier with intent to capitalize on Defendants' menu and sign logo in use at its sole uptown restaurant. In any event, the typeface used is not an exact replica of Defendants' logo.

*tal Group. L.L.C.*, 182 F.3d 133, 139 [51 USPQ 2d 1183] (2d Cir. 1999) (measuring strength of mark "principally in the market in which the mark is used"). In addition, Defendants' introduction of a similar label further supports the strength of Plaintiff's mark. *See Harlequin Enters. Ltd. v. Gulf & Western Corp.*, 644 F.2d 946, 950 [210 USPQ 1] (2d Cir. 1981).

2. *The Similarity of the Marks.* Where the two marks are nearly identical, the importance of the second *Polaroid* factor is great. *See Lois Sportswear*, 799 F.2d at 873. Not only is the name "Patsy's" identical on the two sauce jars, but the names appear in a similar stylized script with flourishes. The other elements of the labels are also similar: each presents the sauce type in all-block letters centered beneath the word Patsy's; each features the words "Since 1933" or "Since 1944" to the lower right-hand side of the word Patsy's; both have gold piping at the top and bottom of the labels; and both contain a gold jar top. Some differences do exist. For example, Defendants' label features a gold circle around the word Patsy's, and Plaintiff's label features the decorative "PR" insignia and two Roman statuesque faces on either side of the label. In addition, Plaintiff's label projects a more "sophisticated" appearance, while Defendants' label has a more "retro" look. However, it is the "combination of features as a whole rather than a difference in some of the details which must determine whether the competing product is likely to cause confusion in the mind of the public." *Harlequin*, 644 F.2d at 949 (quoting *Perfect Fit Indus. v. Acme quilting Co.*, 618 F.2d 950, 955 [205 USPQ 297] (2d Cir. 1980)). There is little question that any consumer faced with these two labels would be confused about the source of the sauces.[6]

3. *The Proximity of the Products.* While both parties essentially agree that sale of pasta sauce in retail outlets bearing these two labels is confusing, Defendants argue that the two products are non-competing where Defendants' sauce is sold exclusively in its own restaurants. Defendants suggest that no likelihood of confusion exists because the consumer is aware that she is purchasing the sauce in a Patsy's Pizzeria restaurant, and thus questions of origin are eliminated.

Both products are aimed at purchasers of pasta sauce, and thus are intended to reach the same class of consumers. While segregation of sales to Defendants' restaurants might weaken the proximity of the products, *see Plus Prods. v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1008 [222 USPQ 373] (2d Cir. 1983), the fact remains that the products are identical (pasta sauce) and their marks are very similar.[7] *See Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 396 [35 USPQ2d 1449] (2d Cir. 1995); *Paco Rabanne Parfums, S.A. v. Norco Enters., Inc.*, 680 F.2d 891, 893 [217 USPQ 105] (2d Cir. 1982). As such, jars of pasta sauce bearing strikingly similar labels will ultimately reach the same class of consumers. *See Habitat Design Holdings, Ltd. v. Habitat, Inc.*, 436 F. Supp. 327, 332-33 [196 USPQ 425] (S.D.N.Y. 1977), *aff'd as modified*, 573 F.2d 1290 [200 USPQ 10] (2d Cir. 1978). In addition, confinement of sales to Defendants' pizzerias does not ease the confusion of consumers who, already familiar with Plaintiff's sauce, visit one of Defendants' restaurants and see their Patsy's sauce for sale, or who encounter Plaintiff's sauce in a store after seeing jars of Defendants' sauce for sale in their restaurants. This "cross-pollination" effect is increased by the recent popularity of Defendants' restaurants in Manhattan, and by the geographical proximity between grocery stores and Patsy's Pizzerias.

