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

Proceeding	92054966
Party	Defendant Cook Collection Attorneys, P.L.C.
Correspondence Address	COOK COLLECTION ATTORNEYS PLC 165 FELL STREET SAN FRANCISCO, CA 94102 UNITED STATES
Submission	Motion to Dismiss - Rule 12(b)
Filer's Name	David J. Cook (SBN # 060859)
Filer's e-mail	cook@squeezebloodfromturnip.com, mbaron@cookcollectionattorneys.com
Signature	/djc/
Date	12/30/2011
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

SCOTT R. SMITH, an individual, Petitioner, vs. COOK COLLECTION ATTORNEYS, P.L.C., a California corporation, Respondent.	Cancellation No. 92054966 Registration No. 3257604

COOK COLLECTION ATTORNEYS, P.L.C.'S MOTION TO DISMISS PETITION TO CANCEL, AND MOVE FOR ENTRY OF PREFILING ORDER AND OTHER RELIEF

COOK COLLECTION ATTORNEYS, P.L.C. ("Respondent") hereby moves the United States Patent and Trademark Office ("TTAB") for the following relief:

1. For an order dismissing the Petition to Cancel the trademark registration of Cook Collection Attorneys, P.L.C., Serial No. 77020236, Registration No. 3257604, for the Trademark SqueezeBloodFromTurnip.com, appearing on T-shirts herein ("SqueezeBlood Trademark") under Fed.R.Civ.Pro. 12(b)(6) and TBMP § 503.02, on the basis, among other grounds, that Scott Smith, the Petitioning party, ("Smith") lacks any standing therein or recognizable interest thereunder, or any other claim, right or interest recognized under Article III of the United States Constitution.[1]

2. For an order barring and prohibiting Smith from filing, now or in the future, any other Petition to Cancel for any other trademark of Cook Collection Attorneys, P.L.C., either in part or in whole, based upon the inequitable, wrongful, and malicious conduct undertaken by Smith, arising out of and based upon this current Petition to Cancel, and moreover, the prior prosecution of a Petition to Cancel the trademarks of Entrepreneur Media, Inc. ("EMI") for its Trademarks bearing a) Cancellation No. 92053982/Registration No. 2408039, for the Trademark described as ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO; and b) Cancellation No. 92053724/Registration No. 2391145 for the Trademark described as ENTREPRENEUR EXPO ("EMI Trademarks").

[1] With prejudice and with costs.

3. For the issuance of a prefiling order barring, either in part or in whole, Smith from the filing, prosecution, or participation in any hearing or proceeding before the TTAB, unless any and all papers and pleadings are submitted at the outset thereof for approval by a judicial officer herein that pertain or related to any trademark held by Respondent.

4. For an order declaring Smith to be a vexatious litigant, and barring him from the filing of any other papers, pleadings, or other matter, seeming to attack, challenge, or denegrate Respondent, or any part of the same, without either in part or in whole the submission to a judicial officer for approval as to filing thereof.

This motion is undertaken on the basis that the Respondent represents EMI in the post-judgment proceedings in that action entitled *Entrepreneur Media, Inc. v. Scott Smith*, pending in the United States District Court, Eastern District of California, (Sacramento) Case No. 2:10-mc-00055-JAM-EFB ("Enforcement Action"); that EMI is in the process of litigating the matter, including but not limited to, various post-judgment proceedings thereunder; that the Respondent represents EMI in the prosecution thereunder, and just completed an order of examination (debtor's exam); that as a strategy, Smith has previously filed a Petition to Cancel the Trademark of EMI, which the court summarily dismissed, based upon the lack of standing therein, and moreover, that the Petition to Cancel has been brought for the sole purpose of harassment and intimidation, for the purpose up the expense of EMI and the Respondent, and to deter the Respondent from further representation of EMI, constituting a violation of both the civil rights of EMI, and moreover, the Respondent herein.

This motion is based upon these grounds, the attached motion, the Memorandum of Points and Authorities, the Declaration of David J. Cook, Esq., upon all matters which the court may take judicial notice which include, but is not limited to, the following proceedings:

1. *Entrepreneur Media, Inc. v. Scott Smith*, pending in the United States District Court, Central District of California, Case No. CV-98-3607 FMC (Ctx), and all appeals therefrom ("Infringement Action");

2. *Entrepreneur Media, Inc. v. Scott Smith*, pending in the United States Bankruptcy Court, Eastern District of California, (Sacramento) Case No. 01 25334 B 7 / Adv. No. 01-2219-A,

and all appeals therefrom ("Nondischargeability Action")

3. *Entrepreneur Media, Inc. v. Scott Smith*, pending in the United States District Court, Eastern District of California, (Sacramento) Case No. 2:10-mc-00055-JAM-EFB, and all enforcement proceedings therein ("Enforcement Action");

4. *Scott Smith v. Entrepreneur Media, Inc.*, Cancellation No. 92053982/Registration No. 2408039, for the Trademark described as ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO; and Cancellation No. 92053724/Registration No. 2391145 for the Trademark described as ENTREPRENEUR EXPO, and all appeals thereunder ("EMI-TTAB Actions").[2]

All matters in this proceeding, and any and all other matters which the court may take judicial notice thereunder.

This motion is also based upon all papers, pleadings and other matters on file herein, and upon all oral evidence and argument which may be presented at the hearing hereof.

In support of this Motion to Dismiss and Response, Respondent submits the accompanying Memorandum of Points and Authorities and the arguments and facts set forth therein.

DATED: December 30, 2011

COOK COLLECTION ATTORNEYS

By:_____
DAVID J. COOK
Attorneys for Respondent
COOK COLLECTION ATTORNEYS, P.L.C.

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[2] The two registrations of EMI at issue are Cancellation No. 92053982/Registration No. 2408039, for the Trademark described as ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO; and Cancellation No. 92053724/Registration No. 2391145 for the Trademark described as ENTREPRENEUR EXPO. Smith's 2008 Cancellation Petition filed with the TTAB on March 7, 2008 involved EMI's ENTREPRENEUR EXPO mark, Registration No. 2391145. For Smith's second Cancellation Petition against the same trademark, filed on March 8, 2011, the Cancellation No. is 92053724.

CERTIFICATE OF SERVICE

SCOTT R. SMITH
5714 Folsom Blvd., Suite 140
Sacramento, CA 95819

I declare:

I am employed in the County of San Francisco, California. I am over the age of eighteen (18) years and not a party to the within cause. My business address is 165 Fell Street, San Francisco, CA 94102. On the date set forth below, I served the attached:

COOK COLLECTION ATTORNEYS, P.L.C.'S MOTION TO DISMISS PETITION TO CANCEL, AND MOVE FOR ENTRY OF PREFILING ORDER AND OTHER RELIEF

on the above-named person(s) by:

XXX (BY MAIL) Placing a true copy thereof, enclosed in a sealed envelope with postage thereon fully prepaid, in the United States mail at San Francisco, California, addressed to the person(s) served above.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 30, 2011 at San Francisco, California.

Matthew Baron

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

SCOTT R. SMITH, an individual, Petitioner, vs. COOK COLLECTION ATTORNEYS, P.L.C., a California corporation, Respondent.	Cancellation No. 92054966 Registration No. 3257604

COOK COLLECTION ATTORNEYS, P.L.C.'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO DISMISS PETITION TO CANCEL, AND MOVE FOR ENTRY OF PREFILING ORDER AND OTHER RELIEF

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I. INTRODUCTION.

This Petition to Cancel the Trademark of Cook Collection Attorneys, P.L.C. for the use of the words SqueezeBloodFromTurnip.com, Registration No. 3257604, is an attempt by Scott R. Smith ("Smith") to interfere, if not deprive, Cook Collection Attorneys, P.L.C. ("Respondent") of its Constitutionally protected rights to the access of Article III courts. This brief will demonstrate to this court that the purpose of this Petition has nothing to do with Respondent's T-shirts bearing SqueezeBloodFromTurnip.com, but rather, an attempt by Smith to deter, intimidate, harass, and ultimately interfere and block Respondent's access to an Article III judge, a Constitutionally protected rights. The seriousness of this wrongful conduct cannot be understated and, as this brief will demonstrate, Respondent will ask this court for more than just a mere dismissal of this matter, with prejudice, but moreover, appropriate sanctions to deter this conduct in the future. Anytime judicial process is used (or misused) to violate the civil rights of another party, constitutes one of the most egregious wrongs, condemned under 42 U.S.C. § 1983.

Before delving into the history of this case, and the brief recitation of the prior Petitions to Cancel filed by Smith for the EMI Trademarks, the salient fact is that Smith is the judgment debtor of EMI based upon the willful and malicious infringement of EMI's intellectual property ("Infringement Action"). This willful and malicious infringement now takes the form of a final District Court judgment, affirmed on appeal, and determined to be nondischargeable at the level of the Bankruptcy Court and Bankruptcy Appellate Panel ("Nondischargeablity Action") Unlike state law, upon the entry of a District Court judgment, the judgment is deemed final for purposes of collateral estoppel. ***Collins v. D.R. Horton, Inc.*** (9th Cir. 2007) 505 F.3d 874. In the Infringement Action the District Court determined that Smith engaged in conduct to infringe upon EMI's trademark for his own profit and gain. In the Nondischargeability Action, the Bankruptcy Court determined that Smith acted willfully and maliciously, and with a subjective intent to injure, harm, and damage EMI, without just cause or excuse. The ensuing Petitions filed by Smith seeking to cancel the EMI registration, and now the registration for Respondent's T-shirts, constitutes a continuation of Smith's predatory practices. This is not hyperbole, aggrandizement, or

exaggeration.[1] Smith's malicious conduct has now been cycled through four courts, and a total of eight separate Judges (District Court-1; Ninth Circuit-3; Bankruptcy Court-1 [the trial judge only, even though the prior judge, Judge Dorian, granted the summary adjudication]; BAP-3). Therefore, this panel in considering both the motion to dismiss filed by Respondent, should consider the fact that eight Judges have already held that Smith has acted, and continues to act, in a manner to harm, injure and destroy EMI, and now Respondent.

II. HISTORY OF THIS CASE.

Respondent clearly recognizes that TTAB has already cycled through a good deal of the history of this case through the litigation of the Petitions to Cancel entitled *Scott Smith v. Entrepreneur Media, Inc.*, Cancellation No. 92053982/Registration No. 2408039, for the Trademark described as ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO; and Cancellation No. 92053724/Registration No. 2391145 for the Trademark described as ENTREPRENEUR EXPO, which culminated in the dismissal with prejudice, based upon a summary judgment. Notwithstanding the institutional knowledge of this court of this proceeding, some history is relevant in laying out the basis for the sanctions as sought.

A. Infringement Action.

EMI filed its Complaint in the United States District Court, Central District of California, entitled *Entrepreneur Media, Inc. v. Scott Smith*, Case No. CV-98-3607 FMC (Ctx), a copy of that Complaint which is attached hereto marked ***Exhibit "A"*** and incorporated by reference. EMI claimed and asserted that Smith infringed upon EMI's intellectual property.

Initially, the case culminated in the granting of a summary judgment, which was later reversed in ***Entrepreneur Media, Inc. v. Scott Smith***, 279 F.3d 1135 (9th Cir. 2002) (reversing in part district court's grant of summary judgment); 2004 U.S. Dist. LEXIS 24078 (C.D.Cal. June 24, 2003) (decision following bench trial), aff'd, 101 Fed. Appx. 212 (9th Cir. 2004) (unpublished); 2004 U.S. Dist. LEXIS 24078 (C.D.Cal. June 23, 2004) (entry of findings of fact and conclusions of law from trial).

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[1] Plus another Petition to Cancel the trademark of the name "COOK" as indicated by ***Exhibit "N"*** which is attached hereto and incorporated herein.

The Infringement Action went to trial, that led to the Findings of Fact and Conclusions of Law which is attached hereto marked ***Exhibit "B"*** and incorporated by reference. Judgment was entered, a copy which is attached hereto marked ***Exhibit "C"*** and incorporated by reference. The findings shed great light in understanding the base motives of Petitioner:

> 25. Entrepreneur is entitled to its attorney's fees, pursuant to 15 U.S.C. Section 1117(a) which provides that attorney's fees may be awarded in exceptional cases, and Section 1117(b), which provides that "the court shall, unless the court finds extenuating circumstances, enter judgment. . .together with a reasonable attorney's fee, in the case of any violation. . . ***that consists of intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark*** . . . ." (Page 10, Par. 25, lines 18-25) (Emphasis added)

This matter ultimately went on appeal, and a copy of the appellate opinion which is attached hereto marked ***Exhibit "D"*** and incorporated by reference.[2] The short summary is that Smith willfully and maliciously infringed upon the intellectual property (trademarks) for and on behalf of EMI. The court rendered a money judgment, inclusive of costs, interest and fees, in the principal amount of $669,656, plus attorneys fees of $680,895, and costs of $39,267.46, for a total of $1,389,818.40. Said judgment remains unsatisfied.

B. Intervening Bankruptcy Action.

During the midst of the Infringement Action and after the summary judgment, but before the reversal, Smith filed his Petition under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of California, (Sacramento) Case No. 01 25334 B 7. The Complaint was filed with essentially two courts, the first of which was to assert that the underlying infringement judgment was undertaken willfully and maliciously, and subject to the exemption from the discharge under Bkrtcy.C. § 523(a)(6), and to bar the discharge of Smith for certain misconduct arising out of the bankruptcy under Bkrtcy.C. § 727. During the course and scope of the bankruptcy proceeding, Judge Dorian issued an order to show cause for the failure to prosecute the Bkrtcy.C. § 727 action, which the succeeding Judge (McManus) discharged, which was upheld by the Bankruptcy Appellate Panel (see below). The Bkrtcy.C. § 727 trial went to

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[2] The Circuit court affirmed the fee award: "Because EMI provided strong credible evidence that Smith intended to confuse consumers, attorney's fees were justified." ***Exhibit "D"*** at page *215

judgment, in favor of Smith. The Bkrtcy.C. § 523(a)(6) case went to trial, in which EMI prevailed, and a copy of the Findings of Fact and Judgment are attached hereto marked ***Exhibit "E"*** and incorporated by reference.[3]

Smith appealed the matter to the Bankruptcy Appellate Panel which affirmed on all grounds, and a copy of the Opinion (Westlaw only) which is attached hereto marked ***Exhibit "F"*** and incorporated by reference. Smith appealed the matter to the Ninth Circuit, in which briefing was complete, but oral argument has not been set.

C. Enforcement Action.

EMI has registered the Infringement Action Judgment from the United States District Court, Eastern District of California, (Sacramento) Case No. 2:10-mc-00055-JAM-EFB ("Enforcement Action") under Fed.R.Civ.Pro. 69(a)(1)&(2) to enforce the judgment. EMI has sought, among other remedies, a motion for assignment of rights under C.C.P. § 708.510, entitling a judgment creditor to have assigned to it all rights to payment of money due a judgment debtor. That motion (without exhibits) which is attached hereto marked ***Exhibit "G"*** and incorporated by reference.

The court has issued a series of orders scheduling and rescheduling the motion, essentially predicated upon the results of a "debtor's exam" authorized under C.C.P. § 708.110(a). At issue is whether or not Smith has accounts and accounts receivable which would be subject to enforcement. Smith claims in summary in his debtor's exam that he does not have any accounts and accounts receivable arising out of and based upon the operation of his business under the name of Bizstarz, which incidentally is a registered trademark, and a copy of that registration is attached hereto marked ***Exhibit "H"*** and incorporated by reference. While this motion is not a Petition to Cancel Bizstarz, Smith unequivocally stated that he is not generating any revenue, one way or another, in the operation of his business under the name of Bizstarz.

During the court of the Enforcement Action, Smith has engaged in repetitive conduct to

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[3] Judge McManus held: "Smith willfully committed trademark infringement against EMI. This injury to EMI's property was deliberate and intentional." (***Exhibit "E,"*** Page 2, Para. 1, lines 22-24). "Smith knew that his willful trademark infringement would necessarily injure EMI. (*Ibid.*, Page 3, para. 2, lines 19-20)

harass, humiliate, intimate, and oppress David J. Cook of Respondent. Petitioner filed in the Enforcement Action a DEFENDANT'S MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO PLAINTIFF'S MOTION FOR ASSIGNMENT OF RIGHTS, RESTRAINING ORDER, AND TURNOVER ORDER (Docket #82), a copy of which is attached hereto marked ***Exhibit "I"*** and incorporated by reference. The key to this filing is that Smith sought sanctions against David J. Cook and EMI predicated upon misconduct before the New York Court of Claims. For purposes of brevity, Respondent attaches the relevant portions of the Memorandum, commencing at page 1, and attaching the offending decision by the New York Court of Claim, at pages 007-0027 as Exhibit B thereto.[4]

In an ensuing filing, Smith sought to defend the filing, and a copy of his Memorandum in Opposition is attached hereto marked ***Exhibit "J"*** and incorporated by reference. He makes various claims, as follows:

> Cook spends the majority of EMI's Motion to Compel arguing over a mistake that Smith made in his Opposition to EMI's Motion for Assignment of Rights, when he mistakenly identified Cook as being the same David Cook that was sanctioned by a New York Court. Smith's error was an honest mistake, which Smith immediately and dutifully sought to correct. There was nothing "willful" or "intentional" about Smith's mistake – it was simply a mistake. Even without any "new" evidence, Cook's conduct has long show a pattern of misconduct, a pattern which existed before Smith's mistake, and continues to exist to this day. There are many examples of Cook's bad-faith conduct throughout this over 10-year long battle, ranging from the $10 million Show Cause Order issued against Cook based on his meritless claims, to Cook's flagrant motto boating his ability to "squeeze blood from a turnip." Smith may have had the wrong David Cook in his prior filing; however, Smith's mistake does not change the actions take by Cook throughout his tenure as EMI's collections attorney.
>
> Cook's reputation, including his tactics designed to "squeeze blood from a turnip", contributed to Smith's error in believing the David Cook sanctioned by another court was, in fact, the same David Cook as in the present case. Additionally, Smith's personal experience with Cook's collection efforts that consistently cross the line in terms of ethical conduct, made it seem likely that Cook was the attorney in question. Additionally, Cook does appear in courts outside of California; thus, it was not obvious that he was not the same David Cook appearing in a NY court."
>
> (DEFENDANT'S MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO PLAINTIFF'S MOTION FOR AN ORDER COMPELLING SCOTT

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[4] Smith caught this error and "apologized" and refiled nearly the identical Memorandum shortly thereafter. Smith, however, did not expunge the offending New York Court of Claims decision. As stated elsewhere herein, Magistrate Judge Brennan denied the motion for a prefiling order.

SMITH TO SUBMIT ALL PAPERS TO THE USDC, E.D.CAL FOR APPROVAL PRIOR TO FILING AND SERVICE UNDER 28 U.S.C. C.C.P. § 1927 AND UNDER THE EQUITABLE POWERS OF THIS COURT [PREFILING MOTION], Enforcement Action, p. 2, ll. 8-24, p. 3, ll. 1-2.)

Malice overflows this filing by Petitioner, as does this Petitioner to Cancel, much less the Petition to Cancel the registration for Cook Collection Attorneys.

III. PETITION TO CANCEL EMI'S TRADEMARK.

This is not the first time Smith has filed a Petition to Cancel a trademark. Smith has filed two Petitions to Cancel EMI Trademarks, and copies of the two Petitions to Cancel, Registration No. 2408039 and Registration No. 2391145, are attached hereto marked ***Exhibit "K"*** and incorporated by reference (without exhibits). This court dismissed the same, with prejudice, and a copy of the two orders thereof are attached hereto marked ***Exhibits "L" and "M"*** and incorporated by reference. The basis, as here, is the lack of standing.[5]

This Petition to Cancel the SqueezeBlood Trademark is now being followed by a second Petition to Cancel the trademark for Cook Collection Attorneys ("COOK"), Cancellation No. 54970, Registration No. 3414311, a copy of which is attached hereto marked ***Exhibit "N."*** The purpose of this Petition to Cancel the registration for Cook Collection Attorneys and allow Smith to use COOKLEGALSERVICES.INFO as a means to "cybersquat" and spread adverse information about Respondent. The purpose of this second petition is to destroy the Respondent.

IV. NO STANDING.

Notwithstanding the frivolous, absurd and ridiculous allegations and claims of Smith, the short summary is that Smith has not the slightest standing. Smith is not a competing lawyer, does not hold a related trademark, is not a vendor, seller, or provider of T-shirts, or moreover, has not the slightest interest, directly or indirectly. Smith cannot claim any personal loss, injury, harm, or the like.

Standing, as always, is a prerequisite to a Petition to Cancel.

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[5] Smith unsuccessfully sought to cancel EMI's trademark, and similarly lost on the basis of standing. The prosecution of the Petition to Cancel was an act of vindictiveness, as represented by the order of August 7, 2008 in the action in the TTAB, entitled *Scott R. Smith v. Entrepreneur Media, Inc.*, Opposition No. 91180276, Cancellation No. 92049001, pages 6-10, and attached hereto marked ***Exhibit "O."***

Smith lacks standing to bring this action, because he is bound by a permanent injunction barring his use of the mark ENTREPRENEUR, or any similar mark, which injunction was issued by the Central District of California and affirmed by the Ninth Circuit. Accordingly, this Petition should be dismissed.

Pursuant to 15 U.S.C. § 1064, a Petition to Cancel a registration may be filed by any person who believes that he is or will be damaged. The test for standing, however, includes two judicially-created elements: (1) Petitioner must have a "real interest in the proceedings"; and (2) Petitioner must have a "reasonable basis for his belief of damage." ***Ritchie v. Simpson***, 170 F.3d 1092, 1095 (Fed. Cir. 1999); *see also,* ***Lipton Indus., Inc. v. Ralston Purina Co.***, 670 F.2d 1024 (C.C.P.A. 1981).

Accordingly, Smith "must allege a distinct and palpable injury . . ." ***Jewelers Vigilance Committee, Inc., v. Ullenberg Corp.***, 823 F.2d 490, 493 (Fed. Cir. 1987). Moreover, it is in *the pleading stage* that Smith must plead facts sufficient to show a personal interest in the outcome of the case beyond that of the general public. *Id.* (citing *Lipton Indus.*, 670 F.2d at 1028). Smith's Petition for Cancellation in this action fails to plead sufficient facts to support standing.

Smith has no right to use, nor any interest in, the mark SqueezeBloodFromTurnip.com. (the "SqueezeBlood" Trademark) and therefore cannot be harmed by the continued registration of the SqueezeBlood Trademark. ***In re Franklin Press, Inc.***, 201 U.S.P.Q. 662, 665 (C.C.P.A. 1979) ("The purpose of a disclaimer is to show that the applicant is not making claim to the exclusive appropriation of such matter except in the precise relation and association in which it appeared in the drawing and description.") (internal quotation omitted). Smith does not claim to be a competitor of Respondent. Smith does not claim to be selling, handing out, or providing similar or like T-shirts. The registration is specifically limited to T-shirts. Smith does not claim to be in the clothing or wearing apparel business. Smith does not claim that he has any relationship with or participation in any activity which would offer competing goods or services. The SqueezeBlood Trademark is limited to T-shirts, and Respondent does not claim a trademark for professional, legal, accounting, financial, or other services. Needless to say, the T-shirt bearing the SqueezeBlood Trademark is simply that, a piece of wearing apparel, and nothing more.

In addition, to meet the threshold for standing, Smith must allege a *reasonable basis* for belief that he would be damaged by the continued registration of the SqueezeBlood Trademark. *See,* ***Lipton Indus.***, 670 F.2d at 1029 (emphasis added). The court in *Lipton* gave examples of how a petitioner could plead and prove a reasonable basis for believing that it would sustain any such damages. First, the petitioner may assert likelihood of confusion. *Id.* at 1029. Second, petitioner could assert that it had an application that was rejected due to the subject registration. *Id.* Notably, Smith has not alleged a likelihood of confusion between the SqueezeBlood Trademark and any of his own marks, nor does he allege that any of his marks would be refused registration due to Respondent's registration. *Id.* Smith's absence of any arguments regarding likelihood of confusion and purported rights in a confusingly similar mark demonstrates Smith's lack of any reasonable basis for believing that he will be damaged by the continued registration of Respondent's Trademark. *See also,* ***International Tel. and Telegraph Corp. v. International Mobile Machines Corp.***, 218 U.S.P.Q. 1024; 1983 T.T.A.B. LEXIS 227, *8-9 (T.T.A.B. 1983) ("[I]nasmuch as petitioner has alleged neither likelihood of confusion nor that it has actually been refused registration of its mark in view of respondent's registration, it has not alleged a reasonable basis for its belief that he is or will be damaged by the continued existence of respondent's registration.").

The gist of Smith's claims is that he personally finds the T-shirt in some way offensive or repulsive. Whatever Smith's personal feeling are, he is certainly entitled to express them anyway he wishes consistent with his First Amendment rights. However, Smith's personal dislike of the T-shirts does not qualify him to cancel another party's trademark registration, and no authority exists for this tribunal to impose a stranger's likes or dislikes as a basis to cancel a potentially multi-million dollar or billion dollar mark. Certainly, the stranger could not file a Petition to cancel the seminal trademark of the Nike "Swoosh" because the Petitioner found that trademark offensive.[6]

Moreover, Smith's personal dislike of the SqueezeBlood Trademark does not meet Smith's

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[6] While somewhat germain to this matter, Procter & Gamble have been battling many fringe groups over the famous Procter & Gamble logo consisting of the crescent moon. Many fringe groups have called that ubiquitous logo the sign of Satan.

burden of providing specific conditions and circumstances, from which damage by the continued registration of the SqueezeBlood Trademark can be assumed. ***Continental Specialties Corp. v. Continental Connector Corp.***, 192 U.S.P.Q. 449 (T.T.A.B. 1976) ("[I]t is well settled that the threat of a suit for infringement . . ., does not by itself constitute damage within the meaning of Section 13 of the Trademark Act."); ***Yard-Man, Inc. v. Getz Exterminators, Inc.***, 157 U.S.P.Q. 100 (T.T.A.B. 1968) (same). *See also,* ***FBI v. Societe: M. Bril & Co.***, 172 U.S.P.Q. 310, 313 (T.T.A.B. 1971) (conditions and circumstances of damage must be shown). Smith cannot claim any damages from Respondent's T-shirts and the mark appearing thereon.

Smith does not have a stake in the SqueezeBlood Trademark appearing on Respondent's T-shirts, and therefore has not standing as a matter of law. ***Ritchie v. Simpson***, 170 F.3d at 1095 (petitioner in cancellation action must have direct and personal stake in outcome of the case). In addition, Smith has no right to seek cancellation of the SqueezeBlood Trademark for the benefit of anybody else, because, as pointed out in ***Jewelers Vigilance Committee,*** 823 F.2d at 493, sufficient facts must be pled to show a *personal interest* beyond that of the general public. *See also,* ***Lipton Indus.,*** 670 F.2d at 1028 ("[I]f [Petitioner] does not plead facts sufficient to show a personal interest in the outcome beyond that of the general public, the case may be dismissed for failure to state a claim.").

Respondent has only registered the SqueezeBlood Trademark to T-shirts. Nothing stops others from using "SqueezeBloodFromTurnip" in any other non-competing manner, save and except any other act that would defame, or injure others. *See* ***In re Franklin Press, Inc.***, 201 U.S.P.Q. at 665.

In summary, Smith has not the slightest standing in the SqueezeBlood Trademark, a matter which appears on the face of the Petition itself.

V. WHY SANCTIONS ARE APPROPRIATE?

The Petition filed by Petitioner has nothing to do with T-shirts. This Petition has everything to do with Respondent's role as the EMI"s enforcement attorney in seeking to collect the judgment arising from the Infringement Action, now declared to be nondischargeable in the Nondischargeability Action and on appeal to the 9th Circuit. Sanctions, including the pre-filing

and disentitlement relief, prevent this court was becoming another tribunal in which Petitioner can continue his ongoing battle directly and collaterally with EMI. These Petitions to Cancel (EMI and COOK) are a continuation of the Infringement Action by another name and represent these same malevolence expressed by Smith and suffered by EMI.

This next section explains why sanctions are appropriate and what sanctions. This Petition to Cancel is without merit; the allegations on their face are absurd; Smith has no contact with or connection to Respondent's T-shirts; he has not the slightest standing. Respondent does not seek sanctions necessarily because Smith lacks standing, but rather, the purpose of this Petition is to deprive Respondent of access to the federal courts as a lawyer, and to hinder, intimidate, and deter him from representation of a client in a legal matter. It is the act of intimidation, coercion and destruction, which warrants sanctions of the highest order.

This is Smith's pattern and practice. This is found in the filing of the false declaration accusing David J. Cook of misconduct before the New York Court of Claims, and done for one, and only one purpose, which is to deprive the lawyers and EMI of access to the courts. This conducts harkens back to the days of witness tampering, intimidation of parties, lawyers, and judges, all of which undermines the integrity of the judicial system.

Respondent is EMI's enforcement counsel. Whatever Respondent does or may not do in the enforcement of the judgment is subject to the District Court's supervisory jurisdiction exercised in every other case in the control of counsel. Smith, unable to find anything inappropriate, now seeks to personally attack Respondent and the trademark on the T-shirts as a means of vindictive revenge, serving no purpose other than to deter respondent from representing EMI for the fear of incurring costs in the defense of Respondent's property. As set forth below, Smith's conduct constitutes nothing less than the brick through the window or setting fire to the office. This becomes even more apparent by a review of the second Petition. The seriousness of Smith's misconduct in attacking counsel for a party undermines the ability of a party to be fairly represented free of personal attack, and ultimately undermines the integrity of the federal judicial system.

At the core of this matter is Smith's infringement of EMI's mark, the subject of other

ongoing Nondischargeability Action. The short summary is that Smith infringed upon EMI's mark, a finding made by the District Court Judge in the Infringement Action and bankruptcy judge in then non-dischargeability action. This was likewise reconfirmed by a new and independent finding of the infringement by the Nondischargeability Action. *See* ***In re Scott R. Smith, Smith v. Entrepreneur Media, Inc.***, 2009 WL 6058677 (Vt. A.G. Dec. 17, 2009), in which the court stated as follows:

> "The bankruptcy court also made a new and independent finding that "*Smith willfully committed trademark infringement against EMI."* Findings of Fact and Conclusions of Law (March 11, 2009) at 2:22–*2:24. According to the bankruptcy court, "*[t]his *injury* to EMI's property was deliberate and intentional."* *Id.* (Emphasis added). In making this finding, the bankruptcy court expressly relied on the district court's findings in the trademark infringement litigation. There is no indication in the bankruptcy court's finding of intentional injury that it relied on the evidence presented during the trial on "*just cause and excuse."

Notwithstanding the fact that the nondischargeability judgment is currently on appeal, the findings of the court are collateral estoppel. *See* ***Collins v. D.R. Horton, Inc.*** (9th Cir. 2007) 505 F.3d 874, 882, in which the court stated:

> "We have held that a final judgment retains its collateral estoppel effect, if any, while pending appeal. *See Tripati v. Henman,* 857 F.2d 1366, 1367 (9th Cir.1988) (stating that a pending appeal does not affect a judgment's finality for preclusion purposes). This rule creates the potential for a collateral estoppel-based judgment based on a prior judgment that is subsequently vacated or reversed on appeal."

Therefore, the court should view Smith as a person engaging in a course of conduct to willfully and maliciously damage the property of another, without good cause or justification, as held by the Bankruptcy Trial Judge and the Bankruptcy Appellate Panel.

VI. REMEDIES SOUGHT.

Respondent seeks a whole host of essentially punitive or near punitive measures, whether a prefiling order, disentitlement, specific finding, or monetary sanctions. Respondent readily acknowledges that these remedies are extreme, and mandates a particularly egregious showing of bad faith on the part of the accused party. The courts will routinely dismiss the rambunctious conduct of counsel and parties as the normal "rough and tumble" of high-stakes litigation. In short, litigators need to have a very "thick skin" and should not cry or complain of having their feelings "hurt." As this court can see, Respondent is engaged in the enforcement of judgments and the

collection of debts, an area normally accompanied by parties who have strong feelings, assert aggressive defenses, and give rise to execute high-stakes strategies.

The conduct of Smith, however, goes well beyond the "rough and tumble" of litigation, particularly when one of the parties is facing a multi-million dollar judgment, and representing himself In Pro Per. This is a case in which Smith is seeking affirmatively to destroy the property rights of EMI, without the slightest legal basis, which the court has already resolved, and moreover, the property rights of EMI's counsel, Respondent.

The remedies sought are the following:

1. For an order disentitling and barring and prohibiting Smith from filing, now or in the future, any other Petition to Cancel any other trademark of Cook Collection Attorneys, P.L.C., either in part or in whole, based upon the inequitable, wrongful, and malicious conduct undertaken by Smith, arising out of and based upon this current Petition to Cancel, and moreover, the prior prosecution of a Petitions to Cancel the EMI Trademarks.

2. For the issuance of a prefiling order barring, either in part or in whole, Smith from the filing, prosecution, or participation in any hearing or proceeding before the TTAB, unless any and all papers and pleadings are submitted at the outset thereof for approval by a judicial officer herein.

3. For an order declaring Smith to be a vexatious litigant, and barring him from the filing of any other papers, pleadings, or other matter, seeming to attack, challenge, or denegrate Respondent, or any part of the same, without either in part or in whole the submission to a judicial officer for approval as to filing thereof.

Routinely, a party in Respondent's position would seek attorneys fees and costs, potentially amounting to tens of thousands of dollars. Respondent does not waive this claim, given the enormous investment in the motions to dismiss in response to the two Petitions to Cancel. However, Petitioner is burdened with a $1.3M Judgment, more or less, and has readily admitted that he lacks the financial ability to pay this Judgment. Increasing his debt by another $10,000, or even $50,000, in the face of a $1.3M plus nondischargeable infringement judgment, is insufficient as a sanction as Petitioner will never pay it, nor suffer any financial consequences. In short, only

nonmonetary sanctions are adequate.

A. Overview of Remedies.

Respondent admits that the burden to obtain a prefiling order is very steep, and prefiling orders are only entered in the most egregious of settings. *See **Wolfe v. George***, 486 F.3d 1120, FN12 (2007), in which the court stated:

> "We recognize that 'there is strong precedent establishing the inherent power of federal courts to regulate the activities of abusive litigants by imposing carefully tailored restrictions under the appropriate circumstances.'" De Long v. Hennessey, 912 F.2d 1144, 1147 (9th Cir. 1990) (quoting Tripati v. Beaman, 878 F.2d 351, 352 (10th Cir. 1989)."

Moreover, the court frequently will "cull through the record" to determine whether other remedies might be suitable, before compelling a party to seek approval by the court before the filing of any papers, pleadings, or the like. ***Shiraishi v. United States of America,*** 2011 WL 4625723 (D.Hawai'i), *9, in which the court stated:

> "Nevertheless, "[f]lagrant abuse of the judicial process cannot be tolerated because it enables one person to preempt the use of judicial time that properly could be used to consider the meritorious claims of other litigants." *De Long*, 912 F.2d at 1148; *see O'Loughlin v. Doe*, 920 F.2d 614, 618 (9th Cir. 1990). Thus, in *De Long*, we outlined four factors for district courts to examine before entering pre-filing orders. First, the litigant must be given notice and a chance to be heard before the order is entered. *De Long*, 912 F.2d at 1147. Second, the district court must compile "an adequate record for review." *Id.* at 1148. Third, the district court must make substantive findings about the frivolous or harassing nature of the plaintiff's litigation. *Id.* Finally, the vexatious litigant order "must be narrowly tailored to closely fit the specific vice encountered." *Id.*"

The abuse here is the prosecution of this unmeritorious Petition to Cancel in which no standing has or could be pled or proven. This follows the prior unmeritorious Petition, which was likewise dismissed on the basis of a lack of standing.