Moreover, once jars of Defendants' sauce enter the stream of commerce, a significant danger of post-sale confusion arises. Post-sale confusion occurs when a consumer encounters the junior user's product after it has been purchased and associates that product with the senior user. *See Lois Sportswear*, 799 F.2d at 872-73. This association can influence the consumer's purchasing decisions, either by encouraging the consumer to purchase the junior user's product because they believe it to be the senior user's, or by discouraging them from purchasing the senior user's products if they sample and dislike the junior user's product. Here, a consumer might purchase Defendants' sauce and dislike its taste; when she later sees Plaintiff's sauce in the grocery store.

[6] Although Defendants' logo is similar to the logo on their menus and signs, it is also similar to Plaintiff's logo.

[7] In addition, sales were not intended to be confined to diners in Defendants' restaurants, because a toll-free number appears on their sauce label and a website had been reserved.

she may be confused about its origin and decide not to purchase it and even tell her friends that the sauce named Patsy's in the grocery store is terrible. Although pasta sauce is not as visible post-sale as the back pockets of blue jeans, *see Lois Sportswear,* 799 F.2d 867 [230 USPQ 831] (2d Cir. 1986), because the products here are identical, whether a consumer of pasta sauces sees Defendants' sauce on a grocery store shelf next to Plaintiff's, on a shelf in one of Defendants' restaurants,[8] in a friend's home, or at a canned food drive, she is almost certain to be confused as to the source of the sauce and its relationship to Plaintiff's sauce.[9] *See id.* at 874. This confusion in turn endangers Plaintiff's ability to control its reputation and jeopardizes consumers' ability to differentiate the source of the two sauces and make educated purchasing decisions. *See id.* at 872-73; *Cadbury,* 73 F.3d at 481 (noting danger to senior user's reputation and pocketbook in the event of contamination of the junior user's soft drinks). Thus, while segregation of Defendants' sales to its restaurants may somewhat weaken the products' proximity, countervailing factors show that a likelihood of confusion is nevertheless almost certain.

4. *The Likelihood of "Bridging the Gap."* This factor weighs in Plaintiff's favor because, as noted above, it entered the pasta sauce market before Defendants began selling sauce under the Patsy's label.

5. *Actual Confusion.* Both parties submit some evidence of actual confusion. Plaintiff submits evidence that a consumer who saw Defendants' sauce in a Patsy's Pizzeria thought that it was Plaintiff's and wondered why it was more expensive, (Tsoulos Dep. at 64-65), while Defendants submit several affidavits of consumers who saw Plaintiff's sauce in a store and thought that it was made by Defendants. Moreover, this is a case in which it is obvious that the use of the same name and very similar labels on the same product must invariably cause consumer confusion. This factor therefore weighs in Plaintiff's favor as the senior user in the sauce market.

6. *Defendants' Good Faith in Adopting the Mark.* This factor weighs heavily in Plaintiff's favor because of the substantial evidence of I.O.B.'S bad faith. While evidence of intentional copying raises a presumption of consumer confusion, *see Paddington,* 996 F.2d at 586-87, "simulating the design of a competitor's successful products is not bad faith, unless there is reason to draw an inference of an intention to deceive," *Landscape Forms. Inc. v. Columbia Cascade Co.,* 113 F.3d 373, 383 [42 USPQ2d 1641] (2d Cir. 1997). Here, Defendants introduced a sauce label in 1999, five years after Plaintiff entered the sauce market, that is remarkably similar to Plaintiff's label. Prior to introducing their sauce, Defendants were aware of Plaintiff's mark and had instituted a cancellation proceeding against Plaintiff in the Trademark Office. Defendants also manufactured evidence during the preliminary injunction proceeding before this Court in an effort to show that they were in the sauce business before Plaintiff. *See Int'l Star Class Yacht Racing Ass'n v. Tommy Hilfiger, U.S.A.,* 80 F.3d 749, 753-54 [38 USPQ2d 1369] (2d Cir. 1996) (discussing how post-knowledge conduct can indicate bad faith).

While it is true that Defendants' label contains some elements that they have used on their pizzeria menus and signs for decades, it also contains elements that demonstrate that it was designed to imitate Plaintiff's label for the purpose of capitalizing on Plaintiff's market.