B. Inherent Powers of Court.

Respondent has made out a sufficient factual showing justifying a prefiling order for a limited period of time. Such relief is found under 28 U.S.C. § 1927 or ***Chambers v. NASCO***, 501 U.S. 32, 111 S.Ct. 2123, 115 L.Ed.2d 27 (1991), authorizing the court to issue sanctions predicated upon the misconduct of a litigant or an attorney. In addition to the imposition of sanctions pursuant to FRCP Rule 11, this court also has the inherent power under 28 U.S.C. § 1927, to sanction the bad faith conduct of attorneys or parties. *See **Scotch Game Call Company,***

Inc. v. Lucky Strike Bait Works, Ltd., 148 F.R.D. 65, 67 (1993), in which the court stated:

> "Furthermore, the court has the inherent power to sanction bad-faith conduct of attorneys or their clients apart from any of the statutory or rules provisions. Chambers v. NASCO, 501 U.S. 32, 111 S.Ct. 2123, 115 L.Ed.2d 27 (1991). The exercise of this power is appropriate where there is clear evidence that the attorney's actions are taken for reasons of harassment or delay, or for other improper purposes. Oliveri v. Thompson, supra, 803 F.2d at 1272; Dow Chemical Pacific Ltd. v. Rascator Maritime, S.A., 782 F.2d 329, 344 (2d Cir. 1986)."

Courts have the inherent power to disarm a vexatious litigant or enjoin a party from commencing lawsuits or filing motions unless certain conditions are met. *See* ***Kissel v. DiMartino,*** 1993 WL 289430 (E.D.N.Y.) (1993), *8, in which the court stated:

> In addition, the district courts "have both the inherent power and the constitutional obligation to protect their jurisdiction from conduct which impairs their ability to carry out Article III functions." *In re Martin-Trigona*, 737 F.2d 1254, 1261 (2d Cir. 1984); *see Safir v. United states Lines, Inc.*, 792 F.2d 19, 23 (2d Cir. 1986), *cert. denied*, 479 U.S. 1099 (1987); Abdullah v. Gatto, 773 F.2d 487, 488 (2d Cir. 1985); *Urban v. United Nations*, 768 F.2d 1497, 1500 (D.C.Cir. 1985); *see also In re McDonald*, 489 U.S. 180, 184 (1989). Thus, the Court has the inherent power to disarm a vexatious litigator or by enjoining such a party from commencing further lawsuits or filing motions unless certain conditions are met. *Safir*, 792 F.2d at 23; *Martin-Trigon*, 737 F.2d at 1262. Furthermore, in issuing such protective injunctions, "the traditional standards for injunctive relief, i.e., irreparable injury and inadequate remedy at law, do not apply." *Polur v. Raffe*, 912 F.2d 52, 57 (2d Cir. 1990), *cert. denied*, 111 S.Ct. 1389 (1991); *Martin-Tribona*, 737 F.2d at 1262."

Courts also have the inherent authority to sanction bad-faith or willful misconduct when they find that a party acted in bad faith, vexatiously, wantonly, or for oppressive reasons, or for actions taken in litigation for an improper purpose, including recklessness. *See* ***In re UPLAND PARTNERS,*** 2006 WL 980583 (Bkrtcy-D.Hawai'i), *8, in which the court stated:

> ". . . Sanctions are available for a variety of types of willful action, including recklessness when combined with an additional factor such as frivolousness, harassment, or an improper purpose. Fink v. Gomez, 239 F.3d 989, 994 (9th Cir. 2001). Sanctions should be reserved for the "rare and exceptional case where the action is clearly frivolous, legally unreasonable or without legal foundation, or brought for an improper purpose." Operating Engineers Pension Trust v. AC Co., 859 F.2d 1336, 1344 (9th Cir. 1988)."

Respondent has made out a factual basis for a pre-filing order, given the totality of Smith's misconduct during the course of the proceedings before this tribunal.

The Ninth Circuit has clearly enunciated guidelines of pre-filing orders in ***Molski vs. Evergreen Dynasty Corporation etc.***, 500 F.3d 1047 (9th Cir. 2007), citing ***De Long vs. Hennessey,*** 912 F.2d 1144, 1146 (9th Cir. 1990) and relying in party on the All Writs Act, 28

U.S.C. § 1651(a) authorizing the district to enter a prefiling order against a vexatious litigant. ***Weissman vs. Quail Lodge, Inc.***, 179 F.3d 1194, 1197 (9th Cir. 1999). The court must make "substantive findings as to the frivolous or harassing nature of the litigant's actions. . ." ***De Long vs. Hennessey,*** 912 F.2d at 1148 (quoting ***In Re Powell***, 851 F.2d 427, 431 (D.C. Cir. 1988)). Respondent has made out a substantial factual basis warranting by his repetitive filings of non-meritorious filings.

VII. PETITIONER SEEKS TO HOLD RESPONDENT'S MARKS AS HOSTAGE TO COERCE RESPONDENT TO ABANDON REPRESENTATION OF EMI.

Clearly, prefiling orders and disentitlement orders are rare. However, this case leads to only one conclusion. Smith is filing this Petition to Cancel as an act of intimidation and coercion to deter Respondent from representing a client, and ultimately depriving the client of legal representation. This conclusion is supported by the second Petition to Cancel, in which Smith seeks to cancel Respondent's registration for Cook Collection Attorneys ("COOK"), as set forth below:

"1. Smith owns the domain name "CookLegalServices.info." (Exhibit B)
2. Smith reasonably believes that any actions by him to utilize his CookLegalServices.info domain name will be met with retribution and court action by Cook Collection, because:
   a. Cook Collections is a law firm that specializes in litigation.
   b. There is extensive litigation history between Smith and Cook Collection.
   c. Smith wants to utilize CookLegalServices.info as a website or blog to publish information about Cook Collection.
   d. Smith believes that if he criticizes Cook Collection using a domain name he owns that contains the COOK mark, Cook Collection will retaliate and try to intimidate and silence Smith by taking court action claiming Smith is infringing the COOK mark.
   e. CookLegalServices.info contains the entire COOK mark.
   f. The COOK mark is registered in international class 045 for "legal services," and CookLegalServices.info contains the words "Cook" and "legal services."
3. The threat of retribution and court action by Cook Collection against Smith's CookLegalServices.info domain name: (a) harms and diminishes its value, (b) harms Smith's ability to develop CookLegalServices.info as a website or blog on his own or through partnerships or sponsorships, and (c) harms Smith's ability to transfer CookLegalServices.info to another party who may want to use CookLegalServices.info for "services rendered by lawyers," or for "investigation and surveillance services."
4. Smith intends to use the COOK mark in a generic fashion to connection with his business.
5. Smith believes he is or will be harmed by the continued registration of the COOK

mark.

6. Smith has a real interest in the cancellation of the COOK mark and a reasonable basis for the belief of his damages."

(Petition to Cancel, Cancellation No. 54970, ***Exhibit "N."***)

Smith wants to utilize CookLegalServices.info as a website or blog to publish information about Cook Collection Attorneys. Respondent owns Cook Collection Attorneys, and clearly the domain name of "CookLegalServices.info" is cybersquatting. The entire purpose of all of these Petitions to Cancel is to compel Mr. Cook to abandon his representation of EMI to protect his trademarks. In reality, the purpose of this Petition, and the next Petition, is to destroy Respondent. None of these Petitions are filed in good faith, and none of them have a viable purpose. The court should view these Petitions as a threat to damage Respondent's property and eject Petitioner from this case.

This court should view both Petitions filed this Petitioner as a attempt to hold Respondent's mark hostage to deter Respondent from representing EMI and abandon EMI as a client.[7] Only a prefiling order and disentitlement order will protect Respondent from an attack which both injures Respondent as an attorney, but moreover, the judicial system. Through Smith's conduct, Respondent, EMI, and the judicial system become victims.

VIII. PRIOR VEXATIOUS LITIGATION.

Petitioner sought to cancel the trademarks for EMI, Cancellation No. 92053982/ Registration No. 2408039, for the Trademark described as ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO; and Cancellation No. 92053724/Registration No. 2391145 for the Trademark described as ENTREPRENEUR EXPO, which resulted in its dismissal, as represented by the orders marked ***Exhibits "L" and "M."*** The court summarily dismissed the two EMI Petitions, based on the lack of standing. Here, Petitioner cycles through the same type of litigation seeking to cancel EMI's attorney's two trademarks, and likewise showing a complete lack of standing.

The prior dismissal of the Petition to Cancel EMI's trademark represents vexatious,

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[7] While in pro per in responding to these Petitions to Cancel, Petitioner sought to score a victory by forcing Respondent to "chew" up time and money.

meritless, and frivolous litigation. This has been particularly highlighted by ***Exhibit "O"*** constituting the order of August 7, 2008, in which the court soundly criticized Smith for pleadings containing inappropriate claims, statements and accusations. The fact that the EMI Petition was dismissed on summary judgment based upon the lack of standing demonstrates its vexatious nature.

This Respondent seeks to have Smith declared a vexatious litigant, and therefore bar him from further filings, absent preapproval by the court. Having Smith declared a vexatious litigant would free this Respondent from any further filings, when in fact these filings are not only meritless, but seek to interfere with and undermine the attorney-client relationship by and between Respondent and EMI.

The leading case is ***Molski v. Evergreen Dynasty Corp.*** (9th Cir. 2007) 500 F.3d 1047, 1051, in which the court laid down the following benchmarks:

> "In determining that Molski was a vexatious litigant, the district court applied the five factors set forth in the opinion of the United States Court of Appeals for the Second Circuit in *Safir v. United States Lines, Inc.*, 792 F.2d 19, 24 (2d Cir.1986). Those factors are: (1) the litigant's history of litigation and in particular whether it entailed vexatious, harassing, or duplicative suits; (2) the litigant's motive in pursuing the litigation, for example, whether the litigant had a good faith expectation of prevailing; (3) whether the litigant is represented by counsel; (4) whether the litigant has caused unnecessary expense to the parties or placed a needless burden on the courts; and (5) whether other sanctions would be adequate to protect the courts and other parties. *Id.*"

Here, Respondent has met those benchmarks, as follows:

1. A prior history of the filing by the Petitioner of frivolous and meritless proceedings. The prior history is the two failed attempts to cancel the registrations of EMI, Cancellation Nos. 92053982 and 92053724. The TTAB in resolving Cancellation No. 92053982 dismissed with prejudice the Petition to Cancel, in which the mark was ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO. This Petition was filed by way of an AMENDED PETITION TO CANCEL filed on 5/16/11. The TTAB in resolving Cancellation No. 92053724 granted a summary judgment in favor of EMI in which the mark was for ENTREPRENEUR EXPO. Accordingly, the TTAB docket shows two failed and dismissed Petitions to Cancel, both summarily dismissed, essentially both for lack of standing, which is identical to Respondent's

Petition herein.

2. The prior and current proceedings lack merit itself, and are solely for the purpose of coercion and intimidation. The two prior EMI cancellation proceedings lacked any merit and were solely for the purpose of spite. This Petition to Cancel is likewise solely for the purposes of spite and retribution. Petitioner has not the slightest claim or standing for the registrant's use for the mark for the T-shirts.

3. Respondent can make out a strong factual basis supported by prior orders. The TTAB can take judicial notice of its own docket, and the dockets and filings in the various courts in which this matter has been litigated.

4. Petitioner has ample notice of this motion for a prefiling order. Respondent files this motion as part and parcel of the motion to dismiss.

5. Smith apparently was represented, either in part or in whole, by counsel in the two prior proceedings.

6. While Respondent is appearing In Pro Per, the time, energy and effort to prepare this motion and the accompanying motion to dismiss the second Petition is extremely substantial, given the breadth of the record, the amount of detail, and the hyper-aggressive style of the Petitioner.

7. Monetary sanctions are inadequate, and the only remedy to protect Respondent is an order declaring Petitioner a vexatious litigant, predicated upon this factual finding that these two Petitions are without merit, and that Petitioner seeks to use these Petitions as an act of intentional coercion to deter Respondent from continuing to represent EMI.

Accordingly, to protect this Respondent, and ultimately the integrity of the court from more frivolous filings, and given the fact that the prior EMI Petitions were dismissed essentially on the same grounds, this court can declare Smith a vexatious litigant and issue a prefiling order.

IX. SMITH REVEALS HIS MOTIVES.

On 12/27/11, Respondent received the attached emails marked ***Exhibit "P"*** and incorporated by reference. These emails came unsolicited. This email demonstrates that the purpose of these two Petitions filed by Petitioner is to drive up Respondent's costs and fees, and

ultimately burden Respondent with a financial drain rendering representation of EMI unproductive. Smith states the following:

> "Your letter dated December 21, 2011 suggests that you have retained legal counsel to help defend against my trademark case(s) against you and your firm. If so, your attorney is encouraged to contact me if they want to discuss my cases or possible solutions.
>
> The information and materials you recently sent me seem to conflict with your previous claims to the trademark office. But you and your attorney are welcome to send me any information that you believe disproves any of my allegations. If you can provide convincing enough proof, I will consider withdrawing the relevant allegations, or if warranted, both of my cases before the start of the discovery periods. But if you are unable to provide such information, I will continue to believe that's because such evidence does NOT exist."

Smith is now engaging in his own campaign of intimidation by the threats of others, all of which are nonexistent. More alarming is his claim whether or not Respondent has retained counsel, as follows:

> "Based on your terse email, I will assume that it IS accurate and legally permissible for me to state that you were Unable to provide ANY of the evidence mentioned in my email. I will also assume that you have NOT retained legal counsel for these cases, or are refusing to disclose the name of your attorney."

The motive is even clearer when he suggests "possible solutions."

Smith has made his motives even clearer in an attempt to destroy Respondent's Trademarks. Smith writes on 12/28/11 at 2:15 p.m., the following email marked ***Exhibit "Q,"*** and at paragraph 2 he states as follows:

> "You of course may continue to try and mislead people about my successful attacks against EMI's fraudulent expo marks, but I will do my best to make sure people know that you are intentionally trying to mislead them. I understand that you're probably too stubborn and emotional to do so, but if you are a wise and rational person, you will abandon your fraudulent marks. No matter what happens with my cases, they are permanently linked to your trademarks and will always be available for the world to see, particularly anyone you unwisely go after claiming superior trademark rights against."

Respondent received the following email marked ***Exhibit "R,"*** which indicates that the purpose is to force Respondent to litigate this Petition to Cancel, and that the entire purpose is to litigate the matter up to and through trial. Petitioner states as follows:

> "While perhaps not a formal admission, your inability to deny the allegations contained in my cases, or provide credible evidence to disprove my allegations, certainly supports my cases and strongly suggests that you won't be able to defeat my trademark cases (especially not with a motion for summary judgment). It's also

> why even you will eventually have to realize that you would be a fool to file a malicious prosecution case against me (not only would it fail, it could expose you to Rule 11 claims). And you've apparently been unable to find an attorney who would agree to take your cases, which I think is because ethical trademark attorneys can't agree to represent you because the facts are so bad for you and you're insisting on making desperate and knowingly frivolous arguments that may lead to Rule 11 violations. You obviously chose the squeezeblood mark because of its scandalous nature, and Cook is your surname. I'd be very surprised if you were ever bold or fool enough to send cease-and-desist letters to attorneys or law firms telling them they can't use the Cook surname in commerce because you own exclusive rights to the Cook surname for legal services. Don't worry, I won't be holding my breadth waiting for you to provide copies of any squeezeblood or Cook cease-and-desist letters. But you're encouraged to send them to me if you can prove me wrong."

Paramount is the comment that Respondent won't be able to defeat "my trademark cases, especially not with a motion for summary judgment." The inference of course is years of litigation, including discovery, all of which would be enormously invasive. The purpose of this email is to threaten protracted litigation against EMI's enforcement lawyer who would accrue enormous expenses and effort in defeating an unmeritorious claim. This bears strong earmarks of a scorched earth campaign.

Smith concedes that the purpose of the Petitions is to extort money in his email of December 29, 2011 attached hereto marked ***Exhibit "S,"*** in which he states as follows:

> "The more you learn about trademark law and talk to trademark attorneys, the more you should realize that you're fighting an expensive and time-consuming battle over trademarks you're likely going to lose anyway. I of course have bigger fish to fry than trademarks that are on life support. So I am willing to withdraw my cases against your trademarks if you agree to abandon them and to provide reasonable compensation for my time, etc.
>
> This offer expires 3pm Pacific, Monday, December 31st.
>
> Be aware that if you refuse to abandon your ill-gotten trademarks, I will proceed aggressively. Including appeals to the federal circuit or district court if necessary, and a media relations campaign to bring attention to the allegations against your trademarks."

In this proceeding, much less any other proceeding before the TTAB, Petitioner is not entitled to money damages, or any other type of monetary recovery. Accordingly, Petitioner has no credible or colorable claim for compensation for "my time." Even more egregious is the fact that Petitioner wrongful filed the SqueezeBlood Trademark Petition without the slightest factual basis, and moreover without any standing. The demand for payment of money is an act of extortion, and certainly nothing less. Unfortunately, in California, the filing of nuisance lawsuits has led to a

series of unjust claims being brought against innocent parties under Bus.&Prof. § 17200 brought by a pair of Orange County lawyers.[8]

Petitioner has no reasonable expectation that this Petition to Cancel has the slightest merit, and in fact concedes a lack of merit by the statement, "No matter what happens with my cases . . . they are permanently linked to your trademarks . . ." The inference here is that the mere filing of these Petitions serves its own purpose to damage Respondent's trademarks and allegedly attract others to file their adverse claims. Petitioner literally invites this court to dismiss with prejudice this Petition to Cancel, as Petitioner himself acknowledges that these Petitions have served their own purpose in allegedly attracting the attention of others. This court should accept Petitioner's invitation to dismiss with prejudice, as from Petitioner's point of view, he will have achieved his results. Given that these two filings lack merit, as conceded by Petitioner, the court should issue a prefiling order, along with other relief as sought herein, to bar Petitioner from using this court and its proceedings herein as a tool of retribution and intimidation. Petitioner is not serious in pursuing these matters, as the whole purpose is to bring "others" to the table.

The purpose, therefore, of these Petitions is to engage in an environment of threat to force Respondent to abandon his trademarks as an act of malice and retribution for the ongoing enforcement in the EMI case. The status of that Docket in the Enforcement Action is set forth by way of ***Exhibit "T"*** which shows the following salient events:

1. Date for filing opposition to assignment motion: On or before January 18, 2012
2. Date for filing reply: On or before January 25, 2012
3. Hearing date: February 1, 2012 at 10:00 a.m. in Courtroom No. 24.

This court therefore can conclude that the purpose of these Petitions is to engage in an act of revenge, hatred and spite, in the face of active enforcement. By Smith's suggestion of a "solution" and "abandonment," this court may ultimately conclude that Petitioner is engaged in extortion, *all* for the purpose of dissuading Respondent from representing EMI, or face the loss of Respondent's valuable trademarks granted by the USPTO.

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[8] articles.latimes.com/2003/feb/27/local/me-fraud27.

In ruling on the prefiling order, the court may take judicial notice of the Dockets, and specifically the Docket in the Enforcement Action, and likewise the contents of this email, and ultimately find that Smith has engaged in the conduct as Respondent has so described.

X. PETITIONER HAS BEEN WARNED BY THE TTAB.

The TTAB has previously warned or encountered the misconduct of Smith in the EMI cancellation actions, as follows: Footnote 4, *Exhibit "L,"* in which the TTAB recognized that the prosecution of that Petition "was attempting to obtain a judgment simply to have one, particularly in light of the extensive litigation between the parties, referenced by both parties." The court noted that the litigation brought by Smith was futile and useless with the statement, "Had Petitioner waited the three weeks until grace period expired, he would have conserved economic and judicial resources."

Footnote 7, *Exhibit "M,"* warns Smith,

> "[7] Inasmuch as petitioner is permanently enjoined from using ENTREPRENEUR or any colorable imitation thereof, the Board will look with great disfavor upon any further actions brought by petitioner against respondent based thereupon."

XI. CONCLUSION.

Respondent is EMI's collection lawyer. Active enforcement is afoot. From the enforcement docket, EMI is cycling through standard enforcement process consisting of levies, debtor's exams, assignment motions, receivership motions (which was denied), and all the other normal incidents of any other enforcement. This case is no different than any other enforcement case arising out of a large dollar judgment. Smith himself has cycled through eight Judges, four courts, two trials, hundreds of filings, and thousands of pages, and has emerged burdened with a nondischargeable judgment that will follow him forever, all his own making. Two judges made separate and independent filings the Petitioner wilfully and maliciously infringed EMI's marks. Instead of recognizing his current predicament and attempting to remediate this loss, Smith now engages on a campaign of litigational terror in first seeking to destroy EMI's trademark in the Petition to Cancel, and now Respondent's trademark for its T-shirts. How or why decorative T-shirts bearing, of all things, SqueezeBloodFromTurnip, could injure, prejudice, or even impact Smith, is beyond all rational thinking. These T-shirts are not even listed for sale, but given to friends, clients, and

handed out as promotional items.

This is more than just a tempest in a teapot. Petitioner's motives are clear in seeking to harass and intimidate Respondent as EMI's enforcement counsel in compelling the expenditure of time, money and effort. Petitioner has succeeded in that Respondent is obligated to respond to these Petitions. Petitioner succeeded in now infusing the public record with his Petitions to Cancel, no matter the outcome. Petitioner has succeeded in engaging in a dialogue with Respondent containing threats and counter threats, all of which amps up the sense of coercion. Petitioner therefore has achieved his goals. These are only his goals, and from the emails, Petitioner has no interest, much less ambition, to see this matter come to an end. This analysis follows in the footsteps of Footnote 4, page 7, *Exhibit "L,"* by this court in which the court noted that the motivation was to prosecute futile and needless litigation. So is the case here. This court should not give any greater dignity to this Petition to Cancel that Petitioner himself, and recognize that this Petition is an act of spite and reveals Petitioner's motive as one of malevolence. The court therefore should issue the prefiling order to prevent Smith from again availing himself of the privileges of this court to serve his own purpose of vengeance and retribution.

In adjudicating this motion, the court should construe Smith's Petition as an attempt to injure Respondent by forcing it to respond, and therefore incur expense and effort. Responding to such a Petition is time-consuming. In light of the fact that Respondent is the collection lawyer for EMI, and that the sole role of Respondent is to appear for EMI, and that this Petition has no rational basis, that the court may conclude that the purpose is to impede and deter Respondent from representation, by making the representation of EMI expensive and risk-infused. Respondent's sole role is the lawyer to EMI seeking to collect the District Court judgment. This Petition only seeks to injure Respondent, and nothing more. The court can find this Petition no different than the threat of physical violence, the brick through the window, the vandalism to the car, or the threat of livelihood, or even human life.

As part of this Petition, this court should put a stop to this conduct, as this conduct is no different than the victimization befalling other participants in the judicial system at the hands of those seeking to destroy it.

Monetary sanctions are inadequate here. The only sanctions that will work are those non-monetary sanctions sought by Respondent.[9]

DATED: December 30, 2011

COOK COLLECTION ATTORNEYS

By: _____
DAVID J. COOK
Attorneys for Respondent
COOK COLLECTION ATTORNEYS, P.L.C.

F:\USERS\DJCNEW\cook trademark.dismiss mpa

[9] In the face of the filing of the false affidavit claiming that David J. Cook is David L. Cook, Respondent likewise moved for a prefiling order in the USDC, E.D.Cal. before Judge Brennan. Judge Brennan denied relief.

CERTIFICATE OF SERVICE

SCOTT R. SMITH
5714 Folsom Blvd., Suite 140
Sacramento, CA 95819

I declare:

I am employed in the County of San Francisco, California. I am over the age of eighteen (18) years and not a party to the within cause. My business address is 165 Fell Street, San Francisco, CA 94102. On the date set forth below, I served the attached:

COOK COLLECTION ATTORNEYS, P.L.C.'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO DISMISS PETITION TO CANCEL, AND MOVE FOR ENTRY OF PREFILING ORDER AND OTHER RELIEF

on the above-named person(s) by:

__XXX__ (BY MAIL) Placing a true copy thereof, enclosed in a sealed envelope with postage thereon fully prepaid, in the United States mail at San Francisco, California, addressed to the person(s) served above.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 30, 2011 at San Francisco, California.

Matthew Baron

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

SCOTT R. SMITH, an individual, Petitioner, vs. COOK COLLECTION ATTORNEYS, P.L.C., a California corporation, Respondent.	Cancellation No. 92054966 Registration No. 3257604

DECLARATION OF DAVID J. COOK, ESQ. IN SUPPORT OF MOTION TO DISMISS PETITION TO CANCEL, AND MOVE FOR ENTRY OF PREFILING ORDER AND OTHER RELIEF

I, DAVID J. COOK, hereby declare and state as follows:

1. I am the Respondent in the above-entitled action, am duly authorized to practice before all courts in the State of California, and am familiar with the facts and circumstances in this action.

2. EMI filed its Complaint in the United States District Court, Central District of California, entitled *Entrepreneur Media, Inc. v. Scott Smith*, Case No. CV-98-3607 FMC (Ctx) ("Infringement Action"), a true and correct copy of that Complaint is attached hereto marked ***Exhibit "A."***

3. The Infringement Action went to trial, that led to the Findings of Fact and Conclusions of Law, a true and correct copy which is attached hereto marked ***Exhibit "B."***

4. Judgment was entered, and a true and correct copy is attached hereto marked ***Exhibit "C."***

5. The Infringement Action ultimately went on appeal, and a true and correct copy of the appellate opinion is attached hereto marked ***Exhibit "D."***

6. During the midst of the Infringement Action and after the summary judgment, but before the reversal, Smith filed his Petition under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District of California, (Sacramento) Case No. 01 25334 B 7. During the course and scope of the bankruptcy proceeding, Judge Dorian issued an order to show cause for the failure to prosecute the Bkrtcy.C. § 727 action, which the succeeding Judge (McManus) discharged, which was upheld by the Bankruptcy Appellate Panel (see below).

The Bkrtcy.C. § 727 trial went to judgment, in favor of Smith. The Bkrtcy.C. § 523(a)(6) case went to trial, in which EMI prevailed, and a true and correct copy of the Findings of Fact and Judgment are attached hereto marked ***Exhibit "E."***

7. Smith appealed the matter to the Bankruptcy Appellate Panel which affirmed on all grounds, and a true and correct copy of the Opinion (Westlaw only) is attached hereto marked ***Exhibit "F."*** Smith appealed the matter to the Ninth Circuit, in which briefing was complete, but oral argument has not been set.

8. EMI has registered the Infringement Action Judgment from the United States District Court, Eastern District of California, (Sacramento) Case No. 2:10-mc-00055-JAM-EFB ("Enforcement Action") under Fed.R.Civ.Pro. 69(a)(1)&(2) to enforce the judgment. EMI has sought, among other remedies, a motion for assignment of rights under C.C.P. § 708.510, entitling a judgment creditor to have assigned to it all rights to payment of money due a judgment debtor. A true and correct copy of that motion (without exhibits) is attached hereto marked ***Exhibit "G."***

9. The court has issued a series of orders scheduling and rescheduling the motion, essentially predicated upon the results of a "debtor's exam" authorized under C.C.P. § 708.110(a). At issue is whether or not Smith has accounts and accounts receivable which would be subject to enforcement. Smith claims in summary in his debtor's exam that he does not have any accounts and accounts receivable arising out of and based upon the operation of his business under the name of Bizstarz, which incidentally is a registered trademark, and a true and correct copy of that registration is attached hereto marked ***Exhibit "H."***

10. During the court of the Enforcement Action, Smith has engaged in repetitive conduct to harass, humiliate, intimate, and oppress David J. Cook of Respondent. Petitioner filed in the Enforcement Action a DEFENDANT'S MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO PLAINTIFF'S MOTION FOR ASSIGNMENT OF RIGHTS, RESTRAINING ORDER, AND TURNOVER ORDER (Docket #82), a true and correct copy of which is attached hereto marked ***Exhibit "I."*** The key to this filing is that Smith sought sanctions against David J. Cook and EMI predicated upon misconduct before the New York Court of Claims. For purposes of brevity, Respondent attaches the relevant portions of the Memorandum, commencing at page 1, and attaching the offending decision by the New York Court of Claim, at pages 007-0027 as

Exhibit B thereto.

11. In an ensuing filing, Smith sought to defend the filing, and a true and correct copy of his Memorandum in Opposition is attached hereto marked ***Exhibit "J."***

12. This is not the first time Smith has filed a Petition to Cancel a trademark. Smith has filed two Petitions to Cancel EMI Trademarks, and copies of the two Petitions to Cancel, Registration No. 2408039 and Registration No. 2391145, true and correct copies of which are attached hereto marked ***Exhibit "K"*** (without exhibits).

13. This court dismissed the same, with prejudice, and true and correct copies of the two orders thereof are attached hereto marked ***Exhibits "L" and "M."***

14. This Petition to Cancel the SqueezeBlood Trademark is now being followed by a second Petition to Cancel the trademark for Cook Collection Attorneys ("COOK"), Cancellation No. 54970, Registration No. 3414311, a true and correct copy of which is attached hereto marked ***Exhibit "N."***

15. The prior dismissal of the Petition to Cancel EMI's trademark represents vexatious, meritless, and frivolous litigation. This has been particularly highlighted by ***Exhibit "O"*** constituting a true and correct copy of the order of August 7, 2008 which is attached hereto, in which the court soundly criticized Smith for pleadings containing inappropriate claims, statements and accusations. The fact that the EMI Petition was dismissed on summary judgment based upon the lack of standing demonstrates its vexatious nature.

16. On 12/27/11, Respondent received the attached emails, true and correct copies of which are attached hereto marked ***Exhibit "P."*** These emails came unsolicited. This email demonstrates that the purpose of these two Petitions filed by Petitioner is to drive up Respondent's costs and fees, and ultimately burden Respondent with a financial drain rendering representation of EMI unproductive.

17. Smith has made his motives even clearer in an attempt to destroy Respondent's Trademarks. A true and correct copy of the email from Smith of 12/28/11 at 2:15 p.m. is attached hereto marked ***Exhibit "Q."***

18. Respondent received the following email, a true and correct copy which is attached hereto marked ***Exhibit "R,"*** which indicates that the purpose is to force Respondent to litigate this

Petition to Cancel, and that the entire purpose is to litigate the matter up to and through trial.

19. Smith concedes that the purpose of the Petitions is to extort money in his email of December 29, 2011, a true and correct copy which is attached hereto marked ***Exhibit "S."***

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on December 30, 2011 at San Francisco, California.

DAVID J. COOK, ESQ.

F:\USERS\DJCNEW\cook trademark.dismiss dec

EXHIBIT "A"

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

ENTREPRENEUR MEDIA, INC., a California corporation, PLAINTIFF(S) vs. ENTREPRENEURPR, INC., a corporation, and SCOTT SMITH, an individual DEFENDANTS(S)	CASE NUMBER CV- 98- 3607 LGB S U M M O N S

TO THE ABOVE-NAMED DEFENDANT(S), You are hereby summoned and required to file with this court and serve upon

HENRY M. BISSELL
HENRY M. BISSELL IV

Plaintiff's attorney, whose address is:
HENRY BISSELL, A PROFESSIONAL LAW CORPORATION
6820 La Tijera Boulevard, Suite 106
Los Angeles, California 90045

an answer to the complaint which is herewith served upon you within 20 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

DATE: MAY 0 81998

CLERK, U.S. DISTRICT COURT

By _____
Deputy Clerk

(SEAL OF THE COURT)

COPY

HENRY M. BISSELL
HENRY M. BISSELL IV
HENRY BISSELL, A PROFESSIONAL LAW CORPORATION
6820 La Tijera Boulevard, Suite 106
Los Angeles, California 90045
Telephone: (310) 645-1088
Telecopier: (310) 645-5531

FILED
CLERK, U.S. DISTRICT COURT
MAY - 8 1998
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

Attorney for Plaintiff

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

ENTREPRENEUR MEDIA, INC., a California corporation,

Plaintiff,

v.

ENTREPRENEURPR, INC., a corporation, and SCOTT SMITH, an individual,

Defendants.

Case No. 98- 3607 LGB(BQRx)

COMPLAINT FOR:

TRADEMARK INFRINGEMENT; AND UNFAIR COMPETITION

JURISDICTION AND VENUE

1. This is an action for trademark infringement arising under the trademark laws of the United States, Title 15 United States Code, §§ 1051 et seq.; and for related claims of unfair competition, Title 15 United States Code, § 1125(a).

2. Original jurisdiction of this action is conferred upon this Court by Title 28, United States Code, §§ 1331 and 1338(a), and, for the related claim of unfair competition, by §

1338(b).

3. Venue is proper in this district under 28 U.S.C. § 1391.

THE PARTIES

4. Plaintiff, Entrepreneur Media, Inc. (hereinafter "Entrepreneur") is a California corporation with its principal place of business located in Irvine, California, within this judicial district.

5. Plaintiff is informed and believes, and on that basis alleges, that defendant EntrepreneurPR, Inc. is a California corporation having a principal place of business in Sacramento, California.

6. Plaintiff is informed and believes, and on that basis alleges, that defendant Scott Smith is a resident of the State of California having a principal place of business in Sacramento, California.

7. Defendants EntrepreneurPR, Inc., and Scott Smith will hereinafter be collectively referred to as "defendants" unless otherwise specified.

BACKGROUND FACTS

8. Plaintiff is a well-known publisher and source of magazines, business materials and services which are principally directed to a market including owners and operators of small businesses, members of the public interested in small businesses and other individuals and industries who are interested in such

operations and opportunities. Its flagship publication is ENTREPRENEUR MAGAZINE which is published monthly with a current paid circulation, both subscriptions and newsstand sales, of more than 500,000 in the United States. Plaintiff also has substantial paid circulation in approximately 60 foreign countries, as well as newsstand sales in many of those countries.

9. Continuously, beginning about 1978, plaintiff has used the trademark ENTREPRENEUR to identify its magazines, business guides, video and audio tapes, computer software programs, web pages, on-line services, other services in conducting trade shows and educational seminars, promotional, advertising, membership and business services under the trademark ENTREPRENEUR. In addition plaintiff has prominently displayed the mark on letterheads, promotional literature, media advertising and in periodicals distributed throughout the United States. Plaintiff has common law rights in said trademark.

10. Plaintiff is the owner of all rights to the ENTREPRENEUR trademark for printed publications, specifically including magazines, books and published reports in International Class 16. Plaintiff is the owner of United States trademark Reg. Nos. 1,453,968 and 1,892,783. Copies of these registrations are attached hereto as Exhibits A and B, respectively. Both registrations are in full force and effect.

11. Plaintiff has distributed and sold the goods and services listed in paragraphs 8 and 9 hereof under the trademark registrations enumerated in paragraph 10 throughout the United States since 1978. As a result, plaintiff has developed invaluable

good will in connection with the marks covered by the aforesaid registrations.

FIRST CLAIM FOR RELIEF

TRADEMARK INFRINGEMENT

(15 U.S.C. §§ 1051 et seq.)

12. Plaintiff re-alleges each and every allegation set forth in paragraphs 1 through 11, and incorporates them herein by this reference.

13. Plaintiff is informed and believes, and on that basis alleges, that defendants have been providing goods and services under the mark and trade name "EntrepreneurPR", which constitutes infringement of plaintiff's trademark rights.

14. Plaintiff is informed and believes, and on that basis alleges, that defendants have been operating an Internet website in association with the URL www.entrepreneurpr.com, which URL title infringes plaintiff's trademark rights.

15. Plaintiff is informed and believes, and on that basis alleges, that defendants have been publishing, selling or otherwise distributing printed publications under the mark "Entrepreneur Illustrated", which title infringes plaintiff's trademark rights.

16. Plaintiff is informed and believes, and on that basis alleges, that defendants have caused their publications bearing the infringing title "Entrepreneur Illustrated", as well as goods and services bearing the infringing mark and trade name "EntrepreneurPR", to enter into Interstate Commerce and,

particularly, have distributed their offending materials through numerous channels within the State of California and this judicial district. Such use of plaintiff's ENTREPRENEUR trademark constitutes false designation of origin, false or misleading description of fact and false or misleading representations which are likely to cause confusion, to cause mistake or to deceive as to the affiliation, connection or association of defendants with plaintiff, or as to the origin, sponsorship, or approval of said publications and services by plaintiff. Accordingly, defendants' acts are in violation of 15 U.S.C. § 1125(a)(1).

17. By reason of defendants' acts alleged herein, plaintiff has suffered and will continue to suffer damage to its business, reputation and good will and the loss of sales and profits which it would have made but for defendants' acts.

18. Defendants threaten to continue to do the acts complained of herein and, unless restrained and enjoined, will continue to do so, all to plaintiff's irreparable damage. It would be difficult to ascertain the amount of compensation which could afford plaintiff adequate relief for such continuing acts, and a multiplicity of judicial proceedings would be required. Plaintiff's remedy at law is not adequate to compensate it for injuries threatened.