[8] Defendants submit the affidavit of an expert, Dr. Jacob Jacoby, who testifies that in his opinion patrons of Defendants' restaurants are unlikely to be confused about the source of Defendants' sauce when they purchase the sauce in one of Defendants' restaurants. While the degree of confusion that exists at the point-of-sale in a Patsy's Pizzeria is a question of fact, the danger of post-sale confusion prevents this uncertainty from barring summary judgment for Plaintiff. There is no material question of fact that a consumer who comes across Defendants' sauce in any post-sale context will be confused as to the sources of the two sauces, whether that consumer is already familiar with Plaintiff's sauce or later becomes familiar with it. This is true particularly where Defendants' label says that its sauce is distributed by "Patsy's Restaurant, New York, New York."

[9] While Plaintiff has not submitted actual evidence of post-sale confusion, for example a consumer survey, the extreme similarity of the products can lead to only one conclusion. The scenario here would be akin to the infringing jeans in *Lois Sportswear,* the Second Circuit's primary case on post-sale confusion, displaying the name "Levi's" on the back pocket rather than a stitching pattern. Furthermore, while cases applying the doctrine of post-sale confusion often focus on the ease with which the products' labels are removed after purchase, which heightens the chance of consumer confusion about the goods' source, here the very fact that the products and their brand names are identical, and their logos quite similar, raises an even greater likelihood of post-sale confusion.

The clearest evidence of this intent is found in the fact that the label twice refers to Defendants' establishment as "Patsy's Restaurant" and never mentions Patsy's Pizzeria. Given the conceded fact that Defendants' establishments are best known as Patsy's Pizzeria and the evidence that they have never been listed in a phonebook or restaurant guide as "Patsy's Restaurant," Defendants' attempt to pass themselves off as Patsy's Restaurant, without ever referring to their well-known reputation as Patsy's Pizzeria, is powerful evidence that the label was designed in bad faith. This conclusion of bad faith is also supported by I.O.B.'S use on the label of the words "Since 1933" in a similar type and position as the words "Since 1944" on Plaintiff's label, along with their similar lettering and positioning of the word describing the type of sauce contained in the jar.

Thus, the totality of the evidence establishes beyond question that Defendants designed their label with a view to capitalizing on Plaintiff's good will. Although Defendants now contend that they only wish to use the label to sell sauce in their own establishments, they designed the label in bad faith as a "means of reaping a harvest which others have sown." *White House Milk,* 132 F.2d at 825.

7. *The Quality of the Parties' Products.* While both parties contend that their sauce is superior, a Latin proverb is particularly appropriate here: "De gustibus non est disputandum," or "there is no disputing matters of taste." *See* B. Evans, Dictionary of Quotations 679 (1968). Obviously, some consumers will prefer Plaintiff's sauce and others Defendants', while many may not detect a difference at all. There is, however, a likelihood that a significant number of consumers will have a sufficiently strong reaction to the taste to know that they either do or do not wish to purchase the sauce again. Because Plaintiff is entitled to have consumers judge the quality of its product without being confused by Defendants' sauce, this factor weighs in Plaintiff's favor.

8. *Sophistication of the Consumer.* The relevant buyers here would include shoppers for pasta sauce in retail outlets, as well as those who purchase pasta sauce via 1-800 numbers and over the Web, visitors to both parties' restaurants, and buyers for retail stores. Because pasta sauce shoppers are ordinary consumers of inexpensive retail products, they are likely to be confused by two pasta sauce labels bearing the name Patsy's.[10]

Indeed, while no evidence of buyer sophistication was submitted, both parties essentially concede that consumers are confused. Thus, even if Defendants sold their sauce only in their own establishments, neither those who purchase Defendants' sauce nor those who see Plaintiff's sauces in retail outlets would be sophisticated enough to know that there were two different sources of Patsy's Italian sauces, particularly in light of the misleading nature of Defendants' label. Thus, this factor leans in Plaintiff's favor as the senior user of the sauce logo.