19. Plaintiff is informed and believes, and on that basis alleges, that defendants have engaged in and continue to engage in the aforementioned infringing uses, despite notice of plaintiff's trademark rights, thereby constituting deliberate and willful infringement of plaintiff's trademark.

20. Defendants' use of plaintiff's ENTREPRENEUR mark and variants thereof has been wholly without the permission or authorization of plaintiff.

21. The foregoing acts and conduct of defendants constitute willful and deliberate infringement of plaintiff's ENTREPRENEUR mark and plaintiff's United States registrations therefor in violation of §32 of the Lanham Act (15 U.S.C. §1114).

SECOND CLAIM FOR RELIEF

UNFAIR COMPETITION

(15 U.S.C. §1125;

California Business and Professions Code §17200)

22. Plaintiff re-alleges each and every allegation set forth in paragraph 1 through 11, and 13 through 21, and incorporates them herein by this reference.

23. In or about July, 1997, defendants represented themselves to be Icon Publications with a website address of "iconpub.com". Based on those representations, defendants sought and were chosen by plaintiff to have a link to their website from plaintiff's website known as "Entrepreneur Magazine's Small Business Square" and given permission to reproduce on their website plaintiff's registered service mark "Small Business Square" and certain text associated with their selection by plaintiff. Plaintiff is informed and believes, and thereon alleges, that defendants thereafter proceeded deliberately and intentionally to misrepresent the nature and extent of their relationship with plaintiff, including without limitation:

a. Changing the name of their website to "EntrepreneurPR.com";

b. Falsely indicating that plaintiff had selected them as "Link of the Week" and had given them an "E rating";

c. Changing the name of their online and print publication from "Yearbook of Small Business Icons" to "Entrepreneur Illustrated"; and

d. Ascribing certain statements to plaintiff, which purported to recommend or endorse defendants and their products and/or services.

24. Defendants' false and fraudulent misrepresentations as described above constitute unfair competition, unfair business practices and infringement of plaintiff's rights in and to its registered trademarks and service marks.

25. Defendants' conduct constitutes the use in commerce, in connection with goods or services, of false or misleading representations of fact which are likely to cause confusion, or to deceive as to the affiliation, connection, or association of defendants with the goods and services of plaintiff.

26. Defendants' conduct is likely to deceive and confuse the public into believing that the activities of defendants are those of plaintiff or are sponsored by, licensed by, endorsed by, authorized by, or are otherwise associated with plaintiff, thereby resulting in the misappropriation of plaintiff's ENTREPRENEUR mark and the goodwill and reputation which are associated therewith.

27. Defendants threaten to continue to do the acts

complained of herein and, unless restrained and enjoined, will continue to do so, all to plaintiff's irreparable damage. It would be difficult to ascertain the amount of compensation which could afford plaintiff adequate relief for such continuing acts, and a multiplicity of judicial proceedings would be required. Plaintiff's remedy at law is not adequate to compensate it for injuries threatened.

28. Defendants' conduct constitutes unfair competition in violation of §43(a) of the Lanham Act, 15 U.S.C. §1125(a).

PRAYER FOR RELIEF

(TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION)

WHEREFORE, plaintiff further prays for judgment against each and every defendant for its acts of trademark infringement and unfair competition in reference to plaintiff's ENTREPRENEUR mark, to include the following:

1. An Order preliminarily and permanently enjoining and restraining each and every defendant, its officers, agents, servants, employees and attorneys and those persons in active concert or participation therewith and having actual notice hereof from using in any manner the designations ENTREPRENEUR, ENTREPRENEURPR, and ENTREPRENEUR ILLUSTRATED, or any other designation, mark, word, term or title which is confusingly similar to Entrepreneur's ENTREPRENEUR trademark for goods and services to be sold or rendered to the same, similar, or overlapping channels of trade and purchasers as the goods and services of Entrepreneur;

2. An Order preliminarily and permanently enjoining and restraining each and every defendant, its officers, agents, servants, employees and attorneys and those persons in active concert or participation therewith and having actual notice hereof from committing any acts of unfair competition and unfair business practices with respect to Entrepreneur's ENTREPRENEUR trademark and Entrepreneur's goods and services;

3. An Order preliminarily and permanently directing defendants to publish and distribute corrective advertising and promotional materials;

4. An Order preliminarily and permanently directing each and every defendant, its officers, agents, servants, employees and attorneys and those persons in active concert or participation therewith and having actual notice hereof to surrender up for destruction all advertising, publications, goods, or other materials that bear any representation of Entrepreneur Illustrated or EntrepreneurPR or any other term which may be considered confusingly similar to plaintiff's ENTREPRENEUR trademark;

5. An Order directing defendants to account and disgorge to plaintiff any and all profits derived by reason of said acts of infringement and unfair competition complained of herein;

6. An award to plaintiff of compensatory damages in an amount to be determined at trial;

7. An award to plaintiff of treble damages and profits on account of defendants' willful and deliberate infringement of plaintiff's trademark, pursuant to 15 U.S.C. §1117;

8. An award to plaintiff of enhanced damages in an

amount to be determined at trial;

9. A finding by the Court that this is an exceptional case and that plaintiff be awarded its reasonable attorneys' fees and costs incurred herein, pursuant to 15 U.S.C. §1117;

10. Such other, further and different relief as the Court deems just and proper under the circumstances.

Entrepreneur Media, Inc.

Dated: May 6, 1998

By: Ronald L. Young
Ronald L. Young
Secretary and General Counsel

Int. Cls.: 9 and 16

Prior U.S. Cl.: 38

United States Patent and Trademark Office

Reg. No. 1,453,968
Registered Aug. 25, 1987

TRADEMARK
PRINCIPAL REGISTER

ENTREPRENEUR

ENTREPRENEUR, INC. (CALIFORNIA CORPORATION)
2311 PONTIUS AVENUE
LOS ANGELES, CA 90064

FOR: COMPUTER PROGRAMS AND PROGRAMS USER MANUALS ALL SOLD AS A UNIT, IN CLASS 9 (U.S. CL. 38).

FIRST USE 5-19-1983; IN COMMERCE 5-19-1983.

FOR: PAPER GOODS AND PRINTED MATTER; NAMELY MAGAZINES, BOOKS AND PUBLISHED REPORTS PERTAINING TO BUSINESS OPPORTUNITIES, IN CLASS 16 (U.S. CL. 38).

FIRST USE 5-2-1978; IN COMMERCE 5-2-1978.

OWNER OF U.S. REG. NOS. 1,130,838, 1,223,364 AND OTHERS.

SEC. 2(F) ONLY AS TO CLASS 16 GOODS.

SER. NO. 537,579, FILED 5-14-1985.

G. T. GLYNN, EXAMINING ATTORNEY

EXHIBIT A

Int. Cls.: 35 and 41

Prior U.S. Cls.: 101 and 107

Reg. No. 1,892,783

United States Patent and Trademark Office Registered May 2, 1995

SERVICE MARK
SUPPLEMENTAL REGISTER

ENTREPRENEUR

ENTREPRENEUR MEDIA, INC. (CALIFORNIA CORPORATION)
2392 MORSE AVENUE
IRVINE, CA 927146324

FOR: ARRANGING AND CONDUCTING TRADE SHOW EXHIBITIONS IN THE FIELD OF ENTREPRENEURIAL ACTIVITIES; NAMELY, THE START-UP AND OPERATION OF SMALL BUSINESS ENTERPRISES, IN CLASS 35 (U.S. CL. 101).

FIRST USE 10-18-1991; IN COMMERCE 10-18-1991.

FOR: EDUCATIONAL SERVICES; NAMELY, CONDUCTING SEMINARS ON THE DEVELOPMENT AND OPERATION OF BUSINESSES, AND CONDUCTING WORK SHOPS ON COMPUTER TECHNOLOGY, TELECOMMUNICATIONS, MARKETING, FINANCING OPTIONS, REAL ESTATE MANAGEMENT, TAX PLANNING AND INSURANCE, IN CLASS 41 (U.S. CL. 107).

FIRST USE 10-18-1991; IN COMMERCE 10-18-1991.

OWNER OF U.S. REG. NO. 1,453,968.

SER. NO. 74-371,737, FILED P.R. 3-25-1993; AM. S.R. 8-24-1994.

ANDREW D. LAWRENCE, EXAMINING ATTORNEY

EXHIBIT B

EXHIBIT "B"

Priority ✓
Send ✓
Enter ___
Closed ___
JS-5/JS-6 ___
JS-2/JS-3 ___
Scan Only ___

FILED
U.S. DISTRICT COURT
JUN 23 2003
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

ENTREPRENEUR MEDIA, INC.,

Plaintiff,

vs.

SCOTT SMITH, dba ENTREPRENEURPR,

Defendants.

CV 98-3607 FMC (CTx)

FINDINGS OF FACT AND CONCLUSIONS OF LAW

ENTERED ON ICMS
JUN 24 2003
CV

The matter was tried before the Court, sitting without a jury, on April 29, 30, and May 2, 2003. At the conclusion of presentation of evidence, counsel were given a briefing schedule for written closing arguments. The Court has now read and considered the parties' closing argument briefs and reviewed the testimony and exhibits presented at trial. The Court now makes the following findings of fact and conclusions of law:

Findings of Fact

1. Since at least 1978, Entrepreneur has continuously used the mark ENTREPRENEUR in connection with its magazine, Entrepreneur.

2. Entrepreneur also uses the mark ENTREPRENEUR on its web site, which can be accessed at the domain name *entrepreneur.com*. On that web site, people can subscribe to Entrepreneur magazine, read online versions Entrepreneur's magazines, and learn about current business opportunities.

3. Entrepreneur publishes many magazines within the Entrepreneur

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family including Entrepreneur's Be Your Own Boss, Entrepreneur International, and Entrepreneur's Start-Ups.

4. Entrepreneur magazine has paid circulation in the United States of approximately 550,000, including subscriptions and newsstand sales. Entrepreneur magazine has a total audience of approximately 2 million readers per issue. In addition, there are approximately 2-3 million visitor sessions each month on *entrepreneur.com*.

5. Entrepreneur has an incontestable federal trademark registration for the mark ENTREPRENEUR in International Classes 9 and 16 for computer programs and printed publications, specifically including magazines and published reports pertaining to business opportunities, Reg. No. 145968. Pursuant to 15 U.S.C. § 1057(b), the foregoing registration is *prima facie* evidence of the validity of the registration, of Entrepreneur's ownership of the mark, and of its exclusive right to use the mark in commerce. Pursuant to 15 U.S.C. § 1065, this registration is incontestable.

6. Entrepreneur has a federal trademark registration for the mark ENTREPRENEUR for advertising and business services by means of a global computer network and other computer online service providers in International Class 35, Reg. No. 2263883.

7. Entrepreneur has federal trademark registrations for ENTREPRENEUR EXPO (Reg. No. 1856997), ENTREPRENEUR INTERNATIONAL (Reg. No. 2033423), ENTREPRENEURIAL WOMAN (Reg. No. 2190653), ENTREPRENEURMAG.COM (Reg. 2287413), ENTREPRENEUR'S HOME OFFICE (Reg. No. 2174757), ENTREPRENEUR'S FRANCHISE & BUSINESS OPPORTUNITIES (Reg. No. 1854603), and ENTREPRENEUR MAGAZINE ONLINE (Reg. No. 2215674).

8. Entrepreneur is well-known for its Entrepreneur magazine, as well

as for the other magazines and services it produces and provides.

9. Entrepreneur promotes its products and services through its Internet web site, by sending out complimentary copies of its magazine to the media, by advertising, and by promoting events featuring small businesses.

10. In 1995, defendant Scott Smith dba EntrepreneurPR started a business called ICON Publications, which promoted small businesses. In 1997, ICON created a magazine that featured articles about small businesses, which was distributed to members of the media so that the media could report on the companies within the featured articles.

11. ICON Publications' magazine was entitled Yearbook of Small Business Icons.

12. As part of Entrepreneur's efforts to promote small businesses, in or about December 1996, Entrepreneur listed ICON Publications on Entrepreneur's "Small Business Links" pages of Entrepreneur's web site, and provided a direct link to Smith's web site, *iconpub.com*.

13. Smith sent out letters to his clients touting *iconpub.com's* selection on Entrepreneur's Small Business Links page.

14. Shortly after *iconpub.com* was selected to appear on Entrepreneur's Small Business Links page, Smith decided to change the name of his company, magazine, and domain name.

15. Smith was familiar with Entrepreneur and its services. In addition, Smith conducted a trademark search that revealed Entrepreneur's federal registrations for the mark ENTREPRENEUR.

16. In soliciting customers for his yearbook, Smith often represented that he was affiliated or associated with Entrepreneur Magazine in order to persuade people to sign up for his services.

17. In October 1997, Smith changed the name of his company to EntrepreneurPR, the name of his magazine to Entrepreneur Illustrated, and his

domain name to *entrepreneurpr.com*.

18. Press releases on plaintiff's masthead concerning Icon's yearbook publication were distributed by defendant. At the bottom of the page is a list of characteristics, which includes the phrase, "PR firm: EntrepreneurPR." The clear import of this phrase was the implication that defendant had been hired as the public-relations firm for plaintiff.

19. Thereafter, Smith printed on his web site statements Entrepreneur made about his former company, magazine, and domain name.

20. Smith's new company name and magazine were prominently featured on his web site, located at *entrepreneurpr.com*.

21. Smith sent out his publication of Entrepreneur Illustrated to thousands of members of the media four times each year.

22. Smith featured on his web site Entrepreneur's registered design mark SMALL BUSINESS SQUARE after being expressly told he did not have permission to do so.

23. The marks ENTREPRENEUR, on the one hand, and ENTREPRENEURPR, ENTREPRENEUR ILLUSTRATED and ENTREPRENEURPR.COM are substantially similar in appearance, sound and meaning in that the dominant portion of all the marks is identical – "entrepreneur."

24. Entrepreneur and Smith both use their marks in connection with identical goods and services, in that the marks are all used in connection with magazines featuring articles about small businesses, as well as on the Internet. In addition, Entrepreneur offers public relations services on its web site through its partnership with PR Newswire, which services are substantially similar to Smith's public relations services.

25. Entrepreneur and Smith's marketing channels overlap, since both entities target small businesses, send their publications free of charge to the

media, and use the Internet to market and advertise their services.

26. There is substantial evidence that EntrepreneurPR's clients believed there was a relationship between Entrepreneur and EntrepreneurPR, which constitutes evidence of factual confusion.

27. Many witnesses, whom the Court found to be very credible, testified that they believed, when they were solicited by Smith, that defendant was associated with Entrepreneur Media or Entrepreneur Magazine, or that the two publications were the same. They testified that they were led to believe that by signing up for defendant's services, they would be featured in Entrepreneur Magazine. They were almost uniform in their position that they would not have paid any money to defendant had they known he was not connected with plaintiff. Defendant Smith denied the allegations of all of those witnesses. His testimony in that, and many other respects, was not credible.

28. The Court accepts the testimony of plaintiff's expert, who calculated defendant's net profit throughout the period of infringement at $544,998, plus interest of $124,658, representing total profits of $669,656.

To the extent a conclusion of law is deemed to be an uncontroverted fact, it is incorporated herein by this reference as if set forth in full.

Conclusions of Law

Jurisdiction and Venue.

1. This Court has jurisdiction over this case pursuant to 15 U.S.C. § 1121 and 28 U.S.C. § 1338(b).

2. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) since a substantial portion of the events giving rise to the claims arose here. In addition, Smith failed to object to venue in this District, and thus venue is appropriate in this District. Libby, McNeill & Libby v. City Nat'l Bank, 592 F.2d 504, 510 (9th Cir. 1978).

Smith Has Committed Trademark Infringement.

3. 15 U.S.C. § 1114(1) provides that "[a]ny person who shall without the consent of the registrant - (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake or to deceive; . . . shall be liable in a civil action by the registrant . . . ."

4. The appropriate inquiry for likelihood of confusion is whether "the average consumer would be likely to believe that the infringer's products ' had some connection' with those of the registrant." HMH Publ'g Co. v. Brincat, 504 F.2d 713, 716-17, n.7 (9th Cir. 1974).

5. In evaluating whether a likelihood of confusion exists, the Ninth Circuit has enumerated eight relevant factors: (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) types of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) the likelihood of expansion of the product lines. Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1140 (9th Cir. 2002); Eclipse Assocs. Ltd. v. Data Gen. Corp., 894 F.2d 1114, 1117-18, n. 3 (9th Cir. 1990), citing AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979).

6. In its ruling on defendant's Appeal from this Court's Summary Judgment Order, the Ninth Circuit concluded that plaintiff's mark was descriptive, and that on the record before the Court, the mark was not strong enough to support a finding of likeliness of confusion. The Court observed, nonetheless, that "[a]t trial, EMI will have the opportunity to prove that its mark is stronger than it currently appears." Entrepreneur Media v. Smith, 279 F.3d. 1135 (9th Cir. 2002). Plaintiff has done so. The extensive advertising and public recognition over the past 25 years have established plaintiff's mark as a

strong mark in the industry.

7. The similarity between marks must be determined based on how the marks are encountered in the marketplace and the circumstances surrounding the distribution of goods bearing the marks. Lindy Pen Co. v. Bic Pen Corp., 725 F.2d 1240, 1245 (9th Cir. 1984). Similarity of marks is tested on three levels: sight, sound, and meaning. Sleekcraft, 599 F.2d at 351. The marks ENTREPRENEUR, on the one hand, and ENTREPRENEURPR, ENTREPRENEUR ILLUSTRATED, and ENTREPRENEURPR.COM, on the other hand, are very similar on all three levels.

8. Entrepreneur and Smith both used their marks in connection with printed publications geared for small businesses. In addition, both companies provide public relations services. Thus, the goods are related. "Related goods are generally more likely than unrelated goods to confuse the public as to the producers of the goods." Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1055 (9th Cir. 1999).

9. The parties' marketing channels largely overlap. Both Entrepreneur and Smith send their publications free of charge to media entities and target small business owners. In addition, both parties use the Internet as a substantial marketing and advertising channel. As such, the potential for confusion is great: "In Brookfield, we stated that the use of the Web is a factor 'that courts have consistently recognized as exacerbating the likelihood of confusion.' (citations omitted). We now reiterate that the Web, as a marketing channel, is particularly susceptible to a likelihood of confusion since . . . it allows for competing marks to be encountered at the same time, on the same screen." GoTo.com v. Walt Disney, Co., 202 F.3d 1199, 1207 (9th Cir. 2000).

10. It is ordinarily very difficult to uncover evidence of actual confusion, and therefore such evidence is not necessary to prove a likelihood of confusion, and the lack of such evidence is generally not given much weight.

Sleekcraft, 599 F.2d at 353.

11. However, "[e]vidence of actual confusion is strong evidence that future confusion is likely...." Entrepreneur Media, 279 F.3d at 1150, quoting Official Airline Guides v. Goss, 6 F.3d 1385, 1393 (9th Cir. 1993). To be sure, "convincing evidence of substantial actual confusion is ordinarily *decisive*." Restatement (Third) of Unfair Competition § 23, cmt. b (1995) (emphasis added).

12. There is substantial evidence of actual confusion in this case. A significant number of Smith's potential and actual clients were under the mistaken belief that there was an affiliation between Entrepreneur and EntrepreneurPR.

13. The strength of the mark refers to its distinctiveness, that is, the tendency of the mark to identify the source from which the goods are sold. Miss World (UK), Ltd. v. Mrs. Am. Pageants, Inc., 856 F.2d 1445, 1448-49 (9th Cir. 1988). Distinctiveness is determined by (1) a mark's placement along the spectrum of conceptual distinctiveness, and (2) the strength of the mark in the marketplace. Id.

14. Because Entrepreneur has an incontestable registration for the mark ENTREPRENEUR, this Court must conclusively presume that ENTREPRENEUR has acquired secondary meaning. Entrepreneur Media, 279 F.3d at 1142, n. 3.

15. Apart from its incontestable status, the mark ENTREPRENEUR is a strong distinctive mark, deserving of significant protection.

16. The trademark laws are not primarily designed to protect careful and experienced consumers, but to protect "the ignorant, the inexperienced, and the gullible." Stork Restaurant v. Sahati, 166 F.2d 348, 359 (9th Cir. 1948). People are likely to believe Smith's magazine, and services, are associated with Entrepreneur.

17. With full knowledge of Entrepreneur's prior rights to the mark ENTREPRENEUR, Smith selected EntrepreneurPR for his business name, Entrepreneur Illustrated for the title of his magazine, and *entrepreneurpr.com* for his domain name. "When the allged infringer knowlingly adopts a mark similar to another's, reviewing courts *presume* that the defendant can accomplish his purpose: that is, *that the public will be deceived.*" Entrepreneur Media, 279 F.3d at 1148. In addition, Smith's conduct establishes that he intended to trade off of Entrepreneur's goodwill. Smith's intent to deceive the public is "strong evidence of a likelihood of confusion." Id. at 1150.

18. The parties both print magazines featuring small businesses for distribution, and both display those publications on their respective web sites. Thus, the parties are already operating within each other's product lines.

19. Based on expert testimony, from a linguistic perspective, consumers are likely to believe that Entrepreneur, on the one hand, and EntrepreneurPR and Entrepreneur Illustrated, on the other hand, are associated.

20. Based on the foregoing analysis, Smith's use of the marks ENTREPRENEURPR, ENTREPRENEUR ILLUSTRATED, and ENTREPRENEURPR.COM has caused and will continue to cause a likelihood of confusion with Entrepreneur's registered mark ENTREPRENEUR. Accordingly, Smith has committed trademark infringement.

Smith's Conduct Constitutes Unfair Competition

21. "An action for unfair competition under . . . §§ 17200, et seq., is 'substantially congruent' to a trademark infringement claim under the Lanham Act." Academy of Motion Picture Arts & Sciences v. Creative House Promotions, Inc., 944 F.2d 1446, 1457 (9th Cir. 1991), quoting Internat'l Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 916 (9th Cir. 1980). Since Smith has committed trademark infringement, he has also committed unfair competition under federal and California law.

Entrepreneur is Entitled to Damages and Attorneys' Fees

22. In a case, such as this, when a party deliberately infringes another's trademarks, damages should be awarded. Indeed, "where trademark infringement is deliberate and willful both the trademark owner and the buying public are slighted if a court provides no greater remedy than an injunction." Playboy Enters., Inc. v. Baccarat Clothing Co., 692 F.2d 1272, 1276 (9th Cir. 1982).

23. The monetary remedies for trademark violation provided for in 15 U.S.C. §1117 include profits acquired by the defendant through its infringing use, damages sustained by the plaintiff, costs of suit, and reasonable attorneys' fees. The trial court has substantial discretion to fashion a remedy appropriate to the facts and circumstances of the case before it. Bandag, Inc. v. Al Bolser's Tire Stores, 750 F.2d. 903, 917 (1984).

24. Plaintiff is entitled to recover the profits derived by defendant through its infringing use of plaintiff's trademark, in the amount of $669,656. The Court finds this damage award to be adequate to compensate plaintiff for the harm, and will not treble the damages.

25. Entrepreneur is entitled to its attorneys' fees, pursuant to 15 U.S.C. § 1117(a), which provides that attorneys's fees may be awarded in exceptional cases, and § 1117(b), which provides that "the court *shall*, unless the court finds extenuating circumstances, enter judgment . . . together with a reasonable attorney's fee, in the case of any violation . . . that consists of intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 1116(d) of this title), in connection with the sale, offering for sale, or distribution of goods or services." (emphasis added).

26. A case is "exceptional" such that an award of attorneys' fees is appropriate if the case involves deliberate or willful infringement. Gucci Am., Inc. v. Rebecca Gold Enters, Inc., 802 F.Supp. 1048, 1050-51 (S.D.N.Y. 1992).

As set forth above, this case involves intentional infringement, and therefore is an exceptional case. Accordingly, this Court awards Entrepreneur reasonable attorneys' fees under 15 U.S.C. 1117(a), to be fixed following the submission of a fee application.

To the extent any uncontroverted fact is deemed a conclusion of law, it is incorporated herein by this reference as if set forth in full.

Plaintiff is directed to provide the Court will a Judgment and a Permanent Injunction for its signature.

DATED this 23rd day of June 2003.

FLORENCE-MARIE COOPER
United States District Judge

EXHIBIT "C"

LATHAM & WATKINS LLP
Perry J. Viscounty (State Bar No. 132143)
Mark A. Finkelstein (State Bar No. 173851)
650 Town Center Drive, Suite 2000
Costa Mesa, California 92626
Telephone: (714) 540-1235
Facsimile: (714) 755-8290

Attorneys for Plaintiff
ENTREPRENEUR MEDIA, INC.

FILED
CLERK, U.S. DISTRICT COURT
JUL - 9 2003
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

ENTREPRENEUR MEDIA, INC., a California corporation,

Plaintiff,

vs.

SCOTT SMITH dba ENTREPRENEURPR,

Defendant.

Case No. 98-3607 FMC (CTx)

[PROPOSED] **JUDGMENT AND PERMANENT INJUNCTION FOLLOWING COURT TRIAL**

This case was tried by the Court sitting without a jury on April 29, April 30, and May 2, 2003. Based upon the Findings of Facts and Conclusions of Law adopted by the Court, and having considered all of the evidence and argument presented at trial by the parties and in the written closing arguments, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that plaintiff Entrepreneur Media, Inc. be awarded Judgment and a permanent injunction in this action against defendant Scott Smith dba EntrepreneurPR as follows:

1. Defendant Scott Smith dba EntrepreneurPR, and his officers, agents, servants, employees, and attorneys, and all persons in active concert or participation with them, must immediately cease, and are permanently enjoined from, using the marks ENTREPRENEUR, ENTREPRENEURPR, ENTREPRENEUR ILLUSTRATED, and/or ENTREPRENEURPR.COM, or any other mark, trade name, or domain name that is a colorable imitation thereof or likely to cause confusion therewith, in commerce or in connection with the sale, offering for sale, distribution, and/or advertising of (1) paper goods and printed matter, and/or (2) advertising and business services, including online services. This permanent injunction specifically includes, but is not limited to, the "public relations" activities that Scott Smith dba EntrepreneurPR has previously provided under the marks referenced above.

2. Defendant Scott Smith dba EntrepreneurPR, and his officers, agents, servants, employees, and attorneys, and all persons in active concert or participation with them, are hereby ordered to immediately surrender to Entrepreneur Media, Inc. all advertising, publications, goods, labels, signage, packages, and any other materials that contain the marks ENTREPRENEUR, ENTREPRENEURPR, ENTREPRENEUR ILLUSTRATED, and/or ENTREPRENEURPR.COM, or any other mark that is a colorable imitation thereof or likely to cause confusion therewith.

3. Plaintiff Entrepreneur Media, Inc. is awarded damages in the amount of $669,656, which includes damages of $12,500 incurred after February 11, 2002.

4. Because this is an exceptional case, in that defendant Scott Smith

dba EntrepreneurPR intentionally and willfully infringed Entrepreneur Media, Inc.'s trademark, plaintiff Entrepreneur Media, Inc. is awarded its attorneys' fees in the amount of _____.

5. Plaintiff Entrepreneur Media, Inc. is awarded its costs in the amount of _____.

6. To the extent that defendant Scott Smith dba EntrepreneurPR asserted any rights or claims against plaintiff Entrepreneur Media, Inc., such rights and claims are denied.

IT IS SO ORDERED, ADJUDGED, AND DECREED.

DATED: July 9, 2003

Florence-Marie Cooper
Honorable Florence-Marie Cooper
District Court Judge

Presented By:

LATHAM & WATKINS LLP

By: _____
Mark A. Finkelstein
Attorneys for Plaintiff
Entrepreneur Media, Inc.

PROOF OF SERVICE

I am employed in the County of Orange, State of California. I am over the age of 18 years and not a party to this action. My business address is Latham & Watkins, 650 Town Center Drive, Suite 2000, Costa Mesa, CA 92626-1925.

On July 3, 2003, I served the following document described as:

[PROPOSED] JUDGMENT AND PERMANENT INJUNCTION FOLLOWING COURT TRIAL

by serving a true copy of the above-described document in the following manner:

BY U.S. MAIL

I am familiar with the office practice of Latham & Watkins LLP for collecting and processing documents for mailing with the United States Postal Service. Under that practice, documents are deposited with the Latham & Watkins LLP personnel responsible for depositing documents with the United States Postal Service; such documents are delivered to the United States Postal Service on that same day in the ordinary course of business, with postage thereon fully prepaid. I deposited in Latham & Watkins LLP's interoffice mail a sealed envelope or package containing the above-described document and addressed as set forth below in accordance with the office practice of Latham & Watkins LLP for collecting and processing documents for mailing with the United States Postal Service:

Jeffrey S. Kravitz
Kravitz Law Office
2728 J. Street, Suite 204
Sacramento, CA 95816

I declare that I am employed in the office of a member of the Bar of, or permitted to practice before, this Court at whose direction the service was made and declare under penalty of perjury that the foregoing is true and correct.

Executed on July 3, 2003, at Costa Mesa, California.

Sandra L. McNeff

EXHIBIT "D"

101 Fed.Appx. 212
This case was not selected for publication in the Federal Reporter.
Not for Publication in West's Federal Reporter
See Fed. Rule of Appellate Procedure 32.1 generally governing citation of judicial decisions issued on or after Jan. 1, 2007. See also Ninth Circuit Rule 36-3. (Find CTA9 Rule 36-3)
United States Court of Appeals, Ninth Circuit.

ENTREPRENEUR MEDIA, INC., a California Corporation, Plaintiff-Appellee,
v.
Scott SMITH, dba EntrepreneurPR, Defendant-Appellant.

No. 03-56431. | Argued and Submitted June 7, 2004. | Decided June 10, 2004.

Synopsis

Background: Publisher of "Entrepreneur" magazine brought action alleging trademark infringement, unfair competition, and counterfeiting claims against founder of public relations firm operated under name "EntrepreneurPR." The United States District Court for the Central District of California, Florence-Marie Cooper, J., granted summary judgment for publisher on trademark infringement and unfair competition claims, denied its motion on counterfeiting claim, and denied founder's motion for summary judgment. Founder appealed. The Court of Appeals, Berzon, Circuit Judge, 279 F.3d 1135, affirmed in part, reversed in part, and remanded for trial. Following bench trial, the United States District Court for the Central District of California, Florence Marie Cooper, J., entered judgment against founder, and he appealed.

Holdings: The Court of Appeals held that:
1 federal district court did not fail to follow mandate of prior panel of Court of Appeals, and
2 federal district court did not err in awarding attorney fees in light of strong, credible evidence that founder intended to confuse consumers.

Affirmed.

*213 Appeal from the United States District Court for the Central District of California, Florence Marie Cooper, District Judge, Presiding. D.C. No. CV-98-03607-FMC.

Attorneys and Law Firms

*214 Mark A. Finklestein, Esq., Perry J. Viscounty, Esq., Michele D. Johnson, Esq., Latham & Watkins, Costa Mesa, CA, for Plaintiff-Appellee.
Glenn W. Peterson, Esq., McDonough, Holland & Allen, Sacramento, CA, for Defendant-Appellant.

Before TROTT, RYMER, and THOMAS, Circuit Judges.

Opinion

MEMORANDUM *

1 Scott Smith appeals the district court's judgment against him after a bench trial. We affirm. Because the parties are familiar with the factual and procedural history of this case, we will not recount it here.

I

Smith's primary argument is that the district court failed to follow the prior panel's mandate and violated law of the case in entering the findings of fact and conclusions of law. However, the prior panel merely decided that there were triable issues of fact that precluded summary judgment. It did not decide those issues in favor of Smith as a matter of law. Thus, the district court did not fail to observe the mandate of the prior panel on remand. As we observed in *Lindy Pen Co., Inc. v. Bic Pen Corp.*, 982 F.2d 1400, 1404 (9th Cir.1993):

> The district court must be given a meaningful opportunity to follow the directive of the circuit court in resolving the issues. *Portsmouth Square. Inc. v. Shareholders Protective Committee,* 770 F.2d 866, 872 (9th Cir.1985). The district court should not be reversed for failing to follow a mandate if its decision is within the scope of the remand.

The district court did as the prior panel directed. It held a bench trial on the disputed factual issues and entered a judgment based on its findings of fact and conclusions of law. It did not violate the mandate.

II

2 We review the district court's findings of likelihood of confusion for clear error. *See Levi Strauss & Co. v. Blue Bell, Inc.,* 778 F.2d 1352, 1356 (9th Cir.1985). Likelihood of confusion is guided by an 8 factor test analyzing the:

(1) strength of the mark; (2) similarity of the marks; (3) relatedness of goods or services; (4) intent in selecting the marks; (5) evidence of actual confusion; (6) marketing channels; (7) likelihood of expansion of product lines; and (8) degree of consumer care. *AMF Inc. v. Sleekcraft Boats,* 599 F.2d 341, 348-49 (9th Cir.1979). Although these factors are important, "it is the totality of facts in a given case that is dispositive." *Entrepreneur Media, Inc. v. Smith,* 279 F.3d 1135, 1140 (9th Cir.2002) (alteration omitted). After a thorough examination of the record of this case, we conclude that the district court did not clearly err in its determination of likelihood of confusion based on the totality of the circumstances.

III

3 The district court did not err in its damage award. Even where there is no direct competition, profits may be awarded in order to make trademark infringement unprofitable under the rationale of unjust enrichment. *Maier Brewing Co. v. Fleischmann Distilling Corp.,* 390 F.2d 117, 124 (9th Cir.1968). EMI's expert also provided sufficient evidence of Smith's sales and costs to approximate his profits.

*215 4 The district court also did not err in awarding attorney's fees. Exceptional circumstances justify attorney's fees where acts of infringement are deliberate or willful. *See Rio Props., Inc. v. Rio Int'l Interlink,* 284 F.3d 1007, 1023 (9th Cir.2002). Because EMI provided strong credible evidence that Smith intended to confuse consumers, attorney's fees were justified.

5 Smith waived his right to present the affirmative defense of fair use by failing to assert it before the trial court. None of the other defenses or pleadings "fairly put" the district court "on notice as to the substance of the issue." *Nelson v. Adams USA, Inc.,* 529 U.S. 460, 469, 120 S.Ct. 1579, 146 L.Ed.2d 530 (2000).

AFFIRMED.

Parallel Citations

2004 WL 1303174 (C.A.9 (Cal.))

Footnotes

* This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as provided by Ninth Circuit Rule 36-3.

End of Document

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EXHIBIT "E"

FILED
MAR 12 2009
UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

In re SCOTT R. SMITH, Debtor.	Case No. 01-25334-A-7
ENTREPRENEUR MEDIA, INC., a corporation, Plaintiff, vs. SCOTT R. SMITH, Defendant.	Adv. No. 01-2219

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This Court previously adjudicated the claims for denial of defendant's chapter 7 discharge pursuant to 11 U.S.C. § 727(a)(2)(A), (a)(3), and (a)(4)(A) in favor of defendant Scott R. Smith ("Smith"). The Court's findings of fact and conclusions of law were made orally and on the record on October 23, 2007.

Subsequently, plaintiff Entrepreneur Media, Inc. ("EMI") voluntarily dismissed its claim under 11 U.S.C. § 523(a)(4).

By Order dated August 11, 2005, this Court, Judge Brett Dorian presiding, entered an Order Setting Forth Facts Which Exist Without Substantial Controversy as to EMI's remaining claim under 11 U.S.C. § 523(a)(6). Those facts are incorporated herein by reference.

The events and occurrence alleged in the complaint in connection with the claim under section 523(a)(6) relate to a judgment entered by the United States District Court in Case No. CV 98-3607 FMC (CTx). That court's findings of fact and conclusions of law bind the parties in this proceeding.

EMI's claim under section 523(a)(6) was tried before this Court on June 25 and 26, 2008. Thereafter, the parties were given the opportunity to file post-trial briefs concerning the applicability of In re Barboza, 545 F.3d 702 (9th Cir. 2008) (mandate issued Dec. 16, 2008), to this case.

The Court now makes the following additional findings of fact and conclusions of law as to EMI's claim under section 523(a)(6):

Findings of Fact

1. Smith willfully committed trademark infringement against EMI. This injury to EMI's property was deliberate and intentional.

a. The District Court found that Smith's infringement was "deliberate and willful," that he had "intentionally infringed on [EMI's] trademark," and that Smith intended to deceive the public by causing confusion between himself and

EMI. See District Court's Findings of Fact at 3:18-4:15; 5:5-13; 9:1-9; 10:2-7; 11:1-2; District Court's August 12, 2003 Order Granting Plaintiff's Motion for Attorney's Fees, etc., p. 4.

b. Further, when the Ninth Circuit affirmed the District Court's judgment, it likewise confirmed that Smith's conduct was deliberate: "The district court also did not err in awarding attorney's fees. Exceptional circumstances justify attorney's fees where acts of infringement are deliberate and willful." Entrepreneur Media, Inc. v. Smith, 2004 U.S. App. LEXIS 11567 at *4 (9th Cir. June 10, 2004).

c. The record from the District Court, therefore, does not indicate that Smith was liable to EMI merely because he had acted with reckless disregard to whether his conduct infringed EMI's trademarks. On the contrary, that record is clear: Smith intentionally infringed on EMI's trademarks in order to create confusion between his business and that of EMI.

2. Smith knew that his willful trademark infringement would necessarily injure EMI.

3. Prior to adopting and using the infringing names, Smith hired a consultant to help select a name. While the consultant came up with numerous ideas for names, the infringing names were selected by Smith. The District Court found that Smith selected these names for the purpose of trading off of EMI's goodwill.

4. Smith never sought, or received, any legal advice regarding the propriety of adopting his infringing names.

///

5. There were no witnesses, other than Smith himself, who testified that Smith had any just cause or excuse to commit willful trademark infringement.

6. Smith was represented by attorneys throughout most, if not all, of the infringing period. None of his attorneys advised Smith that he could trade off of EMI's goodwill and, based on their testimony, Smith's attorneys were unaware of any reasons or justifications that would permit Smith to trade off of EMI's goodwill or otherwise commit willful trademark infringement.

7. All of Smith's professional advisors qualified their advice by saying that he could not use his trademarks to cause confusion with EMI, which is precisely what Smith intentionally did.

8. While Smith presented evidence that third parties used the word "entrepreneur," Smith failed to present any evidence that these third parties were affirmatively misleading customers into believing they were associated with EMI. Thus, this evidence from Smith was not persuasive.

9. Smith had no just cause or excuse to trade off of EMI's goodwill and commit trademark infringement.

10. As determined by the District Court, Smith's conduct caused significant damage to the property of EMI. Not including litigation costs and interest, EMI sustained damages of $669,656 as a result of Smith's trademark infringement.

Conclusions of Law

1. This Court has subject matter jurisdiction over the claims for relief in this adversary proceeding and the defenses in the answer pursuant to 28 U.S.C. §§ 157(a), (b), and 1334(a).

2. This Court is the proper venue for this proceeding. See 28 U.S.C. § 1409.

3. The claim asserted by plaintiff is a core proceeding. This action seeks a determination of the dischargeability of a debt. See 28 U.S.C. § 157(b)(2)(I).

4. Under section 523(a)(6), a debt for willful and malicious injury by a debtor to another entity or to the property of another entity cannot be discharged in bankruptcy.

5. The District Court has already concluded, and this Court agrees, that Smith's debt to EMI was the result of a willful injury. That is, when infringing EMI's trademarks, Smith acted deliberately, intentionally, and for purpose of deceiving the public by causing confusion between his business and that of EMI.

6. A malicious injury is "one involving (1) a wrongful act, (2) done intentionally, (3) which necessarily causes injury, and (4) is done without just cause or excuse.". See Murray v. Bammer (In re Bammer), 131 F.3d 788, 791 (9th Cir. 1997).

7. Based on the District Court's findings, as well as on the testimony and other evidence produced at trial, the Court concludes that the first three prongs of a malicious injury, namely (1) a wrongful act, (2) done intentionally, and (3) which necessarily causes injury, are present in this case.

8. The underlying District Court findings also support a conclusion that Smith's wrongful act was done "without just cause or excuse." In addition, based on the testimony and other evidence entered at trial, this Court concludes that Smiths' wrongful act was done "without just cause or excuse."

9. The debt to EMI was the result of a willful and malicious injury by Smith to EMI's property.

10. The debt to EMI is nondischargeable under section 523(a)(6).

11. As determined by the District Court, the debt to EMI, as of July 10, 2003, was comprised of a damage award of $669,656, attorneys' fees of $680,895, and related costs of $39,267.46, for a total of $1,389,818.46. Post-judgment interest continues to accrue at the applicable rate.

Therefore, this court will enter a separate judgment declaring that the District Court's judgment is nondischargeable pursuant to 11 U.S.C. § 523(a)(6).

Dated: 11 March 2009

By the Court

Michael S. McManus
United States Bankruptcy Judge

EXHIBIT "F"

2009 WL 6058677
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NOT FOR PUBLICATION
United States Bankruptcy Appellate Panel,
of the Ninth Circuit.

In re Scott R. SMITH, Debtor.
Scott R. Smith, Appellant,
v.
Entrepreneur Media, Inc., Appellee.

Bankruptcy Nos. EC–09–1117–MkMoJu, 01–25334. | Adversary No. 01–02219–A. | Argued and Submitted Nov. 20, 2009. | Filed Dec. 17, 2009.

Appeal from the United States Bankruptcy Court for the Eastern District of California, Honorable Michael S. McManus, Bankruptcy Judge, Presiding.

Before MARKELL, MONTALI and JURY, Bankruptcy Judges.

Opinion

MEMORANDUM *

INTRODUCTION

*1 After several years of litigation and two trips to the Ninth Circuit Court of Appeals, the appellee herein, Entrepreneur Media, Inc. ("EMI"), obtained a final, non-appealable judgment against appellant and debtor Scott Smith ("Smith") for intentional infringement of EMI's trademarks. While the trademark infringement litigation was pending, Smith had filed for bankruptcy under chapter 7 of the Bankruptcy Code. EMI thereafter sought to have its final judgment declared nondischargeable under § 523(a)(6). [1]

Applying the doctrine of issue preclusion, the bankruptcy court concluded that the federal district court's factual findings in the trademark infringement litigation conclusively established all but one of the elements for nondischargeability under § 523(a)(6). As to the sole unresolved issue of "just cause or excuse," the bankruptcy court held a trial, after which it found that Smith had not acted with just cause or excuse. Consequently, the bankruptcy court entered a judgment determining that Smith's debt arising from his intentional trademark infringement was nondischargeable.

We conclude that the bankruptcy court properly applied the doctrine of issue preclusion and that the bankruptcy court's findings that Smith acted without just cause or excuse were not clearly erroneous. Accordingly, we AFFIRM the bankruptcy court's judgment of nondischargeability.

Smith also separately challenges a minute order of the bankruptcy court, entered on February 1, 2007, discharging a prior sua sponte Order to Show Cause regarding the potential dismissal of EMI's denial of discharge complaint and the potential imposition of sanctions against EMI. Smith asserts that, pursuant to Rule 9011, the bankruptcy court erred in not imposing monetary sanctions against EMI in furtherance of the Order to Show Cause. We conclude that Smith lacks standing to appeal the bankruptcy court's denial of sanctions. Accordingly, we DISMISS Smith's appeal of the February 1, 2007 minute order.

FACTS

EMI publishes a magazine named "*Entrepreneur*" and holds a trademark on that name. Smith published a magazine named "*Entrepreneur Illustrated.*" EMI contacted Smith, asserted that the name of Smith's magazine infringed on EMI's mark, and demanded that Smith stop using that name; Smith refused.

1. The Trademark Infringement Litigation

Following Smith's refusal, in 1998, EMI commenced a lawsuit against Smith in federal district court, alleging trademark infringement, unfair competition and counterfeiting. *Entrepreneur Media, Inc. v. Smith,* Case No. CV 98–3607 FMC (Ctx)(C.D.Cal.1998). By way of its complaint, EMI sought, among other things, "an order directing Smith to account and disgorge to plaintiff any and all profits derived by reason of said acts of infringement and unfair competition complained of herein." First Amended Complaint (March 24, 1999) at 14:24–14:26. The district court granted summary judgment to EMI, but the Ninth Circuit reversed in part and remanded for trial. *Entrepreneur Media, Inc. v. Smith,* 279 F.3d 1135 (9th Cir.2002). According to the Ninth Circuit, the district court correctly determined as a matter of law that the manner in which Smith used the name "Entrepreneur Illustrated" on the cover of his magazine constituted trademark infringement. *Id.* at 1152–53. However, the Ninth Circuit also concluded that there were genuine issues of triable fact as to all of the other instances of alleged trademark infringement. *Id.* It remanded the case

to the district court, which then held a bench trial. At the conclusion of the trial, the district court determined that Smith had intentionally committed trademark infringement.

*2 The district court entered findings of fact and conclusions of law (hereinafter, "District Court Findings and Conclusions"), which describe in detail EMI's business and trademarks. As set forth in the District Court Findings and Conclusions, EMI had been continuously using the mark ENTREPRENEUR in connection with its magazine, *Entrepreneur,* since at least 1978. EMI also had been using the mark ENTREPRENEUR on its website, entrepreneur.com. District Court Findings and Conclusions at 1:22–1:27. The district court found that EMI had duly registered under United States trademark laws a number of incontestable trademark registrations for a number of different marks, including the mark ENTREPRENEUR. The district court noted that the registration of the marks generally entitled EMI to their exclusive use. *Id.* at 2:8–2:27.

According to the district court, EMI was well known for its magazines and online services, especially for *Entrepreneur* magazine, which had a paid U.S. circulation of approximately 550,000, based on subscriptions and newsstand sales, and a total audience of approximately 2 million readers per issue. In addition, entrepreneur.com had approximately 2–3 million visitor sessions each month. The district court further noted EMI's efforts to promote its products and services, by sending out complimentary copies of its magazines to the media, by advertising, by promoting events featuring small businesses, and by way of entrepreneur.com. *Id.* at 1:28–2:7, 2:28–3:4.

The following findings of the district court enumerate Smith's business history, the events leading up to his infringement of EMI's marks and the infringement itself:

> 10. In 1995, defendant Scott Smith dba EntrepreneurPR ("Smith" or "Defendant") started a business called ICON Publications, which promoted small businesses. In 1997, ICON created a magazine that featured articles about small businesses, which was distributed to members of the media so that the media could report on the companies within the featured articles.
>
> 11. ICON Publications' magazine was entitled *Yearbook of Small Business Icons.*
>
> 12. As part of Entrepreneur's efforts to promote small businesses, in or about December 1996, Entrepreneur listed ICON Publications on Entrepreneur's "Small Business Links" pages of Entrepreneur's website, and provided a direct link to Smith's website, iconpub.com.
>
> 13. Smith sent out letters to his clients touting iconpub.com's selection on Entrepreneur's Small Business Links page.
>
> 14. Shortly after iconpub.com was selected to appear on Entrepreneur's Small Business Links page, Smith decided to change the name of his company, magazine, and domain name.
>
> 15. Smith was familiar with Entrepreneur and its services. In addition, Smith conducted a trademark search that revealed Entrepreneur's federal registrations for the mark ENTREPRENEUR.
>
> 16. In soliciting customers for his yearbook, Smith often represented that he was affiliated or associated with Entrepreneur magazine in order to persuade people to sign up for his services.
>
> *3 17. In October 1997, Smith changed the name of his company to EntrepreneurPR, the name of his magazine to *Entrepreneur Illustrated,* and his domain name to entrepreneurpr.com.
>
> 18. Press releases on [Entrepreneur's] masthead concerning ICON'S yearbook publication were distributed by [Smith]. At the bottom of the page is a list of characteristics, which includes the phrase, "PR firm: EntrepreneurPR." The clear import of this phrase was the implication that [Smith] had been hired as the public relations firm for [Entrepreneur].
>
> 19. Thereafter, Smith printed on his web site statements Entrepreneur made about his former company, magazine, and domain name.
>
> 20. Smith's new company name and magazine were prominently featured on his website, located at entrepreneurpr.com.
>
> 21. Smith sent out his publication of *Entrepreneur Illustrated* to thousands of members of the media four times each year.
>
> 22. Smith featured on his web site Entrepreneur's registered design mark SMALL BUSINESS SQUARE after being expressly told he did not have permission to do so.
>
> 23. The marks ENTREPRENEUR, on the one hand, and ENTREPRENEURPR, ENTREPRENEUR

ILLUSTRATED and ENTREPRENEURPR.COM are substantially similar in appearance, sound and meaning in that the dominant portion of all the marks is identical —"entrepreneur."

24. Entrepreneur and Smith both use their marks in connection with identical goods and services, in that the marks are all used in connection with magazines featuring articles about small businesses, as well as on the Internet. In addition, Entrepreneur offers public relations services on its website through its partnership with PR Newswire, which services are substantially similar to Smith's public relations services.

25. Entrepreneur and Smith's marketing channels overlap, since both entities target small businesses, send their publications free of charge to the media, and use the Internet to market and advertise their services.

26. There is substantial evidence that EntrepreneurPR's clients believed there was a relationship between Entrepreneur and EntrepreneurPR, which constitutes evidence of factual confusion.

27. Many witnesses, whom the Court found to be very credible, testified that they believed, when they were solicited by Smith, that defendant was associated with Entrepreneur Media or *Entrepreneur* Magazine, or that the two publications were the same. They testified that they were led to believe that by signing up for defendant's services, they would be featured in *Entrepreneur* Magazine. They were almost uniform in their position that they would not have paid any money to defendant had they known he was not connected with plaintiff. Defendant Smith denied the allegations of all of those witnesses. His testimony in that, and many other respects, was not credible.

28. The court accepts the testimony of plaintiff's expert, who calculated defendant's net profit throughout the period of infringement at $544,998, plus interest of $124,658, representing total profits of $669,656.

*4 *Id.* at 3:5–5:16.

Several of the District Court Findings and Conclusions either explicitly reference the court's determination that Smith's infringement was intentional or grant relief that is predicated on intentional infringement:

17. With full knowledge of Entrepreneur's prior rights to the mark ENTREPRENEUR, Smith selected EntrepreneurPR for his business name, *Entrepreneur Illustrated* for the title of his magazine, and entrepreneurpr.com for his domain name. "When the alleged infringer knowingly adopts a mark similar to another's, reviewing courts *presume* that the defendant can accomplish his purpose: that is, *that the public will be deceived.*" *Entrepreneur Media,* 279 F.3d at 1148 [emphasis in original]. In addition, Smith's conduct establishes that he intended to trade off of Entrepreneur's goodwill. Smith's intent to deceive the public is "strong evidence of a likelihood of confusion." *Id.* at 1150.

* * *

22. In a case, such as this, when a party deliberately infringes another's trademarks, damages should be awarded. Indeed, "where trademark infringement is deliberate and willful both the trademark owner and the buying public are slighted if a court provides no greater remedy than an injunction." *Playboy Enters., Inc. v. Baccarat Clothing Co.,* 692 F.2d 1272, 1276 (9th Cir.1982).

* * *

24. Plaintiff is entitled to recover the profits derived by defendant through its infringing use of plaintiff's trademark, in the amount of $669,656. The court finds this damage award to be adequate to compensate plaintiff for the harm, and will not treble the damages.

* * *

26. A case is "exceptional" such that an award of attorneys' fees is appropriate if the case involves deliberate or willful infringement. *Gucci Am., Inc. v. Rebecca Gold Enters., Inc.,* 802 F.Supp. 1048, 1050–51 (S.D.N.Y.1992). As set forth above, this case involves intentional infringement, and therefore is an exceptional case. Accordingly, this court awards Entrepreneur reasonable attorneys' fees under 15 U.S.C. [§] 1117(a), to be fixed following submission of a fee application.

Id. at 9:1–9:9, 10:2–10:7, 10:14–10:17, 10:26–11:4.

On July 10, 2003, the district court entered judgment against Smith (the "Judgment") permanently enjoining him from infringing upon EMI's trademarks. The Judgment awarded EMI monetary damages of $669,656, based on its

determination at trial of the net profits that Smith derived from his infringement. Shortly thereafter, the district court entered an order awarding to EMI attorney fees in the amount of $680,895, and costs in the amount of $39,267.46, based on the court's finding "that Smith had intentionally infringed upon Entrepreneur's trademark...." Order Granting Plaintiff's Motion For Attorneys' Fees And Related Costs (Aug. 13, 2003) at 2:10–2:11. Smith again appealed to the Ninth Circuit, which affirmed the district court's judgment in 2004. *Entrepreneur Media, Inc. v. Smith,* 101 Fed. Appx. 212 (9th Cir.2004).

2. The Bankruptcy Court Litigation

***5** Meanwhile, in 2001, during the pendency of Smith's first appeal to the Ninth Circuit, Smith filed a petition under chapter 7 of the bankruptcy code. Within weeks of the bankruptcy filing, EMI commenced an adversary proceeding generally objecting to debtor's discharge under § 727 and also seeking a determination that Smith's indebtedness to EMI was nondischargeable under § 523. In relevant part, EMI alleged that Smith's indebtedness arising from his infringement of EMI's trademarks constituted a debt for willful and malicious injury to EMI's property, nondischargeable under § 523(a)(6).

In 2005, after the conclusion of the trademark infringement litigation, the bankruptcy court, Judge Dorian presiding, heard and ultimately denied the parties' cross-motions for summary judgment in the adversary proceeding. In relevant part, the bankruptcy court held that issue preclusion could be applied to establish most but not all of the elements for nondischargeability under § 523(a)(6). The bankruptcy court pointed to the four factors that must be found in order to declare an injury malicious. Citing to *Murray v. Bammer (In re Bammer),* 131 F.3d 788 (9th Cir.1997), the bankruptcy court identified the maliciousness factors as: "(1) a wrongful act, (2) done intentionally, (3) which necessarily causes injury, and (4) is done without *just* cause or excuse." Summary Judgment Order (Aug 11, 2009) at 2:7–2:8 (emphasis in original). According to the bankruptcy court, issue preclusion did not apply here to the "just cause or excuse" factor because that factor had neither been actually litigated or necessarily decided in the trademark infringement litigation. *Id.* at 4:11–5:14.

Even though the bankruptcy court denied summary judgment, the bankruptcy court issued a separate order pursuant to Rule 7056 (incorporating Civil Rule 56(d)) setting forth facts without substantial controversy (the "Civil Rule 56(d) Order"), which contained virtually all of the findings of fact rendered by the district court in the trademark infringement litigation. [2]

According to the Civil Rule 56(d) Order, all of the facts listed therein were "deemed established in this action for all purposes, including for purposes of trial...." *Id.* at 1:27–2:2 (footnote omitted).

In 2007, the bankruptcy court bifurcated EMI's claims based on § 727 from its claims based on § 523. In December 2007, a different bankruptcy judge, Judge McManus, took over from Judge Dorian as presiding judge and tried the § 727 claims first. After denying all relief under EMI's § 727 claims, the court tried EMI's § 523(a)(6) claim in June 2008. [3]

During the summary judgment proceedings before Judge Dorian, the parties addressed the issue of the preclusive effect of the district court rulings. Smith conceded that he was precluded from arguing the willfulness prong under the § 523(a)(6) claim by virtue of the rulings in the trademark infringement litigation. However, in the pretrial proceedings before Judge McManus leading up to trial on the § 523(a)(6) claim, the preclusive effect of the district court's rulings came up repeatedly. Among other things, Smith argued that he should not be precluded from trying the issue of his subjective state of mind—that he neither harbored the subjective intent to injure EMI's property, nor did he subjectively believe that such injury was substantially certain to occur. According to Smith, the trademark infringement action did not deal with his intent to injure EMI, so he should be able to offer any evidence relevant to that issue. Hearing Transcript (Oct. 23, 2007) at 28:16–29:12. The bankruptcy court disagreed. According to Judge McManus, Judge Dorian's prior summary judgment ruling meant that all issues other than "just cause or excuse" had been conclusively determined by the trademark infringement litigation. Hearing Transcript (Jan. 16, 2008) at 18:2–18:22, 27:13–27:23. Judge McManus acknowledged to Smith that much or all of what he wanted to introduce at trial as evidence regarding his state of mind might be relevant to the "just cause or excuse" issue, but the judge also cautioned Smith that he could not offer that same evidence to show that he subjectively believed that his conduct was innocent —that he believed that he was not infringing EMI's marks. According to Judge McManus, Smith's state of mind evidence needed to be tied to some theory that could prove just cause or excuse. *Id.* at 18:14–18:22, 47:20–48:7. With those limitations in mind, Judge McManus directed the parties to streamline their pretrial statements, and ultimately, the court's May 2008 pretrial order limited the parties to the sole issue of "whether defendant acted with 'just cause or excuse' such

that his actions were not 'malicious' ". Pretrial Order (May 13, 2008) at 4:25–4:26. *See also* Minute Order (June 23, 2008) at p. 1 ("the issues at trial are limited to whether the defendant acted with just cause or excuse such that his infringement of the plaintiff's intellectual property was not willful and malicious. This will be established, largely, by Mr. Smith's testimony as to his motivations and state of mind.")

*6 After a trial on the issue of just cause or excuse, at the direction of the bankruptcy court, the parties provided post-trial briefs on the impact, if any, of a recently-decided Ninth Circuit case, *Barboza v. New Form, Inc. (In re Barboza)*, 545 F.3d 702 (9th Cir.2008). Smith again argued that the trademark infringement litigation did not conclusively determine that he subjectively intended to injure EMI's property, and the bankruptcy court again disagreed. The bankruptcy court applied the findings and conclusions from the trademark infringement litigation and the Civil Rule 56(d) Order and determined that all of the debt arising from the trademark infringement litigation was nondischargeable under § 523(a)(6).

The bankruptcy court also made a new and independent finding that "Smith willfully committed trademark infringement against EMI." Findings of Fact and Conclusions of Law (March 11, 2009) at 2:22–2:24. According to the bankruptcy court, "[t]his *injury* to EMI's property was deliberate and intentional." *Id.* (Emphasis added). In making this finding, the bankruptcy court expressly relied on the district court's findings in the trademark infringement litigation. There is no indication in the bankruptcy court's finding of intentional injury that it relied on the evidence presented during the trial on "just cause and excuse."

The court entered judgment on March 13, 2009, and Smith timely appealed.

3. The Order To Show Cause

Smith has also appealed from a February 1, 2007 order discharging an Order to Show Cause. On August 14, 2006, during the pretrial proceedings leading up to the trial of the § 727(a) claims, the bankruptcy court sua sponte issued an Order to Show Cause. According to the Order to Show Cause, EMI had alleged in its complaint claims under § 727(a), but had failed to state in its pretrial statement "that any evidence will be offered in support of such claims...." Order to Show Cause (Aug. 14 2006), at 1:23–1:24. The show cause order threatened EMI with $10 million in monetary sanctions, as well as dismissal of the § 727(a) claims.

Both parties later amended their pretrial statements, and the bankruptcy court held a four-day trial on the § 727(a) claims, ultimately ruling in favor of Smith as to all of these claims. At a subsequent hearing on the Order to Show Cause, the bankruptcy court concluded that EMI had satisfied the concerns of the court when it amended its pretrial statement, and that Smith had not been prejudiced or harmed in any way by EMI's delay in addressing the § 727(a) claims. Hearing Transcript (Feb. 1, 2007) at 158–69. Accordingly, the court issued its February 1, 2007 order discharging the prior Order to Show Cause.

ISSUES

1. Did the bankruptcy court properly preclude Smith from relitigating the issue of willfulness?

2. Did the trademark infringement judgment conclusively establish that EMI was harmed by Smith's intentional trademark infringement?

*7 3. Did the bankruptcy court shift the burden of proof to Smith, thereby improperly imposing on him the burden to establish that his trademark infringement liability was dischargeable?

4. Is § 523(a)(6) applicable to liability arising from willful trademark infringement?

5. Did the bankruptcy court err when it found that Smith acted without just cause or excuse?

6. Does Smith have standing to challenge the bankruptcy court's denial of sanctions against EMI under rule 9011?

STANDARDS OF REVIEW

The bankruptcy court's determination that issue preclusion applies presents a mixed question of law and fact where the legal issues predominate, so we review this determination de novo. *Khaligh v. Hadaegh (In re Khaligh)*, 338 B.R. 817, 823 (9th Cir.BAP2006), *aff'd*, 506 F.3d 956 (9th Cir.2007).

We review findings of fact under the clearly erroneous standard and conclusions of law de novo. Rule 8013; *United States v. Gould (In re Gould)*, 401 B.R. 415, 412 (9th Cir.BAP2009).

To reverse the bankruptcy court's factual findings under the clearly erroneous standard, we must have "a definite and firm

conviction that a mistake has been committed." *In re Brooks–Hamilton,* 400 B.R. 238, 245 (9th Cir.BAP2009).

DISCUSSION

1. Section 523(a)(6)—Elements, Factors and Definitions

A debt is nondischargeable under § 523(a)(6) if it results from debtor's willful and malicious injury to another or to the property of another. Thus, there are three elements: (1) willfulness; (2) maliciousness and (3) injury. These terms are not defined in the statute, but they have been defined in subsequent case law.

A debtor willfully injures another if he subjectively intends to injure him, or subjectively believes that harm is substantially certain to occur. *Carrillo v. Su (In re Su),* 290 F.3d 1140, 1143–45 (9th Cir.2002).

An injury is malicious if it "involves '(1) a wrongful act, (2) done intentionally, (3) which necessarily causes injury, and (4) is done without just cause or excuse.' " *Barboza v. New Form, Inc. (In re Barboza),* 545 F.3d 702, 706 (9th Cir.2008) (citation omitted).

As discussed below, the application in this case of the first three factors for maliciousness is straightforward. The bankruptcy court held trial on the fourth factor, "just cause or excuse," and found that Smith acted without just cause or excuse, so we pause here to consider this factor.

The leading Ninth Circuit cases on just cause or excuse are *Jett v. Sicroff (In re Sicroff),* 401 F.3d 1101 (9th Cir.2005), and *Murray v. Bammer (In re Bammer),* 131 F.3d 788 (9th Cir.1997). Rather than defining what *is* just cause or excuse, these two cases defined what *is not* just cause or excuse. *Sicroff* held that, where the debtor intentionally defamed another, the debtor's self-professed goal to protest the closure of his university's geography department did not constitute just cause or excuse. *Sicroff,* 401 F.3d at 1106–07. Similarly, *Bammer* held that, where the debtor intentionally committed fraud in an attempt to facilitate his mother's felonious embezzlement scheme, his subjective intent to act out of compassion for his mother, and to not personally receive any monetary benefit from the fraud, did not constitute just cause or excuse. *Bammer,* 131 F.3d at 792–93.

***8** The final element under § 523(a)(6) is injury. In *Suarez v. Barrett (In re Suarez),* 400 B.R. 732 (9th Cir.BAP2009), we held that the definition of injury under § 523(a)(6) includes more than just compensatory damages, that intentional conduct which necessarily caused identifiable harm can satisfy the injury prong of § 523(a)(6), even if no compensatory damages were proven, found or awarded. *Id.* at 738–40.

With these standards, factors and definitions in mind, we turn to our discussion of the issues raised by this appeal.

2. The Bankruptcy Court Properly Precluded Smith From Relitigating the Issue of Willfulness.

The bankruptcy court ruled that the findings in the trademark infringement litigation barred Smith, under the doctrine of issue preclusion, from relitigating the issue of willfulness.

The doctrine of issue preclusion applies in dischargeability litigation. *Grogan v. Garner,* 498 U.S. 279, 284, 111 S.Ct. 654, 658, 112 L.Ed.2d 755 (1991). *Garner* held that "... a bankruptcy court could properly give collateral estoppel effect to those elements of the claim that are identical to the elements required for discharge and that were actually litigated and determined in the prior action." *Id.*

The application of issue preclusion to a prior federal judgment is determined by federal law. *FDIC v. Daily (In re Daily),* 47 F.3d 365, 368 (9th Cir.1995); *Frankfort Digital Servs., Ltd. v. Neary (In re Reynoso),* 315 B.R. 544, 551 (9th Cir.BAP2004). For preclusive effect to apply:

> "(1) the issue at stake must be identical to the one alleged in the prior litigation; (2) the issue must have been actually litigated in the prior litigation; and (3) the determination of the issue in the prior litigation must have been a critical and necessary part of the judgment in the earlier action."

Reynoso, 315 B.R. at 551 (quoting *Clark v. Bear Stearns & Co. ., Inc.,* 966 F.2d 1318, 1320–21 (9th Cir.1992)).

a. Critical And Necessary

In this case, the district court's findings concerning Smith's intent to infringe were a critical and necessary part of the district court's judgment. When, as in the original district court action, there is no proof of direct competition between the infringer and the owner of the trademark, intent to infringe must be proven to obtain a disgorgement of defendant's profits. *See Maier Brewing Co. v. Fleischmann Distilling Corp.,* 390 F.2d 117, 123–124 (9th Cir.1968) (affirming award of defendants' profits based on district court finding that defendants "knowingly, wilfully and deliberately infringed" plaintiff's trademark).

> Where trademark infringement is deliberate and willful, this court has found that a remedy no greater than an injunction "slights" the public. **This standard applies, however, only in those cases where the infringement is "willfully calculated to exploit the advantage of an established mark."** The intent of the infringer is relevant evidence on the issue of awarding profits and damages and the amount.

***9** *Lindy Pen Co., Inc. v. Bic Pen Corp.*, 982 F.2d 1400, 1405 (9th Cir.1993) (citations omitted and emphasis added). *See also Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903 (Fed.Cir.1984) (reversing damages award in part because there was no evidence that infringement therein was done with the intent to trade off of the plaintiff's goodwill). Similarly, intent to infringe plays a pivotal role where the owner of the trademark seeks to recover attorneys' fees. *See Earthquake Sound Corp. v. Bumper Indus.*, 352 F.3d 1210, 1216–17 (9th Cir.2003). These cases establish that Smith's subjective intent to infringe was an essential component of the trademark infringement litigation.

b. Actually Litigated

In addition, Smith's intent to infringe was actually litigated. Smith's intent to infringe is alleged in EMI's First Amended Complaint, is raised repeatedly in the district court's pretrial conference order, and was the subject of several of the district court's findings of fact and conclusions of law, both as statements of evidentiary fact supporting the determination of intent to infringe, and as statements of ultimate fact that Smith's infringement was intentional, deliberate, knowing and willful.

c. Identical Issues

There is one remaining factor to consider: whether the intent issue is identical in both actions. Smith asserts that the intent issue litigated and determined in the trademark infringement litigation is not the same as that raised by EMI's § 523(a)(6) claim.

To resolve this issue, we must identify precisely what state of mind is sufficient to constitute willful injury under § 523(a)(6), and also determine whether the trademark infringement litigation involved that same state-of-mind issue.

The Supreme Court has held, in the context of medical malpractice, that it is insufficient under § 523(a)(6) to show that the debtor's *conduct* was intentional and that the *injury* was negligently or recklessly inflicted; rather, the plaintiff must show that the debtor inflicted the *injury* intentionally. *Kawaauhau v. Geiger*, 523 U.S. 57, 61–62, 118 S.Ct. 974, 977, 140 L.Ed.2d 90 (1998). Thus, in order to decide whether the intent issue in the trademark litigation and in the § 523(a)(6) action is identical, we must consider whether the district court's findings that Smith subjectively intended to infringe on EMI's trademarks and subjectively intended to trade off of EMI's goodwill mean the same thing as Smith subjectively desired to injure EMI's property.

In trademark infringement litigation, we believe that intentional infringement is tantamount to intentional injury under bankruptcy law. Unlike in *In re Geiger*, where the debtor had committed medical malpractice, and *In re Su*, where the debtor had recklessly sped through a red light, it is impossible to separate the "conduct" of trademark infringement from the "injury" of trademark infringement when considering the defendant's intent. In other words:

> ***10** Performing a medical procedure and driving an automobile are activities that can be executed intentionally, but in a manner that is reckless or negligent with regard to the outcome. On the other hand, activities such as filing a frivolous lawsuit ... or infringing a copyright ... do not have uncertain or variable outcomes. While a medical procedure can result in either healing or harm, and a physician may cause harm by negligence, copyright infringement is a categorically harmful activity.

Star's Edge, Inc. v. Braun (In re Braun), 327 B.R. 447, 450–51 (Bankr.N.D.Cal.2005).

Like intentional copyright infringement, intentional trademark infringement is a "categorically harmful activity." The seminal Ninth Circuit case on intentional trademark infringement, *Maier Brewing Co.*, 390 F.2d at 121–23, discusses in detail the harm caused by trademark infringement. In the course of this discussion, the *Maier* court refers to the intentional trademark infringer as someone who desires to "gain the value of an established name of another," *id.* at 123, and who "poaches upon the commercial magnetism of the [trademark registrant's] symbol." *Id.* at 122. According to Maier. the intentional infringer wants to "reap the benefits of the trademark he has stolen." *Id.* at 123.

Maier's progeny similarly talk about the subjective desire of intentional trademark infringers to take the value and benefits of the trademark owner's goodwill and use them for their own benefit. *See e.g., Lindy Pen*, 982 F.2d at 1405 (explaining that intentional trademark infringement

must be "willfully calculated to exploit the advantage of an established mark."); *Playboy Enters., Inc. v. Baccarat Clothing Co., Inc.*, 692 F.2d 1272, 1274 (9th Cir.1982) (explaining the need for an economic deterrent against "the profit maximizing entrepreneur who engages in trademark piracy .").

Simply put, the intent to infringe and the intent to deprive the mark's owner of the value and benefit of his property are opposite sides of the same coin. In other words, when someone intentionally infringes on the copyright or trademark of another, they subjectively desire to harm property belonging to the mark's owner—that is, they seek to deprive the mark's owner of the benefit and value of his or her property.

On this issue, Smith relies on *Barboza v. New Form, Inc. (In re Barboza)*, 545 F.3d 702 (9th Cir.2008). According to Smith, *Barboza* establishes that a finding of willfulness in infringement litigation is not the same thing as a finding of willfulness in an action under § 523(a)(6). *Barboza* does not help Smith. In fact, in *Barboza*, the Ninth Circuit had the opportunity to quash the notion of intentional copyright infringement as a categorically harmful activity, but it did not do so.

In *Barboza*, the plaintiff brought a nondischargeability action under § 523(a)(6) based on a prior federal court judgment of copyright infringement. However, in the prior copyright litigation it was impossible to tell whether the jury specifically found that the defendants intentionally infringed or merely were reckless, as mere reckless conduct was sufficient to support a claim for willful copyright infringement, and the jury's verdict didn't say precisely what they found. Consequently, the Ninth Circuit held that the finding of willful copyright infringement did not preclude litigation of the willfulness issue in the subsequent action under § 523(a)(6). *Id.* at 709. In short, the prior copyright litigation in *Barboza* failed to conclusively establish intent to injure simply because there was no specific finding of intent to infringe; rather, the infringement might only have been reckless. According to the Ninth Circuit, the BAP erred in its decision in *Barboza*, 347 B.R. 369 (9th Cir.BAP2008), by implying malice from the bankruptcy court's finding of willfulness. Notably, the Ninth Circuit acknowledged the BAP's characterization of copyright infringement as a "categorically harmful activity" (545 F.3d at 704), but did not point to any error in that characterization.

***11** In contrast to *Barboza*, the district court explicitly found here that Smith intended to infringe and intended to exploit EMI's goodwill for his own benefit, and these findings were essential before the district court could order disgorgement of Smith's profits and award EMI its attorneys' fees. Accordingly, we hold that the district court's findings on intent in the trademark infringement litigation were made against the same legal standard of intent as presented here in EMI's action under § 523(a)(6).

Based on the reasoning set forth above, we conclude that the bankruptcy court did not err in precluding Smith from relitigating the issue of willfulness.

3. The Trademark Infringement Judgement Conclusively Established That EMI Was Harmed By Smith's Intentional Trademark Infringement.

Smith argues that EMI was not harmed by his intentional trademark infringement and that the trademark infringement litigation did not establish any harm to EMI or its property. According to Smith, intentional trademark infringement might deceive or confuse the public, but it does not necessarily harm the trademark owner. Smith's contention is contrary to Ninth Circuit law. The Ninth Circuit cases on intentional trademark infringement cited in section two, above, explained that intentional trademark infringement is inherently harmful to the property interests of the trademark owner. *See e.g. Maier*, 390 F.2d at 121–23; *Playboy*, 692 F.2d 1274–75. That explains why those cases held that, even when a trademark owner cannot prove direct competition or direct damages in the form of their own lost profits, it still may be appropriate in cases of intentional infringement to award statutory damages equal to the profits obtained by the infringer as a result of its infringing conduct. *Id.* Here, in the district court's findings and conclusions, the district court made express reference to the harm to EMI and the disgorgement of Smith's profits as compensating EMI for that harm:

> 24. Plaintiff is entitled to recover the profits derived by defendant through its infringing use of plaintiff's trademark, in the amount of $669,656. The court finds this damage award to be adequate to compensate plaintiff for the harm, and will not treble the damages.