Considering the totality of the *Polaroid* factors, a reasonable trier of fact could only conclude that sale of Defendants' pasta sauce in its own establishments with a Patsy's label very similar to Plaintiff's would create confusion in the marketplace about the origin of the two sauces and should be enjoined. Given the strong evidence of I.O.B.'s bad faith, there is no reason for a Court of equity to put Plaintiff to the demonstrated risk that sales of its sauce will be adversely affected by Defendants' sale of sauce in their premises under a deceptively similar trademark.

## III. False Advertising

In order to state a claim for false advertising, Plaintiff must show that Defendants made material false or misleading statements of fact in their advertisements or promotional materials that are likely to influence a consumer's purchasing decision. *See Johnson & Johnson-Merck Consumer Pharms. Co. v. Smithkline Beecham Corp.,* 960 F.2d 294, 297 [22 USPQ2d 1362] (2d Cir. 1992). Plaintiff claims that the following two elements of Defendants' sauce label are both expressly and materially false: (1) the registration symbol ® next to the word "Patsy's" and (2) the claim that the sauce is distributed by "Patsy's Restaurant, New York, New York." Defendants counter that the statements are not false because Defendants own a registration for the mark Patsy's for restaurant services, and because their restaurant is known locally both as Patsy's and as Patsy's Pizza or Pizzeria. De-

[10] Although the pricing of the parties' sauces indicates that they are "high end," the fact remains that the product in question is pasta sauce, not fine jewelry or antiques.

fendants also argue that the statements are not material because consumers do not care about trademark registration, nor do they care about the identity of a product's distributor.

In view of the fact that the Court has determined that Plaintiff has a valid trademark for Patsy's for sauce and is entitled to an injunction prohibiting Defendants from selling sauce using the name Patsy's, resolution of the false advertising claim would add nothing to the relief to which Plaintiff is entitled. Therefore, Plaintiff's motion for summary judgment on this claim is denied as moot and Defendants' cross-motion is denied.

## CONCLUSION

Plaintiff's motion for summary judgment on the issue of liability on its trademark and trade dress claims is granted, and Defendants' cross-motion is denied. Plaintiff's motion for summary judgment on its false advertising claim is denied as moot, while Defendants' cross-motion is denied. Plaintiff shall submit an order for a permanent injunction barring Defendants from selling packaged pasta sauce under the name Patsy's on one week's notice.

## FURTHER PROCEEDINGS

This lengthy opinion and much of the time and effort expended by Plaintiff's counsel would not have been necessary had I.O.B. and its principals simply told the truth and admitted that they did not begin selling sauce until after Plaintiff had launched its sauce business. Rather than admit this basic fact, I.O.B. submitted a fabricated document, made false assertions through counsel, and its principal, Mr. Brija, swore falsely on more than one occasion that he had created I.O.B. sauce labels in 1993 and 1994. This court will not tolerate the assertion of fraudulent defenses.

Rule 11 authorizes the Court to impose sanctions when a claim or defense is not asserted in good faith. Although typically Rule 11 is applied to counsel, where, as here, the blame lies with the client and not his counsel, the Rule 11 sanctions should be awarded against the client. *See Calloway v. Marvel Entertainment Group,* 854 F.2d 1452, 1475 (2d Cir. 1988), *rev'd in part on other grounds sub nom. Pavelic & Leflore v. Marvel Entertainment Group,* 489 U.S. 120, 110 S.Ct. 456 (1989); *In re 680 Fifth Avenue Assocs.*, 218 B.R. 305, 313-14 (Bankr. S.D.N.Y. 1998). Similarly, a party who swears falsely in a deposition or affidavit may be sanctioned for contempt of court. *See United States v. Mandujano,* 425 U.S. 564, 576-77, 96 S.Ct. 1768, 1776 (1976); *United States v. Reed,* 773 F.2d 477, 484 (2d Cir. 1985).