District Court Findings And Conclusions at 10:14–10:17.

In essence, Smith confuses the concept of harm or injury with the concept of the existence and amount of direct damages.

Because direct damages can be difficult to prove and difficult to quantify in infringement actions, Congress has provided for the possibility of statutory damages awards. *See Braun,* 327 B.R. at 450–52. Further, any liability duly imposed as a direct, but-for result of the defendant's nondischargeable conduct constitutes a nondischargeable debt, regardless of whether the liability reflects the actual damages incurred by the plaintiff. *See Cohen v. de la Cruz,* 523 U.S. 213, 220 118 S.Ct. 1212, 1217 (1998)(holding nondischargeable under § 523(a)(2)(A) treble damages based on debtor's fraudulent conduct); *Suarez v. Barrett (In re Suarez),* 400 B.R. 732, 738–39 (9th Cir.BAP2009)(applying *Cohen* holding to affirm bankruptcy court's determination under § 523(a)(6) that attorneys' fees and costs were nondischargeable, even though there was no award of compensatory damages.); *Papadakis v. Zelis (In re Zelis),* 66 F.3d 205, 208–09 (9th Cir.1995)(holding that sanctions imposed for filing a frivolous appeal were nondischargeable because the filing of the appeal necessarily harmed the respondents, even though they were not awarded any compensatory damages).

***12** Accordingly, the trademark infringement litigation conclusively established that Smith injured EMI's property interests.

4. The Bankruptcy Court Did Not Shift The Burden of Proof to Smith.

To succeed in an action under § 523(a), the creditor must prove the elements of that claim by a preponderance of the evidence. *Grogan v. Garner,* 498 U.S. at 291, 111 S.Ct. at 661. Meanwhile, in a trademark infringement action, a claim of intentional trademark infringement must be proven by clear and convincing evidence. *Collegenet, Inc. v. XAP Corp.,* 483 F.Supp.2d 1058, 1065 (D.Or.2007)(stating that "[a] finding of willful misconduct under the Lanham Act must be supported by clear and convincing evidence."). As explained in *Grogan,* the clear and convincing standard is a higher standard of proof than the preponderance of the evidence standard, and where the issues were subject to an equal or greater standard of proof in the prior litigation, those issues are eligible for issue preclusion in the subsequent litigation if the other elements for issue preclusion are met. *Grogan* 498 U.S. at 284–85, 111 S.Ct. at 658.

Smith claims that the bankruptcy court shifted the burden of proof from EMI to Smith. The record does not support this claim. The record reflects that the bankruptcy court applied the doctrine of issue preclusion and determined that the findings of fact from the trademark infringement litigation conclusively established the willfulness prong of § 523(a)(6), as well as the first three of the four elements of the maliciousness prong. *See Barboza,* 545 F.3d at 706("(1) a wrongful act, (2) done intentionally, (3) which necessarily causes injury, and (4) is done without just cause or excuse.").

We already have addressed the propriety of the bankruptcy court's application of issue preclusion to the willfulness prong. Smith does not argue in his opening brief in any meaningful way that the bankruptcy court erred in applying issue preclusion to the first three elements of the maliciousness prong. Nor have we independently found any error in this application. The district court specifically found a wrongful act (infringement) and specifically found that Smith did this wrongful act intentionally (intentional infringement). In addition, based on the case law and reasoning set forth in section two above, we conclude, as a matter of law, that intentional trademark infringement necessarily causes injury (categorically harmful activity). Thus, we perceive no error in the bankruptcy court's application of issue preclusion to the first three elements of the maliciousness prong.

Similarly, the bankruptcy court did not shift the burden of proof regarding the just cause or excuse element. The record demonstrates that the bankruptcy court held trial on this element, and took into consideration both the findings in the Civil Rule 56(d) Order and the evidence offered by both parties at trial, before it rendered its finding on the just cause or excuse issue. Smith here confuses EMI's burden of persuasion—which the bankruptcy court always placed on EMI—with Smith's need to come forward with evidence after EMI's initial proffer satisfied the prima facie standard for finding liability. Here EMI introduced sufficient evidence to prove its case, and the bankruptcy court determined that Smith's evidence did not change that result.

***13** In sum, the bankruptcy court did not preclude litigation of this issue, nor did it improperly shift the burden of proof to Smith; rather, the bankruptcy court drew reasonable inferences from the adopted findings and the evidence presented at trial to make its factual determination that Smith acted without just cause or excuse. We see no error in the bankruptcy court's process, nor in the result it reached.

5. Section 523(a)(6) Can Be Applied To Liability Arising From Willful Trademark Infringement.

Smith argues that, based on his plain-language reading of § 523(a)(6), liability arising from intentional trademark infringement is beyond the scope of the statute. Under Smith's construction, liability arising from any intentionally tortious

conduct is not covered by the express terms of the statute. Smith cites to no authority interpreting § 523(a)(6) in this narrow manner, nor are we aware of any.

The United States Supreme Court has stated that " § 523(a)(6)'s formulation triggers in the lawyer's mind the category 'intentional torts,' " *Geiger*, 523 U.S. at 61–62, 118 S.Ct. at 977, and the Ninth Circuit has held that actions under § 523(a)(6) generally arise from conduct sounding in tort rather than contract. *Petralia v. Jercich (In re Jercich)*, 238 F.3d 1202, 1206–07 (9th Cir.2001). It also is settled law that actions for trademark infringement sound in tort. *Polar Bear Productions, Inc. v. Timex Corp.*, 384 F.3d 700, 720 (9th Cir.2004).

In short, Smith's claim regarding the scope of § 523(a)(6) is wholly without merit. Liabilities arising from intentional trademark infringement are within the scope of debts covered under § 523(a)(6).

6. The Bankruptcy Court's Finding That Smith Acted Without Just Cause Or Excuse Is Not Clearly Erroneous.

Smith challenges the bankruptcy court's finding that Smith acted without just cause or excuse. Specifically, Smith asserts that this finding is in part based on the bankruptcy court's allegedly inaccurate finding that "Smith never sought, or received, any legal advice regarding the propriety of adopting his infringing names." Findings of Fact and Conclusions of Law (March 13, 2009) at 3:26–3:27. Smith relies on the testimony of Ilene Goldstein Block and Jeffrey S. Kravitz to support his point. We have reviewed Ms. Goldstein's direct testimony, and it does not support Smith's point. In fact, it supports the court's finding. Ms. Goldstein specifically stated in her revised direct testimony: "While Mr. Smith told me that he was going to change the name of his business to EntrepreneurPR and the name of his publication to Entrepreneur Illustrated, Mr. Smith did not seek my legal opinion regarding those name changes. Furthermore, I did not give Mr. Smith any legal advice regarding those name changes." Revised Direct Testimony of Ilene Goldstein Block (June 26, 2008) at 3:6–3:10.

Similarly, Mr. Kravitz's testimony does not support Smith's point. According to Mr. Kravitz, his representation of Smith did not begin until 2000, well after Smith's 1997 adoption of the business name EntrepreneurPR and the magazine name Entrepreneur Illustrated. Direct Testimony of Jeffrey Kravitz (June 26, 2008) at 1:26–2:12. In short, Smith points us to no evidence in the record inconsistent with the bankruptcy court's finding that he did not seek or obtain any legal advice regarding the name changes in question before adopting the new names.

***14** More broadly, Smith appears to assert that the bankruptcy court should have drawn the inference from the evidence he presented that he acted with just cause and excuse. Assuming without deciding that the bankruptcy court reasonably could have drawn this inference, the bankruptcy court as the trier of fact instead drew the inference from the totality of the evidence in the record that Smith acted without just cause or excuse. "If two views of the evidence are possible, the trial judge's choice between them cannot be clearly erroneous." *Hansen v. Moore (In re Hansen)*, 368 B.R. 868, 874–75 (9th Cir.BAP2007)(citing *Anderson v. Bessemer City*, 470 U.S. 564, 573–575, 105 S.Ct. 1504, 1511, 84 L.Ed.2d 518 (1985)). On the entire record, we cannot say that the bankruptcy court's choice of inferences was implausible. Thus, we conclude that the bankruptcy court did not err in finding that Smith acted without just cause or excuse.

7. Smith Lacks Standing To Challenge The Bankruptcy Court's Denial Of Sanctions Against EMI Under Rule 9011.

Having addressed all of the issues raised by Smith concerning the bankruptcy court's nondischargeability judgment, we turn our attention to Smith's separate challenge of the bankruptcy court's decision to not sanction EMI in furtherance of an Order to Show Cause issued on August 14, 2006. The bankruptcy court discharged the show cause order without imposing any sanctions against EMI. According to Smith, the bankruptcy court abused its discretion by not imposing sanctions pursuant to Rule 9011.

Prior to considering the merits of Smith's challenge, we must consider whether Smith has standing to appeal. Only a "person aggrieved" has standing to appeal. *In re Fondiller*, 707 F.2d 441, 442–43 (9th Cir.1983). "Whether an appellant is a 'person aggrieved' for purposes of appealing an order of the bankruptcy court is a factual finding." *Paine v. Dickey (In re Paine)*, 250 B.R. 99, 104 (9th Cir.BAP2000). (citing *Duckor Spradling & Metzger v. Baum Trust (In re P.R.T.C., Inc.)*, 177 F.3d 774, 777 (9th Cir.1999)). *See also Int'l Ass'n of Firefighters v. City of Vallejo (In re Vallejo)*, 408 B.R. 280, 299 (9th Cir.BAP2009) ("The oft-cited rationale for this restrictive approach to bankruptcy appellate standing is the concern that if appellate standing is not limited, bankruptcy litigation will become mired in endless appeals brought by

the myriad parties who are indirectly affected by every bankruptcy court order.").

"Only persons who are directly and adversely affected pecuniarily by an order have standing to appeal the order. A person is 'directly and adversely affected pecuniarily' if the order would 'diminish the debtor's property, increase his burdens, or detrimentally affect his rights.' " *Paine,* 250 B.R. at 104 (quoting *Fondiller,* 707 F.2d at 442–43). Each party must establish its standing on appeal. *Vallejo,* 408 B.R. at 288–99. When appellant does not factually establish that it is a person aggrieved, dismissal of the appeal for lack of standing is appropriate. *See e.g. In re Cosmopolitan Aviation Corp.,* 763 F.2d 507, 513–14 (2nd Cir.1985), *partially overruled on other grounds, Pioneer Investment Services Co. v. Brunswick Associates Limited Partnership,* 507 U.S. 380, 113 S.Ct. 1489, 123 L.Ed.2d 74 (1993).

***15** In assessing Smith's standing, we start with the complete text of the Order to Show Cause, which was issued sua sponte by Judge Dorian:

> **ORDER TO SHOW CAUSE**
>
> TO PLAINTIFF ENTREPRENEUR MEDIA, INC., ITS ATTORNEYS OF RECORD AND OTHER PARTIES IN INTEREST:
>
> It appearing that plaintiff alleged claims in its complaint herein pursuant to 11 U.S.C. § 727(a) seeking a denial of defendant's discharge, and it further appearing that the pre-trial statement submitted by plaintiff fails to state that any evidence will be offered in support of such claims, and it further appearing that defendant's discharge has been withheld for more than five years because of plaintiffs claims under § 727, thereby impairing defendant's fresh start,
>
> YOU ARE HEREBY ORDERED TO APPEAR AND SHOW CAUSE on September 13, 2006, at 11:00 a.m., in Courtroom 28, Seventh Floor, United States Courthouse, 501 "I" Street, Sacramento, California, and show cause why the claims stated in the complaint herein pursuant to § 727(a) should not be dismissed and why sanctions in the amount of $10,000,000.00 should not be ordered against plaintiff and its attorneys pursuant to 11 U.S.C. § 105(a) and Federal Rule of Bankruptcy Procedure 9011.
>
> IT IS FURTHER ORDERED that opposition to the court's proposed action shall be in writing and filed no later than September 6, 2006.

Order to Show Cause (August 14, 2006).

After the issuance of the show cause order, both parties amended their pretrial statements, trial was held before Judge McManus, and a judgment was entered in favor of Smith on the § 727(a) claims. On February 1, 2007, the bankruptcy court held a hearing on the show cause order. At the hearing, Judge McManus interpreted the court's order as being essentially to encourage EMI and its attorneys to comply with their duty to prosecute the § 727(a) claims. Hearing Transcript (Feb. 1, 2007) at 158–62. The court further noted that EMI had complied with the show cause order by amending its pretrial statement, that a four-day trial had been held on the § 727(a) claims, and that there was no evidence whatsoever of prejudice or harm to Smith resulting from EMI's initial failure to address the § 727(a) claims in its pretrial statement. *Id.* at 163–64. Based on this reasoning, the court discharged the Order to Show Cause without imposing any sanctions. *Id.* at 167–69. [4]

Tellingly, the Order to Show Cause did not state that the court was considering awarding sanctions payable to Smith. At the February, 1, 2007 hearing, the court confirmed that the order did not contemplate any award payable to Smith: "You know, this—we're talking about money that would go to the Treasury, not to the parties." *Id.* at 169. Moreover, the Order to Show Cause did not provide or allow for any role for Smith or his counsel in the show cause proceedings. Smith confirmed this at the February 1, 2007 hearing: "Yes, but may I just indicate to the Court that [Judge Dorian] not only didn't entertain response from us for the OSC, he precluded any response."

***16** Perhaps most fatally, under Rule 9011, on which Smith relies, monetary sanctions may not be awarded to a party when the bankruptcy court initiates the Rule 9011 proceedings; such sanctions only may be so awarded when the party brings its own motion under Rule 9011. *See* Rule 9011(c)(2); *In re Deville,* 280 B.R. 483, 494 (9th Cir.BAP2002), *aff'd,* 361 F.3d 539 (9th Cir.2004). Notably, if Smith had desired to seek a compensatory award of sanctions under Rule 9011 based on EMI's filing of the § 727(a) claims, he could have filed his own motion to that effect, but the record reflects that he did not do so.

Under these circumstances, Smith has not established that he has any standing on appeal to challenge the bankruptcy court's denial of sanctions under Rule 9011. Accordingly, we must DISMISS Smith's appeal of the bankruptcy court's February 1, 2007 order discharging the Order to Show Cause.[5]

CONCLUSION

For all of the reasons set forth above, we AFFIRM the bankruptcy court's judgment determining that Smith's debt arising from his intentional trademark infringement is nondischargeable. In addition, we DISMISS for lack of standing Smith's appeal of the bankruptcy court's February 1, 2007 minute order.

Footnotes

* This disposition is not appropriate for publication. Although it may be cited for whatever persuasive value it may have (see Fed. R.App. P. 32.1), it has no precedential value. See 9th Cir. BAP Rule 8013–1.

1 Unless otherwise indicated, all section references are to the Bankruptcy Code, 11 U.S.C. §§ 101–1330, as enacted and promulgated prior to the effective date (October 17, 2005) of the relevant provisions of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub.L. 109–8, April 20, 2005, 119 Stat. 23. All "Rule" references are to the Federal Rules of Bankruptcy Procedure, and all "Civil Rule" references are to the Federal Rules of Civil Procedure.

2 The only district court findings of fact that the bankruptcy court did not include at all in its Civil Rule 56(d) Order were the district court findings numbered 26 and 27. According to the bankruptcy court, these two findings were "essentially commentary on the evidence as opposed to clear statements of facts." *Id.* at n. 3; *see also Id.* at n. 1. However, the bankruptcy court ultimately ruled after trial in 2008 that all of the district court's findings and conclusions bound the parties in the nondischargeability litigation. *See* Findings of Fact and Conclusions of Law (March 11, 2009) at 2:8–2:12.

3 EMI originally had another claim for relief, this one under § 523(a)(4), but the parties stipulated to dismissal of this claim before the trial on the § 523(a)(6) claim.

4 On October 30, 2009, Smith filed in the BAP Clerk's Office a motion for sanctions against EMI and others. By separate order to be issued concurrently with the issuance of this Memorandum Decision, we are denying Smith's sanctions motion.

5 While the Order to Show Cause also referenced 11 U.S.C. § 105(a), apparently referring to the court's inherent authority to sanction parties, the Order provided no indication whether EMI was being charged with bad faith conduct, or any particularized statement setting forth any alleged bad faith conduct. Under these circumstances, the Order was insufficient to serve as basis for inherent authority sanctions, and it would have been an abuse of discretion if the bankruptcy court had *granted* inherent authority sanctions based on this order. *See generally (Price v. Lehtinen) In re Lehtinen*, 564 F.3d 1052, 1060–61 (9th Cir.2009)(acknowledging requirement of particularized notice of alleged bad faith conduct), *cert. denied*, —— U.S. ——, 130 S.Ct. 739, 175L.Ed.2d 515, 78 U.S.L.W. 3065, 78 U .S.L.W. 331078 U.S.L.W. 3319 (U.S. Nov 30, 2009) (No. 09–113). In any event, Smith did not challenge the denial of sanctions under 11 U.S.C. § 105(a), so he has waived that argument.

Finally, were we to reach the merits, our review of the record reveals no abuse of discretion in the bankruptcy court's discharge of the order following the conclusion of the trial regarding the denial of Smith's discharge under § 727.

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EXHIBIT "G"

DAVID J. COOK, ESQ. (State Bar # 060859)
ROBERT J. PERKISS, ESQ (State Bar # 62386)
COOK COLLECTION ATTORNEYS
A PROFESSIONAL LAW CORPORATION
165 Fell Street
San Francisco. CA 94102-5106
Mailing Address: P.O. Box 270
San Francisco. CA 94104-0270
Tel.: (415) 989-4730
Fax: (415) 989-0491
Email: Cook@SqueezeBloodFromTurnip.com
File No. 54.722

Attorneys for Plaintiff
ENTREPRENEUR MEDIA, INC.

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

ENTREPRENEUR MEDIA, INC., Plaintiff, vs. SCOTT SMITH Doing business as Entrepreneurpr, Defendant.	CASE NO. 2:10-mc-00055-JAM-EFB NOTICE OF MOTION AND MOTION FOR ASSIGNMENT OF RIGHTS, RESTRAINING ORDER AND TURNOVER ORDER Date: October 26, 2011 Time: 10:00 a.m. Courtroom: 24 Magistrate Judge: Edmund F. Brennan

TO DEFENDANT SCOTT SMITH:

PLEASE TAKE NOTICE that on the 26th day of October, 2011 at the hour of 10:00 a.m.. or as soon thereafter as the matter can be heard in Courtroom 24, before the Honorable Edmund F. Brennan, Magistrate Judge of the United States District Court, at the courthouse located at 501 "I" Street, Sacramento, CA 95814. Plaintiff ENTREPRENEUR MEDIA. INC., will and does hereby move this court for the following relief:

1. For an order assigning all accounts. accounts receivable. rights to payment of money. contingent rights to payment of monies. contract rights, deposits and deposit accounts, and claims against third parties, owed to, or held by or for the benefit of, Defendant SCOTT SMITH ("SMITH"), or any persons or entities acting for or on his behalf (hereinafter collectively, "SMITH'S ASSOCIATES") pursuant to the provisions of C.C.P. § 708.510. For purposes of

clarity, deposit accounts, checking accounts, certificates of deposit, lines of credit, credit balances due under ATM cards, savings accounts, trust accounts, and safety deposit boxes representing monies or claims for monies owed to, or held by or for the benefit of, SMITH are specifically subject to the terms and conditions of this order, and constitute a right of payment as assigned herein.

2. For an order restraining SMITH and SMITH'S ASSOCIATES, and each of them, from the sale, alienation, mortgage, lien, encumbrance, advancement, cashing or negotiation, or receipt or exploitation of any of the accounts under C.C.P. § 708.520(a), arising out of the use of certain domain names, and other activities as described herein.

3. For an order pursuant to the provisions of C.C.P. §699.040(a) compelling SMITH and SMITH'S ASSOCIATES, and each of them, to turn over to the MARSHAL, EASTERN DISTRICT OF CALIFORNIA, 501 "I" Street, Suite 5600, Sacramento, CA 95814-2030, ATTN: VALERIE, CIVIL ENFORCEMENT, any and all documentary evidence of any of the accounts owed to, or held by or for the benefit of, SMITH, including but not limited to, any checks, drafts, money orders, deposits, deposit accounts, books, records, papers or files, listing of accounts, accounts receivable ledgers or journals.

The basis of this motion is that Plaintiff has obtained a money judgment against SMITH (the "Judgment"); and that SMITH has failed and refused, and continues to fail and refuse, to pay Plaintiff all or any portion of the Judgment. The Judgment against SMITH was rendered in the United States District Court, Central District of California, and affirmed on appeal by the Ninth Circuit. Plaintiff obtained a Judgment in the Bankruptcy Court exempting that debt from discharge, which has been affirmed by the Bankruptcy Appellate Panel, and which is now on appeal and awaiting a hearing before the Ninth Circuit. There is no stay in place prohibiting Plaintiff from exercising its right to pursue collection on its Judgment against SMITH, as both the Ninth Circuit and this court have denied SMITH'S requests for a stay under Fed.R.Civ.Pro. 62(d) (Docket #61, page 2, ¶ 2, ll. 16-17).

Plaintiff seeks an assignment of rights to the payment of money owed to, or held by or for the benefit of, SMITH, as a result of any of the following:

1. The rendition of services or sale of goods by or for the benefit of SMITH, including without limitation business consulting, and advertising, marketing and other promotional services; and

2. Any other services by or for the benefit of SMITH, which pertain or relate to, or arise out of, online or Internet usage, including without limitation use of any of the websites listed in *Exhibit "B"*, attached to the accompanying Declaration of David J. Cook, Esq. and incorporated by reference as though fully set forth herein.

The relief sought by this motion is the most expeditious way for Plaintiff to exercise its legitimate right to collect on the Judgment.

Plaintiff also seeks the following relief:

1. A restraining order under Code of Civil Procedure Section 708.52(a) that would restrain SMITH and any of SMITH'S ASSOCIATES from disposing of the assets subject to this assignment order.

2. A turnover order to the U.S. Marshal, Eastern District of California of any and all proceeds, constituting cash, checks, notes or instruments as proceeds from the collection of the accounts receivable under Code of Civil Procedure Section 699.040(a) etc.

This motion is based upon this Notice, the attached Memorandum of Points and Authorities, the Declaration of David J. Cook, Esq., all matters upon which the court may take judicial notice, all papers, pleadings, and other matters on file herein, and upon all oral evidence and argument which may be presented at the hearing hereof.

DATED: September 1, 2011

COOK COLLECTION ATTORNEYS

By: /s/ David J. Cook
DAVID J. COOK, ESQ. (SBN 060859)
Attorneys for Plaintiff
ENTREPRENEUR MEDIA, INC.

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DAVID J. COOK, ESQ. (State Bar # 060859)
ROBERT J. PERKISS, ESQ (State Bar # 62386)
COOK COLLECTION ATTORNEYS
A PROFESSIONAL LAW CORPORATION
165 Fell Street
San Francisco, CA 94102
Mailing Address: P.O. Box 270
San Francisco, CA 94104-0270
Tel: (415) 989-4730
Fax: (415) 989-0491
File No. 54,722

Attorneys for Plaintiff
ENTREPRENEUR MEDIA, INC.

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

ENTREPRENEUR MEDIA, INC., Plaintiff, vs. SCOTT SMITH Doing business as Entrepreneurpr. Defendant.	CASE NO. 2:10-mc-00055-JAM-EFB MOTION FOR ASSIGNMENT OF RIGHTS, RESTRAINING ORDER AND TURNOVER ORDER Date: October 26, 2011 Time: 10:00 a.m. Courtroom: 24 Magistrate Judge: Edmund F. Brennan

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herein.

2. For an order restraining SMITH and SMITH'S ASSOCIATES, and each of them, from the sale, alienation, mortgage, lien, encumbrance, advancement, cashing or negotiation, or receipt or exploitation of any of the accounts under C.C.P. § 708.520(a), arising out of the use of certain domain names, and other activities as described herein.

3. For an order pursuant to the provisions of C.C.P. §699.040(a) compelling SMITH and SMITH'S ASSOCIATES, and each of them, to turn over to the MARSHAL, EASTERN DISTRICT OF CALIFORNIA, 501 "I" Street, Suite 5600, Sacramento, CA 95814-2030, ATTN: VALERIE, CIVIL ENFORCEMENT, any and all documentary evidence of any of the accounts owed to, or held by or for the benefit of, SMITH, including but not limited to, any checks, drafts, money orders, deposits, deposit accounts, books, records, papers or files, listing of accounts, accounts receivable ledgers or journals.

The basis of this motion is that Plaintiff has obtained a money judgment against SMITH (the "Judgment"); and that SMITH has failed and refused, and continues to fail and refuse, to pay Plaintiff all or any portion of the Judgment. The Judgment against SMITH was rendered in the United States District Court, Central District of California, and affirmed on appeal by the Ninth Circuit. Plaintiff obtained a Judgment in the Bankruptcy Court exempting that debt from discharge, which has been affirmed by the Bankruptcy Appellate Panel, and which is now on appeal and awaiting a hearing before the Ninth Circuit. There is no stay in place prohibiting Plaintiff from exercising its right to pursue collection on its Judgment against SMITH, as both the Ninth Circuit and this court have denied SMITH'S requests for a stay under Fed.R.Civ.Pro. 62(d) (Docket #61, page 2, ¶ 2, ll. 16-17).

Plaintiff seeks an assignment of rights to the payment of money owed to, or held by or for the benefit of, SMITH, as a result of any of the following:

1. The rendition of services or sale of goods by or for the benefit of SMITH, including without limitation business consulting, and advertising, marketing and other promotional services; and

2. Any other services by or for the benefit of SMITH, which pertain or relate to, or arise

out of, online or Internet usage, including without limitation use of any of the websites listed in *Exhibit "B"*, attached to the accompanying Declaration of David J. Cook, Esq. and incorporated by reference as though fully set forth herein.

The relief sought by this motion is the most expeditious way for Plaintiff to exercise its legitimate right to collect on the Judgment.

Plaintiff also seeks the following relief:

1. A restraining order under Code of Civil Procedure Section 708.52(a) that would restrain SMITH and any of SMITH'S ASSOCIATES from disposing of the assets subject to this assignment order.

2. A turnover order to the U.S. Marshal, Eastern District of California of any and all proceeds, constituting cash, checks, notes or instruments as proceeds from the collection of the accounts receivable under Code of Civil Procedure Section 699.040(a) etc.

This motion is based upon this Motion, the attached Notice, Memorandum of Points and Authorities, the Declaration of David J. Cook, Esq., all papers, pleadings, and other matters on file herein, and upon all oral evidence and argument which may be presented at the hearing hereof.

DATED: September 1, 2011

COOK COLLECTION ATTORNEYS

By: /s/ David J. Cook
DAVID J. COOK, ESQ. (SBN 060859)
Attorneys for Plaintiff
ENTREPRENEUR MEDIA, INC.

F:\USERS\DJCNEW\scott smith.assign

DAVID J. COOK, ESQ. (State Bar # 060859)
ROBERT J. PERKISS, ESQ (State Bar # 62386)
COOK COLLECTION ATTORNEYS
A PROFESSIONAL LAW CORPORATION
165 Fell Street
San Francisco, CA 94102-5106
Mailing Address: P.O. Box 270
San Francisco, CA 94104-0270
Tel.: (415) 989-4730
Fax: (415) 989-0491
Email: Cook@SqueezeBloodFromTurnip.com
File No. 54,722

Attorneys for Plaintiff
ENTREPRENEUR MEDIA, INC.

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

ENTREPRENEUR MEDIA, INC., Plaintiff, vs. SCOTT SMITH Doing business as Entrepreneurpr, Defendant.	CASE NO. 2:10-mc-00055-JAM-EFB MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR ASSIGNMENT OF RIGHTS, RESTRAINING ORDER, AND TURNOVER ORDER Date: October 26, 2011 Time: 10:00 a.m. Courtroom: 24 Magistrate Judge: Edmund F. Brennan

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I. INTRODUCTION.

Plaintiff ENTREPRENEUR MEDIA, INC. ("EMI") has obtained against Defendant SCOTT SMITH ("SMITH") a JUDGMENT AND PERMANENT INJUNCTION FOLLOWING COURT TRIAL (the "Judgment") in that action entitled *Entrepreneur Media, Inc. v. Scott Smith dba Entrepreneurpr*, USDC, C.D.Cal. Case No. 98-3607 FMC (Ctx), in the amount of $669,656, along with an ORDER GRANTING PLAINTIFF'S MOTION FOR ATTORNEYS' FEES AND RELATED COSTS in the amount of $680,895.00 and related costs in the amount of $39.267.46. for a total award [attorneys fees] of $720,162.46. Copies of the same are marked ***Exhibit "A."*** [1] Plaintiff has domesticated this judgment in this court on 5/18/10 with no Docket number.

Plaintiff seeks an assignment of rights to the payment of money owed to, or held by or for the benefit of, SMITH under C.C.P. § 708.510(a), as a result of the following:

1. The rendition of services or sale of goods by or for the benefit of SMITH, including without limitation business consulting, and advertising, marketing and other promotional services. or;

2. Any other services by or for the benefit of SMITH. which pertain or relate to. or arise out of, online or Internet usage. including without limitation use of any of the domain names and/or related websites listed in ***Exhibit "B."***

Plaintiff has determined that the SMITH owns and operates a series of domain names and/or websites as listed in Exhibit "B." SMITH is engaged in the business of providing information, advice, products, services, advertising, and business consulting and promotional services, to small and medium businesses, in aiding and assisting in getting them "off the ground."

[1] All exhibits are incorporated by reference as though fully set forth in this Memorandum in their entirety and are attached to the Declaration of David J. Cook. Esq. which is filed contemporaneously herein.

the management and maintenance of them, and/or the like. SMITH has advertised himself as somebody engaged in the business of promoting the business of others.

II. COURT PREVIOUSLY DENIED APPOINTMENT OF RECEIVER.

This court denied Plaintiff's motion for appointment of a receiver to sell certain domain names owned or controlled by SMITH (Docket #61, paragraph 1, lines 14-15). The court denied the motion for appointment of receiver on a number of grounds, but primarily concerning the "permanency of any sale of the domain names and the concern that the debtor's exam has not been taken yet." (See Transcript, page 15, Docket #65-2, lines 1-9.) Before delving into the merits of this motion, EMI addresses the court's comments in the context of this current motion:

1. The motion for appointment of a receiver would necessarily divest SMITH of his rights to the domain names, and the court's statement of permanency is correct. This motion for an assignment of rights seeks to divert the stream or flow of any monies to SMITH as payment on account of the Judgment. This type of relief is analogous to such remedies as garnishment or wage levy. ***See The Rutter Guide, Enforcing Judgments And Debts*** § 6:1422 "[Assignment orders] are also an optional means of reaching property that is subject to levy (e.g., accounts receivable, chattel paper, general intangibles). They may be used alone or in conjunction with other enforcement procedures"; ***also*** § 6:1422.5 "An assignment order is a court order assigning to the judgment creditor or a receiver the debtor's right to payments due from a third person."

Therefore, an assignment order, while assigning to Plaintiff a right to payment of money, does not divest SMITH of his ownership of the domain names and/or related websites.

2. SMITH's judgment debtor's examination is currently set for October 19, 2011. This motion is set for a hearing thereafter and therefore fully complies with this court's previous ruling, namely, that any consideration of Plaintiff's request for appointment of a receiver or any other

action to levy on SMITH's domains should necessarily follow but not precede the judgment debtor's examination. Accordingly, EMI files this motion following the "spirit and letter" of the court's denial of the receivership motion, rather than contravening it.

III. THIS RELIEF IS NOT DRACONIAN.

Surely, SMITH is going to complain that this relief is overbroad, oppressive, and Draconian.[2] In response, this relief is appropriate given that SMITH lacks employment through a recognized employer, which would enable Plaintiff as judgment creditor to effectuate a traditional wage levy. SMITH is apparently self-employed and provides goods or services on an independent contractor basis. These goods or services generate accounts receivable, payable periodically and/or

[2] Assignment motions by their very nature reach accounts and accounts receivable due now and due in the future. This relief is expansive and "scoops up" a stream of revenue. A judgment debtor frequently will complain of its extensive nature. However, this is a well-known and well-understood remedy available under California law and available in post-judgment proceedings in federal court under Fed.R.Civ.Pro. 69(a)(1). The most recent judicial analysis of C.C.P. § 708.510(a) is in *Deborah D. Peterson etc. vs. Islamic Republic of Iran, et al.*, 627 F.3d 1117 (9th Cir. 2010), 08-17756, in which the court stated as follows:

> "Enforcement proceedings in federal district court are governed by the law of the state in which the court sits, " but a federal statute governs to the extent that it is applicable." Fed.R.Civ.P. 69(a)(1). The FSIA does not provide methods for the enforcement of judgments against foreign states, only that those judgments may not be enforced by resort to immune property. *See* 28 U.S. C. §§ 1609-1610. Therefore, California law on the enforcement of judgments applies to this suit insofar as it does not conflict with the FSIA. *See, e.g., Walker Int'l Holdings, Ltd. v. Republic of Congo*, 415 F.3d 413, 415-16 (5th Cir.2005) (applying Texas enforcement law in a FSIA case); *Hegna v. Islamic Republic of Iran*, 380 F.3d 1000, 1006-07 (7th Cir.2004) (applying Illinois law); Karaha Bodas Co., LLC v. Perusahaan Pertambangan Minyak Dan Gas Bumi Negara, 313 F.3d 70, 83 (2d Cir.2002) (applying New York law).
>
> California enforcement law authorizes a court to " order the judgment debtor to assign to the judgment creditor ... all or part of a right to payment due or to become due, whether or not the right is conditioned on future developments." Cal.Civ.Proc.Code § 708.510(a). The FSIA abrogates the immunity of all Iranian commercial property in the United States. 28 U.S. C. § 1610(a)(7). Therefore, a right to payment belonging to Iran is assignable only if that right is located in the United States."

sporadically, and rendering them difficult to garnish. In fact, SMITH makes it clear that he is an independent businessman and provides goods or services to an assortment of clients.

SMITH also has demonstrated an unwillingness to recognize that his underlying conduct was civilly wrongful, and in the end, as stated by the trial court in both its (i) Findings of Fact and Conclusions of Law and (ii) Judgment and Permanent Injunction Following Trial, an act of willfulness and maliciousness. The Docket to the United States District Court. Central District of California, starts with the filing of a Complaint on May 8, 1998 and ends effectively on July 2. 2004 with the Ninth Circuit affirming the trial court's judgment against SMITH and in favor of Plaintiff. This Docket has 256 entries. The Bankruptcy Docket starts on May 2. 2001 and effectively ends on March 11, 2009 with its decision, concluding that Plaintiff's Judgment against SMITH was nondischargeable. and represents 31 items. This matter was affirmed at the B.A.P. in an unpublished opinion entitled ***In Re Scott Smith***, 2009 WL 6058677 (9th Cir. BAP 2009).

This case has now spanned 13 years and might even continue through 2012, depending upon the date when the Ninth Circuit orders a hearing on the pending bankruptcy appeal. In short. this case would have a 14-year life. and even more, given the normal prefiling "cease and desist" exchange of letters. This is an enormous expanse of time, in which Mr. Smith persists in the defense of his conduct, which multiple tribunals and numerous judges have condemned as not only civilly wrongful, but malicious conduct.

In the enforcement of its Judgment against SMITH, EMI sought to subpoena SMITH'S bank records as a routine exercise of post-judgment remedies to collect on its Judgment. In response, SMITH filed a motion to quash (Docket #65), which Plaintiff opposed (Docket #69). Instead of recognizing that Plaintiff has a right to access SMITH'S bank records in the absence of a Fed.R.Civ.P. 62 stay, SMITH filed a reply, in which he sought to paint Plaintiff as the wrongdoer

and himself as the innocent victim. Instead of recognizing his mistakes and attempting to reach a resolution with Plaintiff, SMITH instead has elected to continue his campaign of doing everything in his power to frustrate Plaintiff's legitimate efforts to execute on its Judgment.