Therefore, I.O.B., through its principal owners, is directed to show cause before this Court on *WEDNESDAY, APRIL 11, 2001, at 3:00 P.M. in Courtroom 15C* why an order should not be entered imposing sanctions on it pursuant to Rule 11, and Mr. Brija shall show cause at the same time and place why an order should not be entered holding him in contempt of Court for his repeated false statements under oath.

Rule 11 also imposes an obligation on counsel to make a reasonable inquiry to determine the accuracy of assertions made in motion papers. Here, as noted above, I.O.B.'S counsel asserted that I.O.B, had never claimed that it had used only one label from 1993 until the commencement of this action, and asserted that the label affixed as Exhibit I to Mr. Brija's affidavit of September 15, 2000, was created in 1993 or 1994. Given the fact that the former assertion was directly contrary to the facts of record, and that the latter assertion was patently false, as shown by the symbol ® on the label, I.O.B.'S counsel shall show cause at the same time and place why it should not be sanctioned under Rule 11 and 28 U.S.C. § 1927.

Respondents may submit any papers in opposition to the order to show cause by Friday, March 16, 2001. Plaintiff may submit responsive papers by Friday, March 30, 2001. Reply papers shall be submitted by Friday, April 6, 2001.

*SO ORDERED.*

---

## SciMed Life Systems Inc. v. Advanced Cardiovascular Systems Inc.

**U.S. Court of Appeals**
**Federal Circuit**

No. 99-1499

Decided March 14, 2001

**PATENTS**

**[1] Patent construction — Specification and drawings — Defining terms**

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

99 Civ. 10175 (JSM)

**OPINION and ORDER**

JOHN S. MARTIN, Jr., District Judge:

In an Opinion and Order dated February 21, 2001, the Court granted Plaintiff summary judgment on its trademark claims and ordered Defendant I.O.B., its principal, Mr. Brijia and its then counsel to show cause why sanctions should not be imposed upon them. A hearing on the sanctions issue was held on June 8, 2001. Subsequent to the hearing Plaintiff also filed an application for counsel fees under the Lanham Act, 15 U.S.C. § 1117(a). Since further submissions are being prepared with respect to the sanctions issue as it relates to I.O.B.'s prior counsel, this Opinion and Order will not address that issue.

The Second Circuit has stated that "in a suit under the Lanham Act, attorney fees should be awarded only in 'exceptional cases,'. . . and only 'on evidence of fraud or bad faith.'" Gordon & Breach Sci. Publishers S.A. v. Am. Instit. of Physics, 166 F.3d 438,439 (2d Cir. 1999)(quoting Twin Peaks Prod., Inc. v. Publications Int'l, Ltd., 996 F.2d 1366, 1383 (2d Cir. 1993).

In the Opinion granting Plaintiff summary judgment the Court found:

> This lengthy opinion and much of the time and effort expended by Plaintiff's counsel would not have been necessary had I.O.B. and its principals simply told the truth and admitted that they did not begin selling sauce until after Plaintiff had launched its sauce business. Rather than admit this basic fact, I.O.B. submitted a fabricated document, made false assertions through counsel, and its principal, Mr. Brija, swore falsely on more than one occasion that he had created I.O.B. sauce labels in 1993 and 1994.
> Patsy's Brand, Inc. v. I.O.B. Realty, Inc., No. 99 CIV 10175, 2001 WL 170672, at *14 (S.D.N.Y Feb. 21, 2001).

This finding is more that sufficient to establish the bad faith necessary to justify an award to Plaintiff of the full amount of its attorneys' fees and costs. Since the record establishes that I.O.B.'s principals, Mr. Brija and Mr. Brecevich, were active participants in the Lanham Act violations and the fraudulent conduct in these proceedings, they are jointly

and severally liable with the corporate defendants for the full amount of plaintiff's attorneys' fees and costs. The Court finds no merit to I.O.B. defendants'[1] argument that they have limited resources and, therefore, their liability for attorneys' fees should be reduced. The I.O.B. defendants' fraudulent conduct in this litigation was so pervasive that they are not entitled to any sympathy from a court of equity.

There is equally no merit to I.O.B. defendants' argument that the amount of the requested fees is unreasonable. Given the complexity of the case, the amount of time spent by counsel and the hourly rates charged were reasonable.

An alternative basis for finding Mr. Brija liable for Plaintiff's attorneys' fees is found in his perjury during these proceedings. Nothing that he has submitted has caused the Court to change its finding that "Mr. Brija swore falsely on more than one occasion that he had created I.O.B. sauce labels in 1993 and 1994." Indeed, the Court is persuaded that Mr. Brija also shared responsibility for the submission of the false invoice from the party that allegedly printed the labels for I.O.B.'s sauce.

---

[1]The I.O.B. defendants are all defendants other than Nick Tsoulos.

Perjury and the knowing submission of fraudulent documents constitute contempt of court and it is therefore appropriate to sanction Mr. Brija for his contempt. See In re Weiss, 703 F.2d 653, 666-67 (2d Cir. 1983). The courts have recognized that an appropriate sanction for civil contempt is to require the contemnor to reimburse the injured party for the attorneys' fees that resulted from the contumacious conduct. See Weitzman v. Stein, 98 F.3d 717, 719 (2d Cir. 1996).

Had Mr. Brija filed a truthful affidavit in response to Plaintiff's motion for a preliminary injunction Plaintiff would not have incurred a large part of their attorneys' fees beginning October 27, 1999, the day Plaintiff's attorneys began reviewing the false affidavit of Mr. Brija and fraudulent documents submitted in response to the original order to show cause for a preliminary injunction. (Pl.'s Application for Attorneys' Fees & Expenses, Ex.1.) Thus, as a sanction for his contempt Mr. Brija is ordered to reimburse Plaintiff for 50% of the legal fees and expenses it incurred starting on October 27, 1999. This is a joint and several liability with that imposed on the I.O.B. defendants under the Lanham Act.

Plaintiff also seeks attorneys' fee from Nick Tsoulos but that application is denied. There is no evidence that Mr. Tsoulos acted in bad faith at any time.

Finally, the I.O.B. defendants have the chutzpah to seek sanctions and attorneys' fees against the Plaintiff. This application is denied. There nothing in Plaintiff's conduct that would merit the relief that these defendants seek. It is clear from the record that a third-party, hired by Plaintiff to register domain names on its behalf, registered the domain name www.patsyspizza.com which then was linked to Plaintiff's website. There is no reason to believe that Plaintiff or their counsel was in any way responsible for this conduct. Thus, the I.O.B. defendants' motion for sanctions is frivolous as is their motion to alter and amend the judgment in this case. Those motions are denied.

The only serious question raised by the I.O.B. defendants' motions is whether I.O.B. and its counsel should be sanctioned for making these motions. Since I.O.B. and its principals are being ordered to pay Plaintiff all of its attorneys' fees, a sanction order against them would serve no useful purpose.

Moreover, the fault with respect to these motions lies not so much with the I.O.B. defendants as with their counsel.

While the fact that Plaintiff had registered the www.patsyspizza.com domain name may have been marginally relevant and, therefore, counsel may have had a good faith basis for making the motion to amend the judgment, there never was a reasonable basis for seeking sanctions against Plaintiff's attorneys. Moreover, since Plaintiff's papers in response to Defendants' motion included an unequivocal affidavit of the party who registered the domain name that he was the one solely responsible for the registration, Defendants' counsel had no good faith basis for pursuing these motions.

This is the type of unprofessional conduct that the Court should publicly condemn and sanction. See Eastway Const. Corp. v. City of New York, 762 F.2d 243, 254 (2d Cir. 1985) (Sanctions are appropriate "when it appears that a pleading has been interposed for any improper purpose, or where, after reasonable inquiry, a competent attorney could not form a reasonable belief that the pleading is well grounded in fact and is warranted by existing law or a good faith argument for the extension, modification or reversal of existing law."); In re 60 East 80th

Street Equities, Inc., 218 F.3d 109, 115-17 (2d Cir. 2000) (upholding sanctions on attorney who pursued an otherwise valid challenge after both the Bankruptcy Court and District Court were emphatic that the attorney's client lacked standing and the challenge was without basis in law or fact); see also Pierce v. F.R. Tripler & Co., 955 F.2d 820, 830 (2d Cir. 1992).