IV. A SURVEY OF RECENT FEDERAL CASES APPLYING C.C.P 708.510.

A plaintiff proceeds under California law in the enforcement of its judgment pursuant to the Enforcement of Judgment Law, enacted July 1, 1983, which included C.C.P. § 708.510(a). Section 708.510(a) authorizes the court to compel the assignment to a judgment creditor of a third-party obligation due the judgment debtor. These obligations are due now or in the future and may even be conditional. An assignment order under Section 708.510(a) is in stark contrast with a garnishment order, which only reaches an obligation which is absolutely due in the present and without condition. A garnishment order is much like a "snapshot" reaching only those funds due at that moment. Moreover, a garnishment order requires that the creditor precisely identify the obligor at the time that the notice of levy and underlying writ are served upon the obligor.

On the other hand, an assignment order can reach an obligation that may be conditional (as opposed to absolute), that is due in the future (as opposed to those immediately due), and which may be described in general and without the burden of precise identification of the obligor. However, for an assignment order to be issued, the plaintiff must define with as much specificity as possible the obligation being assigned, even though the obligor might be unknown.

Plaintiff acknowledges ***UMG Recordings, Inc. v. BCD Music Group, Inc.***, CV07-05808 SJO FFMX, 2009 WL 2213678 (C.D. Cal. July 9, 2009) amended in part, CV 07-05808 SJO (FFM, 2011 WL 798901 (C.D. Cal. Feb. 25, 2011). ***UMG Recordings***, discussed *infra.*, discussing this precise issue as to the level of requisite specificity. This case meets the requirements of specificity mandated in ***UMG Recordings,*** because the obligations that are the

subject of this assignment order are defined by SMITH's services and association with his domain names. This case contrasts with ***Garden City Boxing Club, Inc. v. Briano***, also discussed *infra*.. which also addresses the specificity requirements. In ***Garden City Boxing***, the subject matter was the operation of a retail bar and tavern in which Plaintiff was unable to define any obligations other than a general right to payments of monies. Here, Plaintiff has properly defined them predicated on SMITH's own business model.

The federal bench in California at many levels has had occasion to consider the application of Section 708.510. The following is a general survey of recent case law. This is provided to the Court to enable the Court to survey the application of this section in a federal setting (as opposed to a state setting):

"Upon application of the judgment creditor on noticed motion, the court may order the judgment debtor to assign to the judgment creditor ... all or part of a right to payment due or to become due, whether or not the right is conditional upon future developments." C.C.P. § 708.510...The California Legislature explained in creating § 708.510 that it 'provides a new procedure for reaching certain forms of property that cannot be reached by levy under writ of execution .... It also provides an optional procedure for reaching assignable forms of property that are subject to levy, such as accounts receivable .... This remedy may be used alone or in conjunction with other remedies provided in this title for reaching rights to payment, such as execution ....' *Legislative Committee Comment to C.C.P. § 708.510." See UMG Recordings.*

"California enforcement law authorizes a court to 'order the judgment debtor to assign to the judgment creditor ... all or part of a right to payment due or to become due, whether or not the right is conditioned on future developments.' C.C.P. § 708.510(a)". ***Peterson v. Islamic Republic Of Iran***, 627 F.3d 1117, 1130-31 (9th Cir. 2010).

"[W]here a judgment creditor can identify a person or entity which is obligated to make payment to the judgment debtor, and where that 'right to payment' is assignable, the right to payment can be assigned from a third party obligor to the judgment creditor." ***Quaestor Invs., Inc. v. State of Chiapas***, 1997 U.S. Dist. LEXIS 24271, *15-16. 1997 WL 34618203 (C.D.Cal.1997). emphasis added. ***See also, Garden City Boxing Club, Inc. v. Briano***. CIVF-06-1270 AWI GSA, 2007 WL 4463264 (E.D. Cal. Dec. 17, 2007) [3]: pullquote)

"Under California law, all property of the judgment debtor is subject to enforcement of a money judgment. C.C.P. § 708.510(a)." ***Erickson v. Sympathy for the Record Indus. ex rel. Mermis***, C10-00636 HRL, 2011 WL 1211533 (N.D. Cal. Mar. 30, 2011).

"[T]he court may order the judgment debtor to assign to the judgment creditor ... all or part of a right to payment due or to become due .... A right to payment may be assigned ... only to the extent necessary to satisfy the money judgment.." ***Trustees of Screen Actors Guild-Producers Pension Plan v. See You in September, LLC***, CV 09-4230 AHM AJWX, 2010 WL 5245960 (C.D. Cal. Dec. 16, 2010)

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[3] In ***Garden City Boxing***, District Court Judge Ishii denied relief as follows:

> "Plaintiff's request appears to be for a general assignment of all possible funds due to Defendant; he has failed to identify any specific source of money to be assigned. Without more information, the court can not consider the factors listed in Cal.Code Civ. Proc. § 708.510(c) to determine what kind of assignment order is warranted or permissible. One court has said, "**where a judgment creditor can identify a person or entity which is obligated to make payment to the judgment debtor*, and where that '*right to payment'* is assignable, the right to payment can be assigned from a third party obligor to the judgment creditor."* *Quaestor Invs., Inc. v. State of Chiapas*, 1997 U.S. Dist. LEXIS 24271, *15-16, 1997 WL 34618203 (C.D.Cal.1997), emphasis added. There are also federal statutes that limit judgment enforcement. For example. 15 U.S.C. 1673 which states. "*the maximum part of the aggregate disposable earnings of an individual for any workweek which is subject to garnishment may not exceed (1) 25 per centum of his disposable earnings for that week, or (2) the amount by which his disposable earnings for that week exceed thirty times the Federal minimum hourly wage ... whichever is less."* The court can not determine whether this, or a number of other, statutes apply in this case. Assignment under Cal.Code. Civ. Proc. 708.510 can not be granted at this time."

"District Courts have discretion to consider several factors in determining whether to grant a motion for assignment, including "(1) the reasonable requirements of a judgment debtor who is a natural person ... (2)[p]ayments the judgment debtor is required to make or that are deducted in satisfaction of other judgments and wage assignments. including earnings assignment orders for support; (3)[t]he amount remaining due on the money judgment; and (4)[t]he amount being or to be received in satisfaction of the right to payment that may be assigned." C.C.P. § 708.510(c).*** The judgment debtor has the burden of proving his claim of exemptions. C.C.P. § 703.580(b)." ***Global Money Mgmt. v. McDonnold***. 06CV34 BTM (WMC), 2009 WL 3352574 (S.D. Cal. Oct. 15, 2009).

"California Code of Civil Procedure Section 708.510 authorizes the Court to issue an order directing [the judgment debtor] to assign to [the creditor] all or part of a right to payment due or to become due, including payments due from a patent, accounts receivable, general intangibles, judgments, and instruments. Although the Court may take into consideration all relevant factors. the sole constraints placed on the Court are that the right to payment be assigned only to the extent necessary to satisfy the creditor's money judgment and that, where part of the payments are exempt, the amount of payments assigned should not exceed the difference between the gross amount of the payments and the exempt amount ." ***Sleepy Hollow Inv. Co. No. 2 v. Prototek, Inc.***, C 03-4792 MMC (MEJ), 2006 WL 279349 (N.D. Cal. Feb. 3, 2006) modified on reconsideration, C03-4792 MMCMEJ, 2007 WL 2701318 (N.D. Cal. Sept. 13, 2007).

"California law permits the creditor to obtain an assignment of the debtor's right to payment [under] C.C.P. §§ 708.510, 708.520." ***In re Rollins***, 175 B.R. 69, 76 (Bankr. E.D. Cal. 1994).

C.C.P. § 708.510 provides for assignment of intangibles (e.g."payments due from a patent"). *See In re McCarthy*, 2008 WL 8448338 at fn. 10 (9th Cir. BAP 2008).

Under California law, a federal district court could order assignment of a judgment debtor's interest in Swiss bank accounts for benefit of its judgment creditors. ***See In re Estate of Marcos Human Rights Litig.***, 910 F. Supp. 1470 (D. Haw. 1995).

IV. PROPERTY SUBJECT TO ENFORCEMENT OF JUDGMENT.

By this motion, Plaintiff seeks to essentially levy upon the accounts and rights to payment of money, arising out of SMITH'S business activities. Plaintiff is entitled to levy and execute upon such properties pursuant to C.C.P. § 699.710, which provides, as follows:

> "Except as otherwise provided by law, all property that is subject to enforcement of a money judgment pursuant to Article 1 (commencing with section 695.010 of Chapter 1) is subject to a levy under a writ of execution to satisfy a money judgment."

Accordingly, the accounts receivable are subject to levy and execution.

V. ASSIGNMENT ORDER REACHES OFFSHORE OBLIGORS.

Plaintiff seeks an assignment of rights to payment, accounts, and accounts receivable, all as more particularly set forth herein, owed to SMITH by his customers or clients, even if those customers or clients may be located outside of the State of California. Section 708.510 authorizes the court to order an assignment of any such accounts, even if the accounts themselves might not be subject to the jurisdiction of the State of California.

The fact that these obligations can be reached through such an assignment of rights is an exercise of the court's *in personam* jurisdiction over the debtor. These issues have already been considered by the federal courts in a series of cases in which the court issued assignment orders reaching "offshore obligors."

This is not the first time that a judgment creditor seeks a broad-based discovery order against a recalcitrant debtor. In ***UMG Recordings***, the court ordered a broad-based assignment against identified entities, which consisted of record wholesalers and distributors. In that case, BCD was located in Texas and the obligors were nationwide. The court found that the description of the assets was sufficient enough to justify the issuance of the assignment order.

Plaintiff is mindful of the requirement to reasonably define the rights subject to assignment. ***See Garden City Boxing supra.*** In this case, Plaintiff has identified the domain names which the Defendant uses to generate an income consisting of accounts and accounts receivable along with rights to payments of money.

SMITH's Debtor's Examination is currently scheduled for October 19, 2011.

In subsequent federal cases, the court made it clear that an assignment order reaches out-of-state property. The court stated in ***Global Money Management v. McDonnold***, 101509 CASDC. 06cv34 BTM (WMc) at page 4, the following:

> ". . . Because the Court has personal jurisdiction over Defendant in this matter, the Court has **"the power to affect out-of-state property by means of decree, based on personal jurisdiction over the parties, which determines the parties' personal rights or equities in that property." UMG Recordings, Inc. v. BCD Music Group, Inc., 2009 WL 2213678, at * 4 (C.D.Cal. July 9, 2009)** (quoting *Legion for the Survival of Freedom, Inc. v. Liberty Lobby, Inc.*, 2003 WL 22922960, at *4 (Dec. 11, 2003). "[A] court having the parties before it can, in a proper case, through its coercive powers, compel them to act in relation to property not within the territorial jurisdiction of the court." Hardy v. Hardy, 164 Cal.App.2d 77, 79, 330 P.2d 278 (1958).
>
> Therefore, Court does not find it is without jurisdiction to order defendant to assign his rights to property outside of California. . . ."

In ***Fall v. Eastin***, 215 U.S. 1, 8 (1909), 30 S.Ct. 3, 54 L.Ed. 65, the U.S. Supreme Court held that, if the court has jurisdiction over a party, the court can order the turnover of the party's property, even though the court may lack jurisdiction over the property itself. The court stated as

follows:

> "The territorial limitation of the jurisdiction of courts of a state over property in another state has a limited exception in the jurisdiction of a court of equity, but it is an exception well defined. A court of equity, having authority to act upon the person, may indirectly act upon real estate in another state, through the instrumentality of this authority over the person. Whatever it may do through the party, it may do to give effect to its decree respecting property, whether it goes to the entire disposition of it or only to affect it with liens or burdens. Story on Conflict of Laws, § 544. In *French, Trustee v. Hay*, 22 Wall. 250, 252, this Court said that a court of equity, having jurisdiction *in personam*, has power to require a defendant to do or to refrain from doing anything beyond the limits of its territorial jurisdiction which it might have required to be done or omitted within the limits of such territory."

Similarly, C.C.P. § 708.510(a) likewise gives the court extra-territorial jurisdiction. This is supported by the leading treatise by Judge Alan Ahart, in ***The Rutter Group***, entitled "Enforcing Debts & Judgments," (2009), in which judge Ahart stated as follows:

> [6:1435] **Property located outside California:** An assignment order may also be used to reach assignable property located outside California, and thus not subject to execution unless the judgment is registered or otherwise "domesticated" in the sister state. [See CCP §695.010(a)–generally all judgment debtor's property is subject to money judgment enforcement]

In short, an assignment of rights is the most apt remedy when the court confronts a judgment against a foreign entity in which the assets are located overseas.

VI. ASSIGNMENT ORDER.

Plaintiff moves this court for an assignment order under C.C.P. § 708.510(a), which provides as follows:

> "Except as otherwise provided by law, upon application of the judgment creditor on noticed motion, the court may order the judgment debtor to assign to the judgment creditor, or to a receiver appointed pursuant to Article 7 (commencing with section 708.610) all or part of a right to payment due or to become due, whether or not the right is conditional upon future developments, including but not limited to, the following types of payment:
>
> 1. Wages due from the federal government that are not subject to withholding under an earnings withholding order.
> 2. Rents.
> 3. Commissions.
> 4. Royalties.
> 5. Payments due from a patent or copyright.

6. Insurance policy loan value."

Furthermore, an assignment order would alleviate the burden by Plaintiff, in attempting to levy on the "precise date" that monies are due. In ***First Central Coast Bank v. Cuesta Title Guar. Co.***, 143 Cal.App.3d 12, 191 Cal.Rptr. 433 (Cal.App.2 Dist. 1983), the appellate court held that a premature [or late] levy did not reach the monies which were due at the time of a levy in that a levy constitutes a "snapshot" of any funds immediately due the debtor.

VII. SCOPE OF REQUESTED RELIEF.

For purposes of clarity, deposit accounts, checking accounts. certificates of deposits, lines of credit, credit balances due under ATM cards, savings accounts, trust accounts. and safety deposit boxes representing monies or claims for monies owed to. or held by or for the benefit of, SMITH would specifically be subject to the terms and conditions of this order. and constitute a right of payment as assigned herein. An assignment order reaches a deposit account. and related rights. as they are all in effect debts and obligations owed by a bank to a customer such as SMITH. *See In re Bernard*, 96 F.3d 1279 (9th Cir. 1996), in which the court stated as follows:

> "The Bernards did not own money gathering dust in their bank accounts. "As between the bank and the depositor such money becomes the property of the bank and the bank becomes the debtor of the depositor for the amount deposited." Chang v. Redding Bank of Commerce, 29 Cal.App.4th 673, 681, 35 Cal.Rptr.2d 64 (Cal.App.1994) (citation omitted); Crocker-Citizens Nat. Bank v. Control Metals Corp., 566 F.2d 631. 637 (9th Cir.1977) ("**It is a well-settled principle of California law that the relationship between a bank and its depositor is one of debtor and creditor. Therefore, when funds are deposited, title to those funds passes immediately to the bank.**") (citations omitted): see also Barnhill v. Johnson, 503 U.S. 393, 398. 112 S.Ct. 1386, 1389. 118 L.Ed.2d 39 (1992) ("A person with an account at a bank enjoys a claim against the bank for funds in an amount equal to the account balance.").
>
> Instead of owning money sitting in their accounts. the Bernards owned claims against their bank. When they withdrew from their accounts, they exchanged debt for money (which, more than incidentally, was more difficult for the Sheaffers to acquire). Thus, when the Bernards made their withdrawals they parted with property. satisfying the Code's definition of transfer. Because they parted with their claims against the bank to hinder the Sheaffers, the Bernards violated § 727(a)(2)(A), warranting denial of discharge." (Emphasis added) (P. 1283)

Therefore. this assignment order would reach the totality of debts and obligations owed to SMITH by a banker or any other financial institution.

VIII. RESTRAINING ORDER.

Plaintiff seeks a restraining order under C.C.P. § 708.520(a) which provides as follows:

> "(a) When an application is made pursuant to Section 708.510 or thereafter, the judgment creditor may apply to the court for an order restraining the judgment debtor from assigning or otherwise disposing of the right to payment that is sought to be assigned. The application shall be made on noticed motion if the court so directs or a court rule so requires. Otherwise, it may be made ex parte."

The purpose of the restraining order is to prevent SMITH from disposing of accounts, accounts receivable and any other monies owed, or held by or on behalf of, SMITH. Without such a restraining order, SMITH would have "free rein" to frustrate the assignment order, rendering such relief moot. Plaintiff has demonstrated "need" under C.C.P. § 708.520(b), in that SMITH has failed, and refuses, to voluntarily pay any monies owed in satisfaction or partial satisfaction of the Judgment, with the result that the indebtedness remains outstanding.

IX. TURNOVER ORDER.

Plaintiff also seeks a turnover order under C.C.P. § 699.040(a), which provides as follows:

> "If a writ of execution is issued, the judgment creditor may apply to the court ex parte, or on noticed motion, if the court so directs, or court rule so requires, for an order directing the judgment debtor to transfer to the levying officer either or both of the following:
>
> 1. Possession of the property sought to be levied upon by taking it into custody.
> 2. Possession of documentary evidence of title to the property of or a debt owed to the judgment debtor that is sought to be levied upon.
>
> An order pursuant to this paragraph may be served when the property or debt is levied upon or thereafter."

The purpose of a turnover order is to allow a judgment creditor such as Plaintiff to reach all checks, drafts, money orders, notes, instruments, deposits and deposit accounts, and monetary obligations owed to, or held by or for the benefit of, SMITH. before those obligations have been converted into cash.

Plaintiff can demonstrate need under C.C.P. § 699.040(b) for the turnover order, in that, without such an order, SMITH would be able to frustrate the entire purpose of the assignment order.

Such a turnover order would direct SMITH to turn over all property within the scope of the assignment order to the MARSHAL, EASTERN DISTRICT OF CALIFORNIA, 501 "I" Street, Suite 5600, Sacramento, CA 95814-2030. ATTN: CIVIL ENFORCEMENT, which Plaintiff had previously designated for levy and execution on SMITH'S domain names under a writ of

execution.

X. CONCLUSION.

The Judgment against SMITH and in favor of Plaintiff remains unpaid in its entirety. Under the circumstances. Plaintiff needs the strong intervention of this court to order an assignment of any and all accounts receivable owed to, or held by or for the benefit of, SMITH. which ultimately will allow Plaintiff to tap into a revenue stream in whole or partial satisfaction of its Judgment against SMITH. Without such relief, Plaintiff will be forced to go on a "treasure hunt." in an effort to identify and levy on SMITH'S assets. which would further burden and create expense for Plaintiff.

Accordingly, Plaintiff is entitled to the relief as sought herein.

DATED: September 1, 2011

COOK COLLECTION ATTORNEYS

By: /s/ David J. Cook
DAVID J. COOK, ESQ. (SBN 060859)
Attorneys for Plaintiff
ENTREPRENEUR MEDIA, INC.

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DAVID J. COOK, ESQ. (State Bar # 060859)
ROBERT J. PERKISS, ESQ (State Bar # 62386)
COOK COLLECTION ATTORNEYS
A PROFESSIONAL LAW CORPORATION
165 Fell Street
San Francisco, CA 94102
Mailing Address: P.O. Box 270
San Francisco, CA 94104-0270
Tel: (415) 989-4730
Fax: (415) 989-0491
File No. 54,722

Attorneys for Plaintiff
ENTREPRENEUR MEDIA, INC.

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

ENTREPRENEUR MEDIA, INC., Plaintiff, vs. SCOTT SMITH Doing business as Entrepreneurpr. Defendant.	CASE NO. 2:10-mc-00055-JAM-EFB DECLARATION OF DAVID J. COOK, ESQ. IN SUPPORT OF MOTION FOR ASSIGNMENT OF RIGHTS, RESTRAINING ORDER AND TURNOVER ORDER Date: October 26, 2011 Time: 10:00 a.m. Courtroom: 24 Magistrate Judge: Edmund F. Brennan

I, DAVID J. COOK, hereby declare and state as follows:

1. I am one of the attorneys of record for Plaintiff in the above-entitled action, am duly authorized to practice before all courts in the State of California, and am familiar with the facts and circumstances in this action

2. Plaintiff ENTREPRENEUR MEDIA, INC. has obtained a JUDGMENT AND PERMANENT INJUNCTION FOLLOWING COURT TRIAL (the "Judgment") in that action entitled *Entrepreneur Media, Inc. v. Scott Smith dba Entrepreneurpr*. USDC, C.D.Cal. Case No. 98-3607 FMC (Ctx), in the amount of $669,656, along with an ORDER GRANTING PLAINTIFF'S MOTION FOR ATTORNEYS' FEES AND RELATED COSTS in the amount of $680,895.00 and related costs in the amount of $39,267.46, for a total award [attorneys fees] of $720,162.46. True and correct copies of the same are attached hereto marked ***Exhibit "A."***

Plaintiff has domesticated its Judgment in this court on 5/18/10 with no Docket number.

3. Plaintiff seeks an assignment of rights under C.C.P. § 708.510(a) to the payment of money owed to, or held by or on behalf of, SMITH, as a result of any of the following:

A. The rendition of any services or sale of any goods by or for the benefit of SMITH, including without limitation business consulting, and advertising, marketing or other promotional service; or

B. Any other services by or for the benefit of SMITH, which pertain or relate to, or arise out of, online or Internet usage, including without limitation use of any of the websites listed in ***Exhibit "B."***

4. Declarant has determined that the SMITH owns and operates a series of domain names and/or websites as listed in ***Exhibit "B."*** SMITH is engaged in the business of providing information, advice, products, services, advertising, and business promotional services, to small and medium businesses, in aiding and assisting in getting them "off the ground," the management and maintenance of them, and/or the like. SMITH has advertised himself as somebody engaged in the business of promoting the business of others.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 1, 2011.

/s/ David J. Cook
DAVID J. COOK, ESQ. SBN 060859

EXHIBIT "H"

United States of America
United States Patent and Trademark Office

BizStarz

Reg. No. 4,048,918

Registered Nov. 1, 2011

Int. Cl.: 35

SERVICE MARK

PRINCIPAL REGISTER

SMITH, SCOTT (CALIFORNIA SOLE PROPRIETORSHIP), DBA BIZSTARZ
SUITE 140
5714 FOLSOM BLVD
SACRAMENTO, CA 95819

FOR: PUBLIC RELATIONS, IN CLASS 35 (U.S. CLS. 100, 101 AND 102).

FIRST USE 10-29-2000; IN COMMERCE 10-29-2000.

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT, STYLE, SIZE, OR COLOR.

SER. NO. 85-286,969, FILED 4-5-2011.

MATTHEW MCDOWELL, EXAMINING ATTORNEY

David J. Kappos

Director of the United States Patent and Trademark Office

REQUIREMENTS TO MAINTAIN YOUR FEDERAL TRADEMARK REGISTRATION

WARNING: YOUR REGISTRATION WILL BE CANCELLED IF YOU DO NOT FILE THE DOCUMENTS BELOW DURING THE SPECIFIED TIME PERIODS.

Requirements in the First Ten Years*
What and When to File:

First Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. *See* 15 U.S.C. §§1058, 1141k. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period, calculated from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.

Second Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between the 9th and 10th years after the registration date.* *See* 15 U.S.C. §1059.

Requirements in Successive Ten-Year Periods*
What and When to File:

You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between every 9th and 10th-year period, calculated from the registration date.*

Grace Period Filings*

The above documents will be accepted as timely if filed within six months after the deadlines listed above with the payment of an additional fee.

The United States Patent and Trademark Office (USPTO) will NOT send you any future notice or reminder of these filing requirements.

***ATTENTION MADRID PROTOCOL REGISTRANTS:** The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must timely file the Declarations of Use (or Excusable Nonuse) referenced above directly with the USPTO. The time periods for filing are based on the U.S. registration date (not the international registration date). The deadlines and grace periods for the Declarations of Use (or Excusable Nonuse) are identical to those for nationally issued registrations. *See* 15 U.S.C. §§1058, 1141k. However, owners of international registrations do not file renewal applications at the USPTO. Instead, the holder must file a renewal of the underlying international registration at the International Bureau of the World Intellectual Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection, calculated from the date of the international registration. *See* 15 U.S.C. §1141j. For more information and renewal forms for the international registration, see http://www.wipo.int/madrid/en/.

NOTE: Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. With the exception of renewal applications for registered extensions of protection, you can file the registration maintenance documents referenced above online at http://www.uspto.gov.

EXHIBIT "I"

Scott R. Smith
Defendant (PRO SE)
5714 Folsom Blvd, Ste 140
Sacramento, CA 95819
Telephone: (916) 453-8611
Facsimile: (916) 453-1103
Email: scott@bizstarz.com

UNITED STATES DISTRICT COURT

EASTERN DISTRICT

Sacramento Division

ENTREPRENEUR MEDIA, INC., a California Corporation, Plaintiff, vs. SCOTT SMITH dba ENTREPRENEURPR, Defendant.	**CASE NO. 2:10-mc-00055-JAM-EFB** DEFENDANT'S MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO PLAINTIFF'S MOTION FOR ASSIGNMENT OF RIGHTS, RESTRAINING ORDER, AND TURNOVER ORDER DATE: October 26, 2011 TIME: 10:00am CTRM: 24 Magistrate Judge: Edmund F. Brennan

I. INTRODUCTION.

Defendant "pro se" Scott Smith ("Smith") in the above-identified case, hereby opposes Entrepreneur Media, Inc.'s ("EMI") Motion for Assignment of Rights, Restraining Order, and

Court should not impose sanctions against EMI in the amount of $10 million. (Exhibit C). EMI made a flurry of wholly unfounded and unsubstantiated claims against Smith. The conduct of EMI and its attorneys is part of Smith's pending Ninth Circuit appeal.

Based on the above, EMI's request for a turnover order is hodgepodge with no basis in law or fact. Is EMI asking for a turnover order for all property within the scope of the assignment order which EMI had previously designated for levy and execution? If so, then no turnover order is warranted, because no competent evidence has been offered establishing the requisite writ of execution. Is EMI asking for a turnover order for all property within the scope of the assignment order? If so, then no turnover order is warranted, because no competent evidence has been offered establishing the requisite writ of execution. Is EMI asking for a turnover order for all property within the scope of the assignment order which EMI had previously designated for levy and execution? If so, then no turnover is warranted, because first, EMI hasn't asked for an assignment of the domain names, and even if it had, EMI is not entitled to the assignment order based on the instant motion, because it violates the Court's earlier ruling.

F. The Court should issue sanctions against Cook and EMI.

The Court made clear at the hearing on the appointment of a receiver that the Court was deferring consideration of the motion for receivership, as well as consideration of any other actions to levy upon Smith's domain names until *after* the Ninth Circuit appeal was concluded. EMI's filing of the instant motion was thus in direct contravention of the Court's stated intentions at the hearing. The gravity of EMI's egregious behavior is immeasurable and has caused Smith irreparable harm. If this Court grants EMI's instant motion, Smith will suffer even further harm at the hand of EMI.

Additionally, Smith contention that Cook is heavily involved in EMI's contuned bad-faith conduct is bolstered by the October 8, 2010 decision of the New York State Court of Claims (Exhibit B), where Cook is found to have lied to the Court,[16] intentionally misrepresented the case, and engaged in otherwise outrageous and unprofessional conduct. When discussing Cook's representation of the claimant, "The Court would also classify this particular application as frivolous, in light of the inexcusable, sloppy and egregious "inaccuracies" and misrepresentations made herein by claimant and his counsel. The amount of time it has taken to weed through claimant's application has been a profound waste of both judicial resources and of the time and effort necessary for defendant to respond to the application."[17] In his representation of EMI, Cook has engaged in very similar "egregious inaccuracies," such as inferring that Smith receives assignable earnings from his domain names and that he is involved in multiple business endeavors. Similarly, Cook and EMI have caused Smith irreparable harm by virtue of the sheer volume of legal actions and motions filed against a pro se defendant. The New York Court's reference to Cook's unethical conduct as causing, "a profound waste of both judicial resources and of the time and effort necessary for defendant to respond"[18] is very similar to the harm Cook and EMI have caused here. Cook's bad-faith conduct is clearly a pattern, as is the case with EMI. Both are bullies, both try to exploit others for their personal gain, both intentionally misrepresent the truth, and both have no regard to the legal system such that they willfully waste

[16] *See* Id. at 1. ("Worst, claimant's counsel represented to the Court, on the record, that the retainer agreement with claimant was based on an hourly fee, rather than on a contingency basis.")
[17] *Id* at 21.
[18] *Id* at 21.

the Court's time and resources on a regular basis. The only reasonable action is to sanction Cook and EMI for their despicable conduct throughout all stages of this epic battle.

IV. CONCLUSION

This motion should be denied summarily because it violates the Court's orders. Additionally, the motion neither adequately identifies the rights that are to be assigned nor clearly articulates the reach of the requested assignment as to the parties it may bind. Further, the paucity of competent evidence in the moving papers establishes that EMI's request for relief is made in bad faith for purposes of harassing Smith, and violates the Court's earlier ruling.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct and that this motion was executed on October 12, 2011, at Sacramento, California.

Dated: October 12, 2011

Respectfully submitted,

s/Scott R. Smith
Scott R. Smith
Defendant (PRO SE)

EXHIBITS

Exhibit #	Exhibit Title	Exhibit Page #
Exhibit A	Screenshots of examples of Smith's domain names	001-006
Exhibit B	Decision of the New York State Court of Claims against Cook: 10/8/10	007-027
Exhibit C	Order to Show Cause	027-030

Claimant's request for an additional allowance in the "obscenely excessive" amount of $1,253,151.09 pursuant to EDPL 701 and 702 (B) was denied by the Court in its entirety. The award at trial for the taking was $316,562.50. Claimant did not separately enumerate the expenses sought pursuant to each section of the statute, as required. Claimant did not submit the requisite affidavits from the most of the parties incurring expenses on claimant's behalf. Moreover, the voluminous documents submitted by claimant in support of his request were misleading, inaccurate and seriously deficient in probative value. Worst, claimant's counsel represented to the Court, on the record, that the retainer agreement with claimant was based on an hourly fee, rather than on a contingency basis. Subsequent to this representation, at the order of the Court, claimant's counsel sent a copy of the retainer detailing the contingency arrangement, and a new retainer agreement purporting to supersede the previous one, which agreed to billing on an hourly basis instead of a contingency. These factors, combined with the desire to limit the incentive for frivolous litigation - which was certainly an issue in this and the related proceedings - resulted in the Court's denial of the request.

Recitation:

Text of the decision:

Defendant State of New York (defendant) used the procedure of eminent domain to appropriate claimant's permanent easement for exclusive hunting, fishing and trapping rights (HFT Rights) on an 1,800-acre parcel owned by defendant (State's Parcel), located in Sullivan County, New York. Defendant's condemnation procedures commenced on February 3, 1988, and initially sought not only the acquisition of claimant's HFT Rights on the State's Parcel,[(1)] but also a fee interest in 1,067 acres owned by claimant (the Fee Parcel) located adjacent to the State's Parcel. However, defendant abandoned its plan to acquire the Fee Parcel when it filed its acquisition map (Acquisition Map) pursuant to EDPL 402 on October 12, 1993, as that Map indicated only the taking of the HFT Rights.

In this claim, claimant sought a total of $8 million in damages for the taking of the HFT Rights and consequential damages to the Fee Parcel. In addition to that sum, claimant requested an award of $1 million for the unlawful filing of the Acquisition Map,[(2)] and $5 million for EDPL 702 (B) expenses based upon defendant's abandonment of the proposed taking of the Fee Parcel. After trial, claimant was awarded $316,562.50 in direct damages, together with appropriate interest, as compensation for the taking of the HFT Rights (*Wechsler v State of New York*, Ct Cl, Nov. 29, 2004, Lebous, J., Claim No. 88857 [UID # 2004-019-027]). Claimant did not prevail on his cause of action for consequential damages to the Fee Parcel allegedly caused as a result of the taking of the HFT Rights. The Court did find that claimant was entitled to EDPL 702 (B) damages resulting from the abandonment of defendant's proposed condemnation of the Fee Parcel (*id.* at 23-24). However, the Court specifically reserved decision on the issue of whether any such damages were actually incurred.[(3)] Finally, the Court ordered defendant to file an

amended map clarifying claimant's retention of a fee interest in 4.141 acres of the Fee Parcel.[(4)]

Claimant now requests that the Court award an additional allowance of $1,253,151.09, plus interest, pursuant to both EDPL 701 and 702 (B). This sum consists of $1,170,492.37 in legal fees, and $82,658.72 in "Appraisal Fees and Miscellaneous Litigation Expenses."(5)

EDPL 701 authorizes a claimant to apply for reimbursement of costs incurred during the course of an appropriation action, including counsel fees and appraisal expenses, when "[t]he order or award is substantially in excess of the amount of the condemnor's proof and where deemed necessary by the court for the condemnee to achieve just and adequate compensation." These allowances "provide a means of mitigating the financial damage wrought by the condemnor's low, original offer" (*General Crushed Stone Co. v State of New York*, 93 NY2d 23, 27 [1999]). However, the trial court is vested with discretion in making such allowances "in order to limit both the incentive for frivolous litigation and the cost of acquiring land through eminent domain" (*Hakes v State of New York*, 81 NY2d 392, 397 [1993]).

In order to obtain an additional allowance pursuant to EDPL 701, it is first necessary that the award at trial be "substantially in excess of the amount of the condemnor's proof."(6) EDPL 701 allowances have been found to be appropriate in cases where the Court's award was 36% greater than the initial offer *(Matter of New York City Tr. Auth. [Gun Hill Bus Depot]*, 142 Misc 2d 629 [1989]), 33% greater than the initial offer (*Matter of Town of Islip v Sikora*, 220 AD2d 434 [1995]), and 41.6% greater than the initial offer (*Karas v State of New York*, 169 AD2d 816 [1991]). In this instance, the amount awarded at trial (exclusive of interest) was $316,562.50, which was 37.64% greater than defendant's initial offer of $230,000. Accordingly, this Court finds that the award was substantially in excess of defendant's offer. The second determination which must be made in order for a claimant to be entitled to an additional allowance pursuant to EDPL 701 is whether the Court deems the award "necessary . . . for the condemnee to achieve just and adequate compensation . . . for actual and necessary costs, disbursements and

expenses."(7)

EDPL 702 (B) provides in pertinent part:

In the event that the procedure to acquire such property is abandoned by the condemnor,

. . . the condemnor shall be obligated to reimburse the condemnee, an amount, separately computed and stated, for actual and necessary costs, disbursements and expenses, including reasonable attorney, appraisal and engineering fees, and other damages actually incurred by such condemnee because of the acquisition procedure.

While awarding any allowance for EDPL 701 expenses clearly rests within the discretion of the Court,(8) an award of EDPL 702 (B) expenses actually incurred is mandatory, subject to the requirement that attorney, appraisal and engineering fees be "reasonable," and that the expenses as a whole must have been necessarily incurred "because of" the abandoned taking.

Claimant appears to be seeking the fees and expenses associated with certain "ancillary proceedings" (the Ancillary Proceedings)(9) primarily pursuant to EDPL 702 (B). However, claimant also states "the expenses associated with [the Ancillary Proceedings and this claim] would be classified as one type of damage [EDPL 701] or the other [EDPL 702 (B)], if not both" (Claimant's Pre-Hearing Statement dated Dec. 10, 2007, at 8). Claimant further states he has found it "difficult to separate out the 701 and 702

damages" (Claimant's Memorandum of Law, at 14), asserting instead that "the fact remains that all of the charges reflected in the stipulated-to expense records were incurred as either 701 or 702 damages" (*id.*). Claimant argues that therefore the Court should simply award a sum composed of the combination of EDPL 701 and 702 (B) damages.

Claimant's argument blatantly disregards the language of both statutes, which require that the Court "separately compute[] and state[]" each of the EDPL 701 and 702 (B) awards (EDPL 701, 702 [B]). Claimant's contention further ignores the clear distinction between the discretionary nature of the EDPL 701 award and the mandatory nature of the EDPL 702 (B) award (*see Knapp v County of Livingston*, 175 Misc 2d 112, 119 [1997], *affd* 262 AD2d 936 [1999]). Finally, claimant's citation to the case of *Birnbaum v State of New York* (138 Misc 2d 402 [1987], *affd* 143 AD2d 544 [1988], *revd* 73 NY2d 638 [1989], *cert denied* 494 US 1078 [1990]) is inapposite.(10)

The Court conducted an initial hearing pursuant to the requirements of EDPL 701 and 702 (B) on July 1, 2008 (the Initial Hearing). Claimant testified at the Initial Hearing, in addition to submitting numerous and voluminous documents. In support of his claim for legal fees, claimant submitted his affidavit detailing the lengthy procedural history of the Ancillary Proceedings, as well as his arguments why reimbursement for the fees and expenses associated with this claim and the Ancillary Proceedings is necessary for him to achieve just and adequate compensation under EDPL 701, and how the expenses were incurred because of the abandonment of the taking of the Fee Parcel under EDPL 702 (B). He submitted hourly billing records from the various lawyers and law firms which represented him throughout these proceedings.(11) He submitted an affidavit from a paralegal at Nixon Peabody,(12) and an affirmation from an attorney at the same firm,(13) which both essentially stated that the paralegal had reviewed all the billing records and removed, under the attorney's supervision, all charges unrelated to either this claim or the Ancillary Proceedings. Both parties also submitted post-hearing memorandums and numerous subsequent letters to the Court. A supplemental hearing was subsequently held on March 9, 2010 (Supplemental Hearing) at the Court's request, as discussed *infra* at 24-27.

At the Initial Hearing, counsel for defendant sought to introduce into evidence certain documents pertaining to several other actions between claimant and other parties (Defendant's Hearing Exhibits C through P). Most of those actions concerned either the Fee Parcel or the HFT Rights. Claimant's counsel objected to admission of these documents on the ground that those actions were unrelated to any action for which claimant seeks reimbursement. The Court reserved decision at that time, but now sustains claimant's objection and finds that those proposed exhibits are not relevant to claimant's application, with the exception of Defendant's Initial Hearing Exhibit E.(14)

I. The Ancillary Proceedings

The Court first turns to the question of whether any of the Ancillary Proceedings qualify generally for reimbursement under either EDPL 701 or 702 (B). In Part II of this Decision, the Court will individually address claimant's request for reimbursement of each claimed fee or expense.

A. The EDPL Matter

The first Ancillary Proceeding, which claimant labels "the EDPL Matter," was brought pursuant to EDPL Article 2 to obtain judicial review of the initial determination by the Department of Environmental Conservation (DEC) to acquire both claimant's(15) HFT Rights and the Fee Parcel. The Appellate Division, Third Department, confirmed DEC's determination, rejecting all of claimant's substantive and

procedural challenges (*Matter of Wechsler v New York State Dept. of Envtl. Conservation*, 153 AD2d 300 [1990], *affd* 76 NY2d 923 [1990]).(16) That Decision and Judgment was subsequently upheld by the Court of Appeals (*Matter of Wechsler v New York State Dept. of Envtl. Conservation*, 76 NY2d 923 [1990]).

Claimant contends that the Court should grant reimbursement of the fees and expenses he incurred during the course of the EDPL Matter pursuant to EDPL 702 (B), stating:

the fees associated with this matter are directly related to the condemnation procedure initiated to take the Fee Parcel, and, therefore, these fees should be included in the EDPL § 702 (B) award. But-for the State commencing the condemnation procedure, [claimant] would not have had to commence this action and incur these legal fees.(17)

The Court disagrees with claimant's contention that these expenses are subject to mandatory reimbursement pursuant to EDPL 702 (B). That section provides in pertinent part:

In the event that the procedure to acquire such property is abandoned . . . the condemnor shall be obligated to reimburse the condemnee . . . for actual and necessary costs . . . actually incurred by such condemnee because of the acquisition procedure.

First, it should be noted that the EDPL Matter was commenced (and concluded) in 1990. DEC did not abandon its plan to take the Fee Parcel until 1993, when it filed the Acquisition Map that did not include the Fee Parcel. Up to that point - and in particular, during the entire course of the EDPL Matter - the taking of the HFT Rights and the taking of the Fee Parcel were conducted by DEC as a unified transaction.

Further, claimant is seeking reimbursement under EDPL 702 (B) for expenses incurred in litigating an issue that pertained not only to the portion of the proceeding that was abandoned, but also to the portion of the proceeding that actually resulted in DEC's acquisition of claimant's HFT Rights. The Court finds that this statutory section mandates reimbursement only of those expenses actually and necessarily incurred because of the abandoned portion of the proceeding. In this instance (where claimant's EDPL Article 2 proceeding was denied in its entirety) the expenses incurred in that proceeding are equally - and indivisibly - as attributable to the portion of the condemnation proceeding that was not abandoned as they are to the portion that was abandoned. Thus, those expenses were not incurred "because of" the abandoned part of the procedure, and are not reimbursable under EDPL 702 (B).

Moreover, the Court also finds that the fees and expenses incurred in this completely unsuccessful EDPL Article 2 proceeding challenging the State's right to condemn claimant's property do not meet the statutory requirement that the expenses incurred be reasonable. This finding is confirmed by the portion of EDPL 702 (B) which provides that reimbursement is authorized where a Court "determines that the condemnor was not legally authorized to acquire the property." That language would appear to limit reimbursement in either EDPL Article 2 or EDPL Article 4 challenges to situations where claimant's challenge was at least partially successful, unlike the situation at hand (*cf. Hargett v Town of Ticonderoga,*

13 NY3d 325 [2009] [where the Court held that reimbursement of fees and costs of an EDPL Article 2 proceeding was authorized where the condemnor lacked authority to pursue the proposed condemnation acquisition; *i.e.*, the condemnee's challenge to the condemnor's authority was successful]).

Accordingly, this Court holds that in this instance, where a condemnee has initiated a completely unsuccessful EDPL Article 2 proceeding challenging the State's right to take a portion or all of the condemnee's property, and a portion of that taking is subsequently abandoned but nevertheless some property is still acquired, the condemnee is not entitled as a matter of right under EDPL 702 (B) to reimbursement of the expenses incurred by the challenge. Consequently, any claim for reimbursement of those expenses must be considered under the discretionary authority granted to the Courts pursuant to EDPL 701. That analysis is discussed *infra* at 16-18.

B. The Reasserted Claim

On October 12, 1993 - shortly before the expiration of the three-year period within which defendant could commence proceedings to acquire the property based on the 1990 DEC determination (*see* EDPL 401 [A]) - defendant filed the Acquisition Map which appropriated only the HFT Rights, and not the Fee Parcel. Claimant eventually commenced a second Ancillary Proceeding (the Reasserted Claim) in December 1995 (*Wechsler v State of New York*, Sup Ct, Sullivan County, Index No. 2550/95; Claimant's Affidavit sworn to June 30, 2008, Exhibit 3), seeking declaratory and injunctive relief due to defendant's abandonment of the taking of the Fee Parcel. Claimant sought to nullify DEC's acquisition of the HFT Rights on the ground that because the public purpose espoused by DEC as the basis for the entire proceeding included the acquisition of the Fee Parcel, the abandonment of that portion of the proposed taking was contrary to that stated public purpose, essentially rendering the 1990 DEC determination void (Claimant's Affidavit sworn to June 30, 2008, Exhibit 3). The Appellate Division, Third Department, affirmed the Supreme Court's finding that the nature of claimant's challenge was more properly reviewed in a CPLR Article 78 proceeding, thus mandating dismissal of the Reasserted Claim as untimely since it had been brought after the expiration of the four-month statute of limitations period set forth in CPLR 217 (*Wechsler v State of New York,* 284 AD2d 707 [2001], *lv denied* 97 NY2d 607 [2001]).

Claimant contends that the fees and expenses associated with the Reasserted Claim should be subject to mandatory reimbursement under EDPL 702 (B), stating:

[a]lthough [the Reasserted Claim] was later dismissed for having been time barred, the attorney's fees [claimant] incurred should be included in the EDPL § 702 (B) award. But-for the State's abandonment of the condemnation procedures against the Fee Parcel, [claimant] would not have incurred these reasonable and necessary attorney's fees.[(18)]

Once again, claimant's expenses in the Reasserted Claim were not incurred "because of" the abandonment of the taking of the Fee Parcel. Instead, that litigation was unmistakably a second attempt to challenge the State's right to condemn claimant's property (which in that instance consisted solely of the HFT Rights), the same challenge which had already been rejected in the EDPL Matter (*see Matter of Wechsler v State of New York,* 76 NY2d 923, *supra*).

Moreover, an action or proceeding initiated outside the statute of limitations cannot be said to be either reasonable or necessary. For both the aforesaid reasons, claimant cannot recover for the fees and expenses

related to the Reasserted Claim under EDPL 702 (B). Additionally, although claimant does not appear to seek reimbursement for these fees pursuant to EDPL 701, the same reasoning would apply to mandate denial of such an application. Reimbursement of any of these fees associated with a completely unsuccessful, time-barred proceeding is not "necessary" for claimant to "achieve just and adequate compensation" (EDPL 701), nor can such fees be deemed reasonable. Accordingly, claimant's application for reimbursement of any fees and expenses relating to the Reasserted Claim, whether pursuant to either EDPL 701 or 702 (B), is denied in its entirety.

C. The Tax Map Action

In 1997, claimant commenced yet another action against defendant in Supreme Court, Sullivan County (the Tax Map Action),[(19)] contending that the legal description of the area encompassing the HFT Rights, as set forth in the Acquisition Map, did not accurately correspond with either surveys of the area performed by the DEC in 1994 and 1996, or with the legal description set forth in the deed of the HFT Rights to claimant (*Wechsler v State of New York*, Sup Ct, Sullivan County, Index No. 3329/97).[(20)] Claimant argued that defendant's allegedly inaccurate description made it appear that defendant had taken 4.141 acres of the Fee Parcel (*see* n 4, *supra*). Claimant alleged that the discrepancies were known to defendant, and rendered the appropriation unconstitutional and illegal. He requested an order declaring claimant the undisputed owner of the HFT Rights and further enjoining defendant from interfering with those Rights. It appears that the Tax Map Action was either stayed or not pursued beyond the joinder of issue.

Once again, claimant contends that the fees and expenses related to the Tax Map Action are subject to mandatory reimbursement pursuant to EDPL 702 (B). And, once again, it is readily apparent that the Tax Map Action was yet another attempt on the part of claimant to challenge defendant's authority to appropriate the HFT Rights, using the abandonment of the taking of the Fee Parcel as the basis for his theory that the entire condemnation was illegal. Consequently, reimbursement under EDPL 702 (B) is not authorized, as those fees and expenses were not incurred "because of" the abandonment, but instead simply as a part of claimant's ongoing litigation to prevent defendant from taking any of claimant's property, be it the Fee Parcel or the HFT Rights.

Further, the question of the apparent discrepancy between the legal description of the taking of the HFT Rights and the alleged DEC surveys (and the prior deed descriptions in claimant's chain of title) was addressed by this Court in *Wechsler v State of New York* (Ct Cl, Nov. 29, 2004, Lebous, J., Claim No. 88857 [UID # 2004-019-027], *supra*). In that Decision, the Court determined that the State did not appropriate any of the Fee Parcel (*id.* at 26), and noted that neither party disputed that issue. In light of that determination, it is apparent that the expenses incurred in the Tax Map Action were not reasonable, and thus would not be subject to mandatory reimbursement under EDPL 702 (B). Additionally, claimant cannot contend that these fees and expenses are necessary for him to achieve just and adequate compensation under EDPL 701, both because the Tax Map Action did not proceed beyond joinder of issue and because claimant's assertions concerning the 4.141-acre parcel were and are being addressed by the Court in this claim. Claimant's request for reimbursement of fees and expenses pertaining to the Tax Map Action, whether sought pursuant to EDPL 701 or 702 (B), is hereby denied.

D. The Burckard Matter

Claimant also filed a petition in 2000 against a local tax official and an assessor in Sullivan County (the Burckard Matter) due to their refusal to change tax maps and assessments on portions of his property which he had conveyed to himself from the Fee Parcel (*Matter of Wechsler v Burckard*, Sup Ct, Sullivan

County, Index No. 1895/00).[(21)] The respondents had apparently based their tax maps at least in part on the Acquisition Map. One of the defenses asserted by the respondents in that petition was the contention that title to 4.141 acres was in dispute due to the filing of the (allegedly erroneous) Acquisition Map by the State (again, *see* n 4, *supra*). It should be noted that the State was not a party to that proceeding, nor did the matter determine title to that land.

Supreme Court eventually ordered Respondent Burckard to correct the tax map to show that the boundaries of claimant's parcel included the 4.141 acres in question. The Court held that claimant had presented sufficient evidence that the 4.141-acre parcel was not State-owned to require the Respondent Burckard to include the entire deed description in the tax map. The order specifically stated it was not a determination of title to the parcel, as resolution of that issue would have required the State to be a party to the proceeding. Instead, the Court held that its order was based on an analysis of the duties of the Real Property Tax Office with respect to preparing tax maps (*Matter of Wechsler v Burckard*, Sup Ct, Sullivan County, Index No. 1895/00; Claimant's Affidavit sworn to June 30, 2008, Exhibit 5, at 14-18).

Claimant now contends that if defendant had not abandoned its taking of the Fee Parcel, "the takings map would have included the Fee Parcel and the erroneous map would not have been filed. But-for the State's actions in filing the map as part of the condemnation procedure, [claimant] would not have incurred the legal fees and expenses associated with this matter."[(22)]

Claimant's analysis of the situation is not only erroneous, but backward. His argument is that if defendant had taken the Fee Parcel, the issue would not have arisen because he would not have owned the 4.141-acre portion in question. However, in reality the title question to the 4.141-acre parcel arose from the nature of the legal description in the Acquisition Map of the HFT Rights over a parcel already owned by the State. If defendant had never initiated proceedings to take the Fee Parcel, but instead had originally sought to acquire only the HFT Rights, the title question would still have arisen. Thus, it is readily apparent that any expenses incurred by claimant in the Burckard Matter were not due to the abandonment of the proceedings to take the Fee Parcel. It is merely incidental that if defendant had taken the Fee Parcel the question would not have arisen. Accordingly, any fees and expenses incurred by claimant in the Burckard Matter were not "because of" the abandonment of the taking of the Fee Parcel, and are not subject to mandatory reimbursement pursuant to EDPL 702 (B). The Court will address the question of reimbursement of these expenses pursuant to EDPL 701 in Part II of this Decision.

II. Claims for Costs, Disbursements and Expenses by Provider

Part I of this Decision addressed the applicability of EDPL 702 (B) (and in two instances, the applicability of EDPL 701) to the fees and expenses sought by claimant pertaining to the Ancillary Proceedings. In this section of the Decision, the Court will address the propriety of each of the individual claimed expenses pursuant to EDPL 701.

As set forth previously herein, reimbursement granted pursuant to the discretion of the Court is authorized by EDPL 701 for "actual and necessary costs, disbursements and expenses, including reasonable attorney, appraiser and engineer fees actually incurred" by the condemnee. Moreover, "[t]he application *shall* include affidavits of the condemnee *and all parties* that have incurred expenses on the condemnee's behalf, setting forth inter alia the amount of the expenses incurred" (EDPL 701 [emphasis supplied]). Claimant's request for EDPL 701 reimbursement did not include affidavits from any parties which incurred expenses on claimant's behalf, other than claimant and an associate at claimant's current law firm, Nixon Peabody. That in itself would be sufficient to deny those portions of the application seeking EDPL 701 reimbursement for services performed by any entities or individuals other than Nixon Peabody

and claimant. However, there are other problems as well with most of the expenses sought, and thus the Court will review in detail each of the expenditures for which claimant seeks reimbursement.

A. Legal Fees of Schulman

Claimant alleges that he incurred legal expenses to Schulman in the amount of $117,309.72 (*see* Appendix A). It appears that claimant's application for Schulman's fees is being made primarily pursuant to EDPL 702 (B), as claimant indicates that Schulman (as well as Cuddy) was hired to pursue the EDPL Matter.(23) As discussed *supra* at 7-10, the Court finds that fees and expenses associated with the EDPL Matter do not qualify for mandatory reimbursement under EDPL 702 (B), but rather may be considered only under the Court's discretionary authority granted in EDPL 701.

As with most of claimant's alleged expenses and as previously mentioned, no affidavit was submitted by Attorney Schulman to support claimant's request for reimbursement of this sum, despite the requirement for such affidavits set forth in EDPL 701. This failure alone would be sufficient to deny this portion of the application. However, other reasons exist to deny this request as well.

Claimant has submitted only six pages of purported billing from Attorney Schulman.(24) On four of the pages, the only heading is "Bill for Professional Services Rendered," with no indication of who rendered the services (there is no letterhead or name of any law firm included thereon), and, for most of the entries on those four pages, no date is specified on which the services were performed. Worse yet, numerous entries on these four pages pertain to matters which appear to be totally unrelated to this claim - or even to the Ancillary Proceedings - such as litigation between claimant and other parties (for instance *Berne v Wechsler*, *Berne Investors, Inc.*, *Berne, Klein v Wechsler* and *Wechsler v Jorling et al.*), as well as a mortgage closing (Ellenville National Bank). The Court completely rejects the four pages which purport to bill an amount of $88,593.75 for legal services as being completely deficient of any probative value.

In the remaining two pages of billing which are on Attorney Schulman's letterhead, there do not appear to be any services rendered which pertain to this claim. There is reference to other litigation (*Berne, Klein v Wechsler*, *Wechsler v Denton Falls R&D Club*) and an eviction proceeding (warrant filed with Sheriff's Department re Denton Falls R&G Club).(25)

Further, the four pages of unattributable billing and the two pages which are clearly from Attorney Schulman contain "balance forward" entries totaling $38,345.41, for which no documentation is provided regarding the nature of those services previously rendered. The Court finds that claimant has not even remotely approached the burden of proof required by EDPL 701 to show that he actually incurred legal fees to Attorney Schulman in the amount of $117,309.72, much less that those legal fees pertained to this eminent domain claim.

Finally, the Court finds that reimbursement of these requested fees is clearly unnecessary to achieve "just and adequate compensation" for the taking of claimant's HFT Rights, as is required under EDPL 701. The Court completely denies the portion of claimant's request pertaining to legal fees purportedly owed to Attorney Schulman.

B. Legal Fees of Cuddy

Claimant requests reimbursement for legal fees and expenses owed to Cuddy in the amount of $22,797.59 (*see* Appendix A). This amount is approximately 26% of the excess (exclusive of interest) recovered after trial in this claim over defendant's original offer ($22,797.59 ÷ [$316,562.50 - $230,000]). Cuddy is the

firm which represented claimant at the time this claim was originally filed in February 1994, although Nixon Peabody eventually tried the case. Cuddy's bills submitted with claimant's application (Claimant's Pre-Hearing Submission dated Dec. 10, 2007, Exhibit D) encompass the time period between October 1993 and January 1996. However, this claim was not tried until January 2003. Further, it is notable that the original claim, as prepared by Cuddy, contained three causes of action. The first cause of action, which sought the equitable relief of declaring defendant's taking of the HFT Rights void, was dismissed in its entirety (*Wechsler v State of New York*, Ct Cl, June 6, 1995, Hanifin, J., Claim No. 88857, Motion No. M-50589). Claimant's third cause of action was dismissed except to the extent that it stated a cause of action for EDPL 702 (B) damages.

If Cuddy's legal fees were the only legal fees incurred in this proceeding, the Court might have found them to be reasonable, and in fact necessary to achieve adequate and just compensation. However, in light of the relatively short period of time Cuddy represented claimant, vis-a-vis the time it took the claim to proceed to trial, combined with the dismissal of a substantial portion of the claim, the Court finds the requested amount excessive. However, the Court need not reach any determination regarding an appropriate amount of compensation for Cuddy's work in light of the fact that, once again, no affidavit from any member of Cuddy was submitted. Consequently, claimant has failed to meet the burden of proof mandated by the statute, and this portion of claimant's application must be denied.

C. Legal Fees of Lagarenné

Claimant's application for EDPL reimbursement includes a request in the amount of $35,100 in legal fees for Attorney Lagarenné (*see* Appendix A). Once again, no affidavit from Attorney Lagarenné was submitted. In support of this portion of his request, claimant submitted three bills from Attorney Lagarenné totaling $48,250.00.[(26)] The heading of the first bill is "Index No. 2550/95," which corresponds to the Reasserted Claim, and the heading of the second bill is "Index No. 3329/97," which corresponds to the Tax Map Action. As previously discussed, reimbursement of the fees and expenses pertaining to both the Reasserted Claim and the Tax Map Action is not warranted pursuant to either EDPL 701 or 702 (B) (*see supra* at 10-13).

The heading of the third bill is "Claim No. 88857" (this claim), and the amount of the bill is $25,450. Numerous entries in the 18-page bill are for various discussions and correspondence with attorneys at Cuddy in relation to claimant's dissatisfaction with Cuddy's representation of him, as well as repeated requests by Lagarenné for documentation from Cuddy. Many entries clearly relate to legal work on the malpractice litigation filed by claimant against Cuddy (*see* Defendant's Initial Hearing Exhibit E). Obviously, these types of issues are neither reasonable nor necessary to achieve just and adequate compensation in an eminent domain proceeding, and clearly do not qualify for reimbursement under EDPL 701. In theory, these items might account for some of the $13,150 difference[(27)] between the total amount of Lagarenné's three bills and the amount requested by claimant. However, the Court's review of the documentation shows that numerous instances of these same entries concerning the malpractice litigation against Cuddy were included in Claimant's Pre-Hearing Submission, Exhibit B as charges in Lagarenné's bills which Nixon Peabody nevertheless found to be relevant and appropriate for reimbursement.

Accordingly, while some of Lagarenné's work might have been considered appropriate by the Court for reimbursement, the Court finds that claimant has not met his burden of proof on this issue. It is not the Court's responsibility to weed through these invoices, item by item, accepting some and rejecting others, particularly in light of the absence of the requisite affidavit from Lagarenné. This portion of claimant's application is denied in its entirety.

D. Legal Fees of Jacobowitz

Claimant's application for EDPL reimbursement includes a request in the total amount of $18,421.87 in legal fees allegedly owed to Jacobowitz (*see* Appendix A). No affidavit from any provider of those services was submitted. Claimant did submit 35 bills totaling $22,043.52.[(28)] Each of these bills contains the heading "Sullivan County Property Tax Dept./ vs." A review of the itemized bills confirms that all of these bills pertain to the Burckard Matter, discussed *supra* at 13-15.

Claimant's Pre-Hearing Statement indicates that reimbursement for attorneys' fees related to this matter is sought only pursuant EDPL 702 (B). The Pre-Hearing Statement states:

[the Burckard Matter] was commenced because of the State's filing of the erroneous takings map . . . [C]learly had the State not abandoned its procedures against the Fee Parcel, the takings map would have included the Fee Parcel and the erroneous map would not have been filed.[(29)]

As set forth previously, claimant is not entitled to recover under EDPL 702 (B) for fees and expenses related to the Burckard Matter (*see supra* at 13-15). Moreover, due to the failure to submit an affidavit from a provider of services at Jacobowitz, no recovery may be had under EDPL 701 either. This portion of claimant's application is denied in its entirety.

E. Legal Fees of Nixon Peabody

Claimant has a monumental problem (in the amount of $725,386.20) meeting the condition (under both EDPL 701 and 702 [B]) that the Nixon Peabody fees were actually incurred. In Claimant's Pre-Hearing Statement, David L. Cook, Esq., claimant's counsel, stated unequivocally that claimant did not enter into a contingency fee agreement with Nixon Peabody (Claimant's Pre-Hearing Statement dated Dec. 10, 2007, at 6), although counsel acknowledged that such contingency fee arrangements are common in eminent domain proceedings. Counsel stated "[claimant] was responsible for the straight billable hours that were charged to him by [Nixon Peabody]" (*id.* at 6), and further asserted that claimant owes legal fees to Nixon Peabody, based on hourly billing, in the amount of $976,863.19. At the Initial Hearing, defendant's counsel advised that, despite his demand, he had not received any copy of a retainer agreement between Nixon Peabody and claimant (HT 128-129). In response, Attorney Cook responded: "I'll represent to the Court that it's a very simple engagement letter with an hourly rate. There's no contingency issue involved with our firm" (HT 130). The Court instructed claimant's counsel to provide copies of any retainer agreements to defendant within 30 days of the Initial Hearing.

By letter dated September 16, 2008 (notably, 77 days after the Initial Hearing), the Court and defendant's counsel were sent a copy of an engagement letter dated September 11, 2002 between Nixon Peabody and claimant. That letter modified a prior engagement letter between Nixon Peabody and claimant (dated December 4, 1997, which was also submitted to the Court under cover of the September 16, 2008 letter) which previous letter provided that claimant would pay specific hourly rates for legal representation in this claim. The September 11, 2002 letter, signed by a partner at Nixon Peabody on that date and by claimant on September 23, 2002, states in pertinent part that claimant agrees:

to pay Nixon Peabody 25% of all future sums paid by or on behalf of the State of New York for damages of any kind by reason of Claim No. 88857, whether by settlement or by trial as a legal fee for representing

[claimant] in all four of the above-described lawsuits, through trial. . . . If said 25% is insufficient to pay the current account of $251,476.99, you will be responsible for paying the difference and we will forgive all fees earned above the amount of $251,476.99. . . . This engagement letter will supersede the engagement letter of December 4, 1997.

The September 11, 2002 letter also specifies that in exchange for claimant's agreement to pay a capped percentage, as set forth therein, Nixon Peabody would represent him in three other matters referenced in that letter, at least two of which are unrelated to the substance of this claim.(30) Finally, the September 16, 2008 letter also contained an engagement letter between Nixon Peabody and claimant dated September 4, 2008, and signed by claimant September 5, 2008.(31) That letter provides in pertinent part:

[O]ur mutual understanding and agreement has always been, and remains, that you are responsible for all fees incurred for work by this firm related to [Claim No. 88857] irrespective of whether you receive any money award in [that Claim]. In the event you do received a money award from the Court, and to the extent the award exceeds the amount of your legal fees, then you have agreed that this firm may receive twenty-five percent (25%) of the damage award amount in excess of the cost of your legal fees as additional compensation for its efforts on your behalf.

In response, defendant's counsel requested that the Court reopen the Initial Hearing for purposes of receiving into evidence the three engagement letters between Nixon Peabody and claimant (Letter of Michael A. Sims, Assistant Attorney General [AAG], dated November 19, 2008). Defendant's request is granted, without objection, and the three engagement letters dated December 4, 1997, September 11, 2002 and September 4, 2008 are hereby admitted into evidence as Court Exhibit 1, Court Exhibit 2 and Court Exhibit 3, respectively.

Attorney Cook attempted to deny any intent to perpetrate a fraud upon the Court by stating:

[a]s an officer of the Court, I can assure Your Honor that no fraud was perpetrated or attempted on this Court. I provided copies of the engagement letters to this Court and to [defendant's counsel]. [Defendant's counsel] cannot seriously believe that I or this firm would make any statements that are less than honest and truthful . . . I have never understood [claimant] and this firm to have engaged in a contingency fee arrangement. My understanding has always been that [claimant] was liable for all attorneys fees incurred for this matter and would submit payment . . . In the event [claimant] was ever awarded an amount greater than his attorneys' fees, [claimant] had agreed to pay 25% of that greater amount to the firm as additional fees . . . Certainly [claimant] would not have signed the September 4, 2008 letter if he did not agree with its terms.(32)

At the Court's request, counsel for the parties appeared before the Court at a supplemental hearing (Supplemental Hearing) on March 9, 2010 to discuss the "discrepancy" between the 2002 and 2008 retainer letters, as well as the inaccurate representations made by claimant's counsel at the Initial Hearing.

During the Supplemental Hearing, both Attorney Cook and Attorney Witmer, a former (retired) partner at Nixon Peabody, stated that it had always been their understanding that claimant would pay Nixon Peabody on an hourly basis. However, they acknowledged that the September 11, 2002 retainer agreement directly contradicted their "understanding."

The Court finds that the September 11, 2002 engagement letter is unequivocal and unambiguous in its terms. It provides that in exchange for representation in this claim and in three other purportedly "related" litigations, claimant would pay Nixon Peabody 25% of any future recovery in this claim from the State of New York. If that 25% was less than $251,476.99, claimant would be liable to Nixon Peabody for the difference between the two sums. The letter further explicitly states that all fees computed on an hourly basis over and above $251,476.99 would be waived. The Court finds both Attorney Witmer's and Attorney Cook's testimony unpersuasive and incredible, and has given it no weight.

The September 4, 2008 "engagement letter," purporting to "clarify" the terms of the September 11, 2002 agreement, was prepared and executed not only after the Court granted claimant damages in the amount of $86,562.50 over the amount of the initial payment (despite claimant's allegations that those damages totaled $8 million), but also after both claimant and his counsel represented to this Court, on the record and in various written submissions, that there was no contingency fee arrangement between them.

This Court has had some degree of difficulty in making a determination whether Attorney Cook was engaged with his client in a conspiracy to defraud the State and the Court (which would require referral to the Attorney Disciplinary Committee), or whether counsel was simply guilty of monumental and egregious stupidity. In the end, after much consideration, and a careful observation of Attorney Cook during the Supplemental Hearing on March 9, 2010, the Court has concluded that if there had been an attempt to defraud the State and the Court, counsel would not have disclosed the September 11, 2002 contingency retainer agreement and it is likely that no one would have been the wiser. Accordingly, although Attorney Cook was never able to answer the Court's question satisfactorily - that question being why he thought it was even remotely acceptable to submit a revised retainer agreement to the Court, executed after this application was made and a hearing was held, which reflected an hourly fee agreement in direct contradiction to the 2002 contingency retainer agreement - the Court has determined that referral to the appropriate disciplinary committee is not necessary in this instance.

However, the Court does find that the September 4, 2008 hourly retainer agreement is void and unenforceable as against public policy. The document was clearly formulated in an attempt to substantiate claimant's obscenely excessive demand for compensation from defendant - and ultimately from the State's taxpayers - under EDPL 701 and 702 (B), in light of claimant's discovery of documentation which conclusively established that he was entitled to, at best, approximately one-quarter of the amount he was seeking. Such an agreement cannot be countenanced in light of the circumstances, and the Court therefore rejects the agreement and declares it void and unenforceable.

Accordingly addressing the September 11, 2002 agreement, a contingency agreement between a lawyer or law firm and a client is an agreement between the parties that the legal fee is contingent upon the outcome of the case, and that a percentage of the recovery shall accrue to the attorney, with some provision for the deduction of expenses (*see* Rules of Professional Conduct [22 NYCRR 1200.5] rule 1.5 [c]). The fee arrangement between claimant and Nixon Peabody pursuant to the terms of the September 11, 2002 letter provided that the minimum agreed legal fee would be $251,476.99 (claimant's legal fee due at the time of that agreement, based on an hourly rate pursuant to the December 4, 1997 letter of engagement) and the maximum fee would be 25% of the recovery from the State in this claim, to the extent that this amount was greater than $251,476.99. While this is an example of a common blended fee arrangement, it is

apparent that claimant and counsel anticipated the possibility of a large recovery (the claim sought a total of $14 million). It is also clear that claimant would not owe any hourly-based fees over and above the amount of $251,476.99 pursuant on that agreement.

Moreover, it is also abundantly clear that the $251,476.99 amount included legal fees not only for this claim, but for a 1997 lawsuit commenced in Supreme Court against the DEC (Sullivan County Index No. 3329/97). Counsel's utter failure to provide the required affidavits from all other providers of legal or other expert services, coupled with his failure to differentiate between EDPL 701 and 702 (B) damages, and his submission of supporting documentary evidence which lacked any probative value, further points to a finding that the amount requested is clearly unreasonable. Claimant has failed to establish the amount of fees attributable solely for work on this claim, and thus is unable to establish the amount of fees actually incurred, necessitating denial of this portion of the application.

Additionally, even if that $251,476.99 amount had been actually incurred solely in the prosecution of this claim, it is utterly unreasonable in light of the background of the various actions and proceedings initiated by claimant. As previously set forth *supra*, one of the rationales for vesting the trial court with the discretion to award an allowance for legal fees is to limit the incentive for frivolous litigation (*Hakes v State of New York*, 81 NY2d 392, 397, *supra*). Claimant's repeated - and consistently unsuccessful - proceedings challenging the State's right to take the HFT Rights are a clear example of the types of frivolous litigation[(33)] that, in the Court's view, should be firmly discouraged. Accordingly, the Court exercises its discretion to deny reimbursement for the claimed legal fees of Nixon Peabody.

F. Appraisal Fees

Claimant asserts fees owed to Albert & Sterling, Neversink Gorge Appraisal, Eugene Albert Appraisal and Albert Valuation Group in the total amount of $59,220. Once again, claimant has not submitted an affidavit from Mr. Albert (or any other appraiser) to substantiate this allegation. Claimant has instead submitted three bills, all from Albert Valuation Group (Claimant's Pre-Hearing Submission dated Dec. 10, 2007, Exhibit G), in support of this portion of his request for reimbursement.

The first bill is dated August 12, 1996, merely references a project number (Project

9607-617), and contains the entries:

Original Fee $35,0000

Fee Adjustment 15,000

Total Fee $50,000.

The Court rejects this bill in its entirety, because in addition to the lack of an affidavit from Mr. Albert, there is no indication of what services were provided for this fee, much less whether

those services pertained to this proceeding.[(34)] The second bill, dated January 27, 2003 in the total amount of $24,220, is for pre-trial preparation and trial testimony in this matter. The third bill, dated June 13, 2003 in the amount of $1,000, is for post-trial assistance, again in this matter.

In considering whether the second and third bills were necessary to achieve just and adequate compensation, some background information is appropriate. Claimant's position at trial was based on the belief that the HFT Rights and the Fee Parcel should be viewed as one unit, based upon a unity of use theory. Defendant's position was that the HFT Rights were separate and distinct from the Fee Parcel, and argued at trial that the taking of the HFT Rights had no impact on the Fee Parcel (*Wechsler v State of New York,* Ct Cl, Nov. 29, 2004, Lebous, J., Claim No. 88857 [UID # 2004-019-027], *supra* at 8). The Court noted that the parties' positions were reflected in their appraisals. Claimant's expert valued the HFT Rights and the Fee Parcel as one parcel, while defendant's expert appraised each separately. In its Decision, the Court stated "claimant's expert merely assumed a unity of use rather than offer any analysis on the subject" (*id.* at 9). In the end, the Court found that the assumption of a unity of use was "speculative and not supported by the credible evidence" (*id.* at 16). The Court accordingly "reject[ed] claimant's appraisal in its entirety" (*id.*).

The Court acknowledges that the services of an appraiser are usually necessary to achieve just and adequate compensation at trial in an eminent domain proceeding. Further, the fees set forth in the second and third bills might not be said to be unreasonable in light of the complicated nature of this taking. However, "[w]here the proof offered has had no effect on the final award, then it cannot be found necessary to achieve just and adequate compensation" (*Carbone v State of New York*, Ct Cl, Nov. 17, 2006, Ruderman, J., Claim No. 107364, Motion No. M-72328 [2006-010-039]; *see also First Bank & Trust Co. of Corning v State of New York*, 184 AD2d 1034 [1992], *affd sub nom. Hakes v State of New York,* 81 NY2d 392, *supra; Wertheimer v State of New York*, 231 AD2d 897 [1996]). Where, as here, the appraiser based his entire appraisal on a theory which was ultimately completely rejected by the Court (along with the entire appraisal itself), the appraiser's work cannot be found necessary to achieve just and adequate compensation (*see Hakes v State of New York, supra*). For this reason, in addition to the lack of the required affidavit from any provider, the Court hereby exercises its discretion to deny the appraiser's fees in the amount of $25,220 (as set forth in the second and third bills, above), in addition to any other appraisal fees requested by claimant.

G. Service of Process Fees

Claimant requests $65 for service of process. No affidavit from the individual rendering the service was submitted. In support of this portion of the application, claimant has submitted an invoice from Servinator Legal Support Services in the amount of $65.00 (Claimant's Pre-Hearing Submission dated Dec. 10, 2007, Exhibit G). That invoice is captioned "Case Number: Sullivan 95-2550." Claimant's Pre-Hearing Statement dated Dec. 10, 2007, at 11 describes this item as pertaining to this claim, with the notation "88857" (the claim number in this matter). However, in light of the misstatements, errors and apparently deceptive attempts to characterize various expenses as being appropriate for reimbursement, the Court is inclined to believe that the invoice is for the service specifically described thereon, to wit, claimant's litigation against the DEC which was assigned Sullivan County Index No. 2550/95 and has been denominated herein as the Reasserted Claim (*see supra*, at 10-11). As that matter does not qualify for reimbursement under either EDPL 701 or 702 (B), this portion of claimant's request is denied.