While Mr. Spinnell's conduct would otherwise merit sanctions under Rule 11, Plaintiff's application for Rule 11 sanctions must be denied because Plaintiff did not comply with the safe harbor provision of Rule 11 by giving counsel 21 days notice to withdraw the offending motion. See Hadges v. Yonkers Racing Corp., 48 F.3d 1320, 1327-29 (2d Cir. 1995).

Plaintiff also seeks sanctions under 28 U.S.C. § 1927. Section 1927 provides for sanctions against a lawyer who "so multiplies the proceedings in any case unreasonably and vexatiously ...." 28 U.S.C. § 1927. In the Second Circuit, "[b]ad faith is the touchstone of an award under this statute." United States v. International Bhd. Of Teamsters, 948 F.2d 1338, 1344 (2d Cir. 1991). "'[A]n award under § 1927 is proper when the attorney's actions are so completely without merit as to require the conclusion that they must have been undertaken for

some improper purpose ....'" Id. at 1345 (quoting Oliveri v. Thompson, 803 F.2d 1265, 1273 (2d Cir. 1986)).

The Court finds this section applicable here. The court is persuaded that Mr Spinnell, the attorney of the I.O.B. defendants, brought a sanction motion against opposing counsel that he knew to be without merit in order to prove to his client how tough he could be. For similar reasons, he continued to litigate the motions for sanctions against Plaintiff after it became apparent that there was no good faith basis for it. Since he multiplied "the proceedings in [this] case unreasonably and vexatiously," sanctions are appropriate.

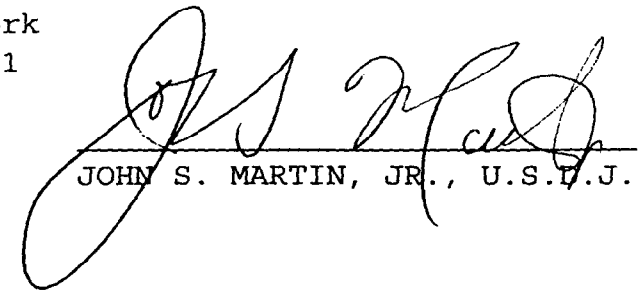
Since Plaintiff has been awarded all of its cost against the I.O.B. defendants, the court will limit its sanction against Mr. Spinnell to requiring that he pay into the registry of the court the amount of $5,000 as a sanction for his improper conduct.

For the foregoing reasons, Plaintiff is awarded judgment against the defendants, I.O.B. Realty, Inc., Patsy's Inc., Frank Brija and John Brecevich for the full amount of its attorneys' fees and cost, $250,351.56; Frank Brija is found to be guilty of contempt of court and is ordered to pay to plaintiff 50% of the attorneys' fees and expenses it incurred as of October 27, 2001,

amounting to $99,834.63; Andrew Spinnell is sanctioned in the amount of $5,000; and the I.O.B. defendants' motions for sanctions and to alter and amend the judgment are denied.

**SO ORDERED.**

Dated: New York, New York
October 1, 2001



JOHN S. MARTIN, JR., U.S.D.J.

Copies to:

For Plaintiff:
Norman Zivin
Cooper & Dunham L.L.P.
1185 Ave. of the Americas
New York, NY 10036

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

Frank H. Wright
641 Lexington Ave.
New York, NY 10022

Richard Feldman
Feldman & Markman L.L.P.
270 Madison Ave.
Suite 1400
New York, NY 10016

Andrew Spinnell
21 E. 40th St.
7th Floor
New York, NY 10016