H. Reporting Fees

Claimant also requests a total of $3,028.72 for stenographic fees. In support of this portion of his request, he has submitted four bills from Dianne E. Wilson Professional Reporting Service (Claimant's Pre-Hearing Submission dated Dec. 10, 2007, Exhibit G). Once again, no affidavit from the individual(s) rendering the services has been submitted. All of the bills were for reporting services for Examinations Before Trial (EBTs) conducted in 1998. None of the parties being deposed were mentioned in the Court's

trial Decision in this claim, and no explanation has been proffered regarding who these people are, why they were deposed, or how that deposition may have pertained to this proceeding.[35]

Two of the bills indicate that EBTs conducted were those of Andrew Jacob, Charles Antzak, Frederick J. Gerty, Jr., and Robert Bruce MacMillian. The captions on the bills indicate that the litigation for which those EBTs were being conducted was "Weschler [sic] vs NYS DEC." A portion of the deposition transcript of Mr. Antzak was included in claimant's submissions (Claimant's Affidavit sworn to June 30, 2008, Exhibit 21), and the caption on the first page confirms that the deposition was taken as part of discovery in the matter of *Wechsler v State of New York and DEC* (Sullivan County Index No. 2550/95), i.e. the Reasserted Claim. Given the lack of information to the contrary, the Court concludes that the EBTs of Jacob, Gerty and MacMillian were also taken during the course of that particular action.

The other two bills indicate that the (non-party) witnesses being deposed were Michael Blyskal, Robert Bathrick, James Economides and Marc Gerstman. Although the bills do not indicate that the litigation was the Reasserted Claim, a review of the documents submitted in this application reveals the following. A portion of both Blyskal's and Economides' EBTs were included in the submissions (Claimant's Affidavit sworn to June 30, 2008, Exhibits 20 and 17, respectively), and the caption confirms that these EBTs were also taken in the Reasserted Claim litigation. Gerstman's EBT was taken the same date (and was included on the same stenographer's bill) as that of Economides. Bathrick's EBT was taken the same date (and again was included on the same stenographer's bill) as that of Blyskal. Other documents indicate that Blyskal was employed in the Bureau of Real Property of the DEC (*see* Claimant's Affidavit sworn to June 30, 2008, Exhibit 28), Bathrick was the Director of the Division of Lands and Forests in the DEC (*See* Claimant's Affidavit sworn to June 30, 2008, Exhibits 10, 16, 18 and 32), Economides was a DEC attorney (*see* Claimant's Affidavit sworn to June 30, 2008, Exhibit 22), and Gerstman was Deputy Commissioner and General Counsel to the DEC (*see* Claimant's Affidavit sworn to June 30, 2008, Exhibit 30).

Under these circumstances, the Court concludes that all of these EBTs were taken during the course of the Reasserted Claim litigation. As discussed *supra* at 10-11, this litigation does not qualify for reimbursement under either EDPL 701 or 702 (B). Accordingly, the Court denies the entire portion of claimant's request relating to expenses for stenographic services.

I. $20,000 for claimant

Finally, claimant includes a demand on his summary sheet of expenses for $20,000 for himself (*see* Appendix A). No receipts have been submitted for this suspiciously round number, nor is any mention made in Claimant's Affidavit of any expenditure in that amount. Further, no mention is made of any such expense(s) in Claimant's Memorandum of Law submitted with this application, or in Claimant's Pre-Hearing Statement or Claimant's Pre-Hearing Submission. Most tellingly, claimant failed to substantiate any portion of this claimed expense in his testimony at the Initial Hearing. The Court can only conclude that this apparently fabricated expense is merely another instance of "claimant's obscenely excessive demand for compensation" (*supra* at 26).

In conclusion, EDPL 702 (B) damages are clearly not warranted in any of the Ancillary Proceedings. Nor are EDPL 701 damages appropriate in the Reasserted Claim and the Tax Map Action as both essentially sought to challenge defendant's authority to appropriate the HFT Rights, which authority had already been confirmed in the prior EDPL Matter. Further, to the extent that claimant also seeks EDPL 701 damages in the EDPL Matter or the Burckard Matter, he failed to meet his burden of proving that his expenses were reasonable and necessary, as well as actually incurred, based in part upon the lack of statutorily required

affidavits from the providers. Furthermore, claimant has utterly failed to prove that the substantial majority of the amount of fees and expenses requested by Nixon Peabody for its representation of claimant in this claim were actually incurred. With respect to fees that arguably may have been incurred, claimant failed to differentiate between the fees related to this claim and those related to other litigation. Claimant has also failed to provide the requisite affidavit to substantiate the other legal fees and expenses claimed, as mandated by EDPL 701.

Finally, the Court notes that, as previously set forth, part of the reason that such fees and expenses rest within the discretion of the Court in this State is to limit the incentive for frivolous litigation. In this instance, where the total damages initially sought in the claim were $14 million, and the amount eventually awarded by the Court was $316,562.50, or 2.26% of the amount sought, and where repeated litigation over the legitimacy of the taking was consistently

rejected by the Courts, this Court finds it entirely appropriate to deny the fee request in its entirety.

Appendices:

APPENDIX A

Legal Fees

Payment Made To: Amount

Cuddy & Feder & Worby, LLP $ 22,797.59

Jacobowitz & Gubits, LLP $ 18,421.87

Lawrence Lagarenne, Esq. $ 35,100.00

Mark Schulman, Esq. $117,309.72

Nixon Peabody, LLP $976,863.19

TOTAL $1,170,492.37

Appraisal Fees and Miscellaneous Litigation Expenses

Payment Made To: Amount

Albert & Sterling Neversink Gorge Appraisal $12,500.00

Philip E. Mullen DEC Service $ 150.00

Eugene Albert Appraisal $20,000.00

Eugene Albert Appraisal $ 1,000.00

Albert Valuation Group $ 1,500.00

Albert Valuation Group $24,220.00

Servimator Legal Support $ 65.00

Dianne E. Wilson - Deposition Transcript $ 669.97

Dianne E. Wilson - Deposition Transcript $ 980.00

Dianne E. Wilson - Deposition Transcript $ 659.75

Dianne E. Wilson - Deposition Transcript $ 719.00

June Erwal - Secretarial Services - Wechsler v. New York $ 105.00

Ben Wechsler $20,000.00

TOTAL $82,658.72

TOTAL EXPENSES $1,253,151.09

1. For a brief explanation of the history of claimant's ownership of the HFT Rights on the State's Parcel, *see Wechsler v State of New York* (Ct Cl, Nov. 29, 2004, Lebous, J., Claim No. 88857 [UID # 2004-019-027, n 2]).

2. This cause of action was dismissed pursuant to a motion by defendant (*Wechsler v State of New York*, Ct Cl, June 6, 1995, Hanifin, J., Claim No. 88857, Motion No. M-50589).

3. The Court stated: "[t]he issue presented here is whether claimant is entitled to [EDPL 702 (B)] damages, not the amount of such damages . . . if any" (*id.* at 23).

4. *Id.* at 27. The Acquisition Map filed by defendant was facially inconsistent with the conveyance of the fee interest of the State's Parcel, such that it could appear upon a review of those documents that 4.141 acres of the Fee Parcel might have been appropriated. Both parties agreed that the State did not appropriate any portion of claimant's fee interest in this land. Defendant has not yet filed an amended map pursuant to the Court's order. This issue remains to be resolved based upon further submissions, and thus will not be addressed in this Decision and Order.

5. *See* Claimant's Pre-Hearing Submission dated Dec. 10, 2007, Exhibit A, a copy of which is annexed hereto as Appendix A. That table sets forth each entity to whom claimant contends he owed money as a result of this proceeding, as well as the individual amounts allegedly owed. (As a pre-hearing statement, counsel for claimant has submitted a letter dated Dec. 10, 2007. In order to avoid confusion, that letter shall be referred to as Claimant's Pre-Hearing Statement dated Dec. 10, 2007 while the binder containing Exhibits A-G shall be referred to as Claimant's Pre-Hearing Submission dated Dec. 10, 2007.)

6. The term "condemnor's proof" has been construed to mean the condemnor's initial offer (*see Matter of Village of Johnson City [Waldo's Inc.]*, 277 AD2d 773, 774 [2000]).

7. Claimant's application presents numerous issues with regard to this requirement. As discussed in more detail (*infra*), the Court has carefully examined each of the costs and expenses sought therein to determine whether claimant has met his burden of proof to establish that, first, the expenditures were actually made, and second, that those expenditures were both reasonable and necessary to achieve adequate compensation.

8. Claimant's assertion that "[i]t is undisputed that [claimant] is entitled to EDPL 701 damages" (Claimant's Memorandum of Law, at 5) is patently inaccurate.

9. Claimant argues that defendant's condemnation proceeding spawned several allegedly necessary Ancillary Proceedings, for which he should also be reimbursed. The Court addresses the issue of whether any of these actions or proceedings are eligible for reimbursement under EDPL 701 and/or 702 (B) in Part I of this Decision, *infra*. at 7-15.

10. The Court notes that claimant's counsel inexcusably failed to point out that *Birnbaum* had been reversed, albeit on the broader principle that a taking had not occurred.

11. Claimant testified at the Initial Hearing that he was represented at different times throughout this claim and the Ancillary Proceedings (as discussed *infra*) by: the Law Office of Mark Lewis Schulman, Esq. (Schulman); Cuddy & Feder & Worby, LLP (Cuddy); Jacobitz & Gubitz, LLP (Jacobitz); the Law Office of Lawrence Lagarenné (Lagarenné); and Nixon Peabody, LLP (Nixon Peabody) (Hearing Transcript [HT] at 30-31).

12. Affidavit of Antonio M. Haynes, sworn to on December 11, 2008.

13. Affirmation of Peter J. Glennon, Esq., dated December 12, 2008.

14. The relevance of Defendant's Initial Hearing Exhibit E is discussed *infra* at 20.

15. For purposes of consistency and ease of understanding, the claimant in this claim, Benjamin I. Wechsler, is also denominated as "claimant" in this discussion of the Ancillary Proceedings.

16. A copy of this Decision was submitted at the Initial Hearing as Exhibit 1 to Claimant's Affidavit, sworn to June 30, 2008.

17. Claimant's Pre-Hearing Statement dated Dec. 10, 2007, at 8.

18. Claimant's Pre-Hearing Statement dated Dec. 10, 2007, at 9.

19. This proceeding is identified as "Tax Map Action (3329/95)" on claimant's chart of Ancillary Proceedings (Claimant's Initial Hearing Exhibit 1), but is referred to throughout the rest of claimant's submissions as Index No. 3329/97. The latter number appears to be correct.

20. A copy of the complaint in the Tax Map Action was submitted as Exhibit 4 to Claimant's Affidavit sworn to June 30, 2008.

21. Three of Supreme Court's Decisions in that matter, dated January 29, 2001, February 14, 2002 and November 25, 2002, were submitted as Exhibit 5 to Claimant's Affidavit sworn to June 30, 2008. A copy of a fourth Decision, dated May 28, 2002, had been submitted to the Court by letter dated June 7, 2002. The June 7, 2002 letter was referenced in the letter of Peter Glennon, Esq. dated June 14, 2010.

22. Claimant's Pre-Hearing Statement dated Dec. 10, 2007, at 10.

23. *See* Claimant's Pre-Hearing Statement dated Dec. 10, 2007, at 8.

24. Although much, if not most, of claimant's request for reimbursement is questionable, the Court does not allocate any blame for these egregious - and sloppy - requests to Attorney Schulman or any other alleged provider of services to claimant (other than Nixon Peabody). If claimant's current counsel had procured affidavits from the persons who rendered services as required under EDPL 701, the Court suspects that the reimbursement figure sought by claimant would have been substantially reduced.

25. Claimant's counsel's duplicitous attempt to disguise all of these unrelated matters on its chart itemizing the amounts owed each attorney (Claimant's Pre-Hearing Submission dated Dec. 10, 2007, Exhibit B) did not go unnoticed by this Court.

26. Surprisingly (*see* n 28, *infra*), the fees and expenses allocated to Attorney Lagarenné, as determined by Nixon Peabody to be related to this proceeding (Pre-Hearing Submission dated Dec. 10, 2007, Exhibit B) actually totaled $35,100, the same amount as the request for reimbursement. Unfortunately, there is no way for the Court to discern which items set forth in the itemized bills were determined by Nixon Peabody to be related to this claim, and what items therein comprised the other apparently unrelated $13,150 in fees and expenses.

27. Other entries in this bill obviously pertain to the Tax Map Action (*supra* at 12-13), despite the heading on the bill.

28. The fees and expenses allocated to Jacobowitz, which Nixon Peabody determined were related to this matter as set forth in claimant's spreadsheet of legal expenses (Claimant's Pre-Hearing Submission dated Dec. 10, 2007, Exhibit B), inexplicably but unsurprisingly totaled $22,007.67, which sum of course matches neither of the numbers referenced above.

29. Claimant's Pre-Hearing Statement dated Dec. 10, 2007, at 10.

30. Nixon Peabody agreed to represent claimant in: 1) *Lagarenné v Wechsler* (Sullivan County Index No. 1504/02), which appears to be litigation with one of the law firms which previously represented claimant in this matter; 2) in litigation against the State of New York (Sullivan County Index No. 1855/02), pertaining to claimant's right to use a portion of a road over a property owned by the State (apparently not the property which is the subject of this claim), and 3) in a lawsuit against the DEC (Sullivan County Index No. 3329/97).

31. Clearly, this engagement letter executed more than two months after the Initial Hearing is entitled to little, if any, weight, except that it illuminated the extent to which both claimant and claimant's counsel have been willing to go in their attempt to milk the State for excessive and unreasonable attorney's fees.

32. Attorney Cook's letter to the Court dated Jan. 13, 2009.

33. The Court would also classify this particular application as frivolous, in light of the inexcusable, sloppy and egregious "inaccuracies" and misrepresentations made herein by claimant and his counsel. The amount of time it has taken to weed through claimant's application has been a profound waste of both judicial resources and of the time and effort necessary for defendant to respond to the application.

34. Additionally, the appraisal fees set forth in claimant's summary sheet do not appear to have any correlation to this bill. The appraisal fees requested on that summary sheet are in the amounts of $12,500, $20,000, $1,000, $1,500, and $24,220 (*see* Appendix A). As with so many of the items in this application, no explanation has been forthcoming to explain the basis for some of the demanded amounts, or the discrepancies between the amount listed in the application and the invoices submitted, other than an assertion in Claimant' Pre-Hearing Statement dated Dec. 10, 2007, at 11, that the $12,500 amount pertained to the EDPL Matter, and the other listed amounts pertain to this proceeding. As noted previously, the EDPL Matter expenses do not qualify for reimbursement under EDPL 702 (B), and the failure to submit an affidavit from the provider of the services is fatal to any request pursuant to EDPL 701.

35. Claimant's Pre-Hearing Statement dated Dec. 10, 2007, at 11, does contain the notation "2550" beside the three (not four) bills for these services it references therein. The Court draws the inference that this notation indicates that these expenses were incurred in the Reasserted Claim litigation, further confirming the Court's conclusions that the services were not related to this claim.

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FILED
AUG 14 2006
UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES BANKRUPTCY COURT

Eastern District of California

Sacramento Division

In re Scott R. Smith, Debtor.	Case No. 01-25334-A
Entrepreneur Media, Inc., a corporation, Plaintiff, v. Scott R. Smith, Defendant.	Adv. No. 01-2219-E Hearing: September 13, 2006 11:00 a.m. Courtroom 28

ORDER TO SHOW CAUSE

TO PLAINTIFF ENTREPRENEUR MEDIA, INC., ITS ATTORNEYS OF RECORD AND OTHER PARTIES IN INTEREST:

It appearing that plaintiff alleged claims in its complaint herein pursuant to 11 U.S.C. § 727 (a) seeking a denial of defendant's discharge, and it further appearing that the pre-trial statement submitted by plaintiff fails to state that any evidence will be offered in support of such claims, and it further appearing that defendant's discharge has been withheld for more than five years because of plaintiff's claims under § 727, thereby impairing defendant's fresh start,

///

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YOU ARE HEREBY ORDERED TO APPEAR AND SHOW CAUSE on September 13, 2006, at 11:00 a.m., in Courtroom 28, Seventh Floor, United States Courthouse, 501 "I" Street, Sacramento, California, and show cause why the claims stated in the complaint herein pursuant to § 727(a) should not be dismissed and why sanctions in the amount of $10,000,000.00 should not be ordered against plaintiff and its attorneys pursuant to 11 U.S.C. § 105(a) and Federal Rule of Bankruptcy Procedure 9011.

IT IS FURTHER ORDERED that opposition to the court's proposed action shall be in writing and filed no later than September 6, 2006.

Dated: August 14, 2006

Brett Dorian
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

CERTIFICATE OF MAILING

The undersigned deputy clerk in the office of the United States Bankruptcy Court for the Eastern District of California hereby certifies that a copy of the document to which this certificate is attached was mailed today to the following entities listed at the address shown on the attached list or shown below.

Scott Smith
1529 55TH ST
SACRAMENTO, CA 95819

Daniel Weiss
2277 Fair Oaks Blvd #495
Sacramento, CA 95825

Michael Burkart
5150 Fair Oaks Blvd
#101-185
Carmichael, CA 95608

David Cook
PO Box 270
San Francisco, CA
94104-0270

Office of the US Trustee
501 I St. Ste 7-500
SACRAMENTO, CA 95814

Entrepreneur Media, Inc.
333 Pine St #300
San Francisco, CA 94104

Mark Finkelstein
650 Town Center Dr #2000
Costa Mesa, CA 92626

DATED: 8-15-06

By: Vicky M Kinney
Deputy Clerk

EDC 3-070 (New 4/21/00)

EXHIBIT "J"

Scott R. Smith
Defendant (PRO SE)
5714 Folsom Blvd, Ste 140
Sacramento, CA 95819
Telephone: (916) 453-8611
Facsimile: (916) 453-1103
Email: scott@bizstarz.com

UNITED STATES DISTRICT COURT

EASTERN DISTRICT

Sacramento Division

ENTREPRENEUR MEDIA, INC., a California Corporation,

Plaintiff,

vs.

SCOTT SMITH dba ENTREPRENEURPR,

Defendant.

CASE NO. 2:10-mc-00055-JAM-EFB

DEFENDANT'S MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO PLAINTIFF'S MOTION FOR AN ORDER COMPELLING SCOTT SMITH TO SUBMIT ALL PAPERS TO THE USDC, E.D.CAL FOR APPROVAL PRIOR TO FILING AND SERVICE UNDER 28 U.S.C § 1927 AND UNDER THE EQUITABLE POWERS OF THIS COURT [PREFILING MOTION]

DATE: November 30, 2011
TIME: 10:00am
CTRM: 24
Magistrate Judge: Edmund F. Brennan

I. INTRODUCTION.

Defendant "pro se" Scott Smith ("Smith") in the above-identified case, hereby opposes Entrepreneur Media, Inc.'s ("EMI") Motion for An Order Compelling Scott Smith to Submit All

Papers to the USDC, E.D.Cal for Approval Prior to Filing and Service under 28 U.S.C § 1927 and Under the Equitable Powers of This Court [Prefiling Motion] ("Motion to Compel").

II. ARGUMENT

A. Smith Acted in Good Faith.

Cook spends the majority of EMI's Motion to Compel arguing over a mistake that Smith made in his Opposition to EMI's Motion for Assignment of Rights, when he mistakenly identified Cook as being the same David Cook that was sanctioned by a New York Court. Smith's error was an honest mistake, which Smith immediately and dutifully sought to correct. There was nothing "willful" or "intentional" about Smith's mistake – it was simply a mistake. Even without any "new" evidence, Cook's conduct has long shown a pattern of misconduct, a pattern which existed before Smith's mistake, and continues to exist to this day. There are many examples of Cook's bad-faith conduct throughout this over 10-year long battle, ranging from the $10 million Show Cause Order issued against Cook based on his meritless claims, to Cook's flagrant motto boasting his ability to ***"squeeze blood from a turnip"***. Smith may have had the wrong David Cook in his prior filing; however, Smith's mistake does not change the actions taken by Cook throughout his tenure as EMI's collections attorney.

Cook's reputation, including his tactics designed to "squeeze blood from a turnip", contributed to Smith's error in believing the David Cook sanctioned by another court was, in fact, the same David Cook as in the present case. Additionally, Smith's personal experience with Cook's collection efforts that consistently cross the line in terms of ethical conduct, made it seem likely that Cook was the attorney in question. Additionally, Cook does appear in courts outside

of California; thus, it was not obvious that he was not the same David Cook appearing in a NY court.

B. Smith Took Immediate Action to Correct His Mistake.

As a pro se party, Smith has very limited resources and cannot engage in a broad due-diligence examination without access to pricey legal databases or a staff of paralegals. Smith does his best, with very limited resources and with limited time, to verify that his briefs are accurate, but despite his best efforts, he got this one thing wrong. It is clear that Smith's error was made in good faith - Smith legitimately believed that the David Cook cited by another court was the same David Cook in the present case. In his newest Motion to Compel, Cook states that Smith "caught his error", inferring that Smith knowingly filed a document with the Court will full knowledge that he would have to cure his mistake (*See* EMI's Motion to Compel, p. 2 at 4). That inference is utterly ridiculous. The error has been costly to Smith, forcing him to file additional court documents, including a notice of errata and updated motion, as well as complete this reply to Cook's newest motion, which was undoubtedly retaliation for Smith's honest mistake.

In EMI's Motion to Compel, Cook states that, "no action has been taken by Smith to expunge it, much less file an apology with the court, or otherwise ameliorate the damage caused by an accusation of misconduct made in the public record." (*See* Motion to Compel, p. 2 at 6-8). The facts of what *actually* happened could not be farther from Cook's "version" of the events. Upon learning of his mistake, Smith *immediately*, within hours of his original filing, took steps to rectify his mistake. Within a twenty-four hour period Smith reached out to Cook directly to inform him of Smith's mistake, to apologize for the error, and to let Cook know that Smith

would be immediately filing documents with the Court to correct the mistake. After reaching out to Cook, Smith notified the Court of his error and sought guidance and options to rectify it. Specifically, at 11:57am on 10/13/11, about twelve hours after filing his Opposition to EMI's Motion, Smith sent an e-mail to Cook and his assistant, stating, "Also, my apologies to David. It appears that the David Cook attorney named in the New York State Court of Claims case referred to in my Opposition brief, is a different David Cook. Please let David know I will be correcting this mistake with the court."[1] After notifying Cook, Smith filed a Notice of Errata[2] and an updated motion with the erroneous language excluded. Smith filed this within 24 hours of the original filing; thus, the record was incorrect for less than one day.

Cook states that Smith owes on a "multi-million" dollar judgment, when in fact, the underlying amount owed is less than $1.4 million. While $1.4 million is a significant amount of money, it is very different than the "multi-million" dollar liability that Cook intentionally and repeatedly infers. While this is not a particularly material misstatement by Cook, when it is taken together with all of the other misstatements, over exaggerations, and slight-of-hand tactics used by EMI and Cook, a very different picture of reality is created. EMI and Cook have successfully exploited Smith's lack of resources and representation by fabricating facts and misleading the Court, knowing full-well that Smith lacks adequate resources to address every EMI misstatement. On the other hand, when Smith makes this one error, and even when he corrects it on his own within 24-hours of the mistake, EMI is poised to make Smith suffer even

[1] *See* Smith's e-mail to Cook on 10/13/11 at 11:57am (12 hours after Smith Opposition brief containing the error was filed) (Exhibit A).

[2] NOTICE OF ERRATA REGARDING DEFENDANT'S MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO PLAINTIFF'S MOTION FOR ASSIGNMENT OF RIGHTS, RESTRAINING ORDER, AND TURNOVER ORDER, filed 10/13/11 at 11:52 pm with the Court. Smith's Opposition to Motion for Assignment of Rights, the Motion containing the error, was filed with the Court at Midnight on 10/12/11. Within 24 hours of his mistake, Smith apologized to the Court, to Cook, filed a Notice of Errata and a corrected brief.

more. Cook knows that Smith made a mistake and rectified it immediately. Yet, Cook still feels it necessary to complain to the Court that Smith did not take steps to "expunge" the record. As a pro se party, Smith lacks knowledge on the specifics of legal practice and procedure. When Smith contacted the Court to inquire about correcting the record, the Court gave Smith three possible options: 1) send a letter to the Court explaining the mistake, 2) file an amended brief, or 3) file a notice of errata. Smith chose to file a notice of eratta *and* file an amended brief because he understood that to be the most effective way to correcting his error and updating the record. Smith was never informed of a procedure to "expunge" the record, and in any case, Smith believed that his notice of errata and updated brief were sufficient to correct the record. If there is other action Smith should take to expunge the record, Smith will immediately do whatever is necessary to correct the record formally if it is not already done. In the end; however, the fact remains that Cook chose to proceed with yet *another* court filing and Smith is in a position, *yet again*, to put aside work on his appeal and respond on his own to Cook's newest angle. Additionally, after reading Cook's Motion to Compel, Smith inquired with the Court as to whether there was a formal way to "expunge" the record, and Smith was informed that there is no such process in the District Court. Smith also reached out to Cook[3] to understand Cook's accusation that Smith could have and should have expunged a federal court document. (*See* Exhibit B: Smith's e-mail to Cook on 11/15/11. Cook's response was combative and he was unable to backup his claim that Smith could have, yet failed to, expunge the record. It is curious that Cook will file a Motion alleging his great pain as a result of his pristine name being tarnished in the public record, yet when presented with an opportunity to have the blemish

[3]

removed, Cook instead attacks Smith for trying to do the exact thing that Cook complained he did not do. This is another example of the bad-faith claims and motions filed by EMI that purport to be in the name of money or justice, but are really solely in the name of harming Smith.

EMI drives the process and Smith only has time to react. To the extent that EMI stops its motion and subpoena onslaught against Smith, Smith would be grateful to divert his attention and limited resources as a pro se defendant back to working on his Appeal and away from responding to EMI's endless motions and bad-faith collection efforts. As Smith has stated, and as EMI has confirmed, both parties are painfully aware of Smith's status as a bankrupted party with no assets, yet EMI pursues him as if they actually believed that there was any chance that Smith could pay the money EMI is seeking. The fact is that Smith cannot, under any set of circumstances, pay EMI on the judgment because he is bankrupt and EMI has made sure that Smith remains in a perilous state. This was never about money for EMI - it has always been about vengeance. That fact is crystal clear - yet EMI continues to pull the wool over the eyes of the Court and pretends to have a shred of a belief that Smith has highly valuable assets. It is beyond absurd that EMI has been able to engage in this abuse of the legal system for as long as it has.

C. Smith Files Meritorious Papers In Response To EMI's Actions

Smith's motion filing has been completely reactive to EMI's repeated attempts to strip him of his domains, terrorize him, and essentially moot his pending appeal. While Smith's appeal is pending before the Ninth Circuit, there should be no attacks on his domains or other property, pursuant to this Court's refusal to allow EMI to place Smith's domains in a receivership

and sell them at auctions. The Court was very clear that such action would constitute irreparable harm in the event that Smith is successful on appeal. Despite this ruling, EMI has tried every alternate approach to get at the same thing - hoping the Court will allow their attempts to circumvent the prior ruling, or that Smith will be unable to defend himself against so many attacks at once. EMI wants this Court to believe that Smith is proactively dreaming up ways to frustrate their collection efforts, but the reality is that Smith is merely defending himself against EMI's varied and frequent attacks. EMI's present motion is a perfect example of EMI's actions that cause Smith's reactions. EMI knows that Smith cannot possibly file motions in response to EMI's actions in advance of EMI taking a particular action. Smith files motions to respond to EMI's attacks. If EMI had its way, the Court would require Smith to "file all papers" before Smith knew what EMI's next move was. Just like EMI's motion for a turnover order, the current motion cannot be implemented without unjust and irreparable harm caused to Smith. EMI's request for a turnover order would, in practice, strip Smith of control over his domains, which would decimate Smith. Here, EMI wants the Court to require Smith to pre-file all papers, knowing full-well that they intend to file new motions and subpoenas, and they hope to prevent Smith from responding or filing a motion for stay. EMI's current request to compel Smith to pre-file all papers would, in effect, silence Smith.

D. Smith's Filings Have Never Been Frivolous or Meritless

Smith vehemently disagrees with the implication that Smith has ever filed any motions or other papers that qualify as "frivolous" or "meritless" in any way. While Smith may not have been successful on certain arguments made in the motions or papers he filed, **all** of Smith's assertions have been made in good faith and in an effort to defend himself against EMI's relentless attacks

and bullying. Smith does not seek out opportunities to file motions in this case; rather, he is constantly bombarded with new areas that EMI is attacking, and the only way to defend himself against EMI's abuse of the legal system is to do so through the filing of responses and motions to stay EMI's actions. Smith's predicament, as a pro-se bankrupted party that has been decimated by EMI, is acute and very real. The last thing Smith wants to do is further burden himself with unnecessary motions and the filing of court documents that take him countless hours to draft. Every paper ever filed by Smith has been meaningful in his effort to defend himself, and every page has been filed in good faith with Smith's best efforts and diligence. There has never been a frivolous or meritless paper filed by Smith, and EMI is well aware of this fact. The simple fact of the Court disagreeing with certain elements of Smith's prior filings does not equate to an evidentiary finding of frivolousness. Since Smith's conduct has never been baseless, frivolous, meritless, or otherwise improper, there is no reason that a pre-file order should be granted to EMI.

E. Smith Is Not A "Vexatious Litigant" and EMI Provides No Evidence In Support of Their Claim.

In light of Smith's expeditious and good faith conduct, and in light of the fact that all of Smith's filed papers have been in *response to* EMI's unrelenting motions and legal attacks, it is truly incredible that EMI is now trying to convince this Court that Smith is a "vexatious litigant". Cook's entire argument for granting of a pre-filing motion is that Smith is a vexatious litigant, but not one shred of evidence is provided in support of that assertion. For an attorney supposedly so deeply concerned about protecting the personal integrity within the public record,

Cook certainly seems remarkably comfortable throwing around such baseless claims against Smith, and has for over a decade. Not only is Smith not a serial motion filer, he has not initiating *any* of the papers EMI is complaining about. Instead, Smith has filed papers only in response to EMI's motions and attacks. Smith has a right to defend himself against EMI's attacks, and he is simply exercising his right to file opposition motions and motions for stay when necessary. It should also be noted that this is EMI's ***second*** attempt to have a pre-filing order issued, and they are burdening the Court again with a motion that has already been previously denied. Instead of allowing the Court to adjudicate the matters before it, EMI is once again trying to silence Smith with their Motion to Compel.

F. Pre-Filing Orders Are Not Commonly Used

Cook mentions *Molski vs. Evergreen Dynasty Corp.* 500 F.3d 1047 (9th Cir. 2007), the All Writs Act, 28 U.S.C. § 1651, and *De Long vs. Hennessey,* 912 F.2d 1144 (9th Cir. 1990), and states that the Ninth Circuit "clearly enunciated guidelines of pre-filing orders... authorizing the district to enter a prefiling order against a vexatious litigant." (*See* Motion to Compel, p. 10, 3-7). The ***actual*** citation that Cook was improperly "summarizing" is:

> The All Writs Act, 28 U.S.C. § 1651(a), provides district courts with the inherent power to enter pre-filing orders against vexatious litigants. *Weissman v. Quail Lodge Inc.*, 179 F.3d 1194, 1197 (9th Cir. 1999). **However, such pre-filing orders are an extreme remedy that should rarely be used.** *De Long*, 912 F.2d at 1147. **Courts should not enter pre-filing orders with undue haste because such sanctions can tread on a litigant's due process right of access to the courts.** *Molski*, 500 F.3d at1057 (citing *Cromer v. Kraft Foods N. Am., Inc.*, 390 F.3d 812, 817 (4th Cir. 2004); *Moy v. United States*, 906 F.2d 467, 470 (9th Cir. 1990) ***(emphasis added)***.

Cook attempts to make pre-filing orders look like something the Ninth Circuit wholly "authorizes"; however, the truth is that the Ninth Circuit warns that pre-filing orders should

rarely be used. Moreover, Cook designates Smith as a "vexatious litigant", but never bothers to actually go through the proper analysis. The California statute, Cal. Code Civ. Proc. § 391(b)[4], defines "vexatious litigant" as "a pro se litigant who has lost at least five pro se lawsuits in the preceding seven years, sued the same defendants for the same alleged wrongs after losing, repeatedly filed meritless papers or used frivolous tactical devices, or who has already been declared a vexatious litigant for similar reasons." *Wolfe v. George*, 486 F.3d 1120, 1124-1125 (9th Cir. Cal. 2007).

Smith does not meet ***any*** of the requirements to qualify as a "vexatious litigant" under the Statue because: (1) Smith has not lost 5 or more pro se lawsuits in the past 7 years; (2) Smith has not sued the same defendant for the same alleged wrongs – in fact, Smith is not suing EMI, Smith is defending himself against EMI's attacks; (3) Smith files papers only in response to EMI's endless motions seeking to harm Smith in new and creative ways, (4) Smith has never been deemed to be a "vexatious litigant" in any other jurisdiction. Although EMI cannot technically be a "vexatious litigant" because it is represented by Cook and other counsel, EMI's relentless efforts to collect from Smith, a bankrupted party with no assets, is in and of itself frivolous and meritless, and rises to the level of malicious prosecution. If anyone should be

[4] *See* Cal. Code Civ. Proc. § 391(b) ("'Vexatious litigant' means a person who does any of the following: (1) In the immediately preceding seven-year period has commenced, prosecuted, or maintained in propria persona at least five litigations other than in a small claims court that have been (i) finally determined adversely to the person or (ii) unjustifiably permitted to remain pending at least two years without having been brought to trial or hearing. (2) After a litigation has been finally determined against the person, repeatedly relitigates or attempts to relitigate, in propria persona, either (i) the validity of the determination against the same defendant or defendants as to whom the litigation was finally determined or (ii) the cause of action, claim, controversy, or any of the issues of fact or law, determined or concluded by the final determination against the same defendant or defendants as to whom the litigation was finally determined. (3) In any litigation while acting in propria persona, repeatedly files unmeritorious motions, pleadings, or other papers, conducts unnecessary discovery, or engages in other tactics that are frivolous or solely intended to cause unnecessary delay. (4) Has previously been declared to be a vexatious litigant by any state or federal court of record in any action or proceeding based upon the same or substantially similar facts, transaction, or occurrence.").

prohibited from continuing to bring further action, especially pending the outcome of the Ninth Circuit Appeal, it should be EMI.

G. The "Chain of Events" Do Not Support EMI's Pre-Filing Order.

EMI cites a laundry list of motions and actions in the Court that are intended to make Smith look like a serial motion filer. That could not be farther from the truth. EMI also makes wholly baseless claims and slips them in as "facts" throughout, for example, stating that Smith's Examination was postponed multiple times because Smith was, "continuing to evade service". (*See* Motion to Compel, p. 7 at 16). EMI provides no basis for their accusation and no proof that Smith was "evading" anything. It is a frivolous and meritless accusation. EMI further tries to make Smith look like a "vexatious litigant" because he *dared* to file a Motion for Stay to protect his domain names, a legally proper course of action when being attacked. Moreover, when EMI requested an extension, thereby removing the deadline that previously qualified Smith's Motion for Stay as an Emergency Motion, Smith withdrew his Emergency Motion pursuant to instruction from the Ninth Circuit. Smith then asked EMI to remove the turnover portion of their Motion, but they refused, forcing Smith to have to file an Urgent Motion for Stay instead, in an effort to comply with the strict time guidelines in the Ninth Circuits rules for motions for stay. EMI's attempt to make Smith look like a "vexatious litigant" is a pathetic strategy. EMI wants to silence Smith – and if they cannot do it with their previous attempts to strip Smith of his domains, they will try to do it through a pre-filing motion. The so-called "cumulative events" that EMI argues gives rise to their Motion to Compel are nothing more than a fiction created by EMI to further harass Smith. There is no reason that Smith should not be able to try and defend

himself against EMI and their team of highly paid attorneys. It is, in fact, curious that EMI is suddenly so worried about keeping Smith quiet. It certainly smacks of motivations that have nothing to do with money or collections, and everything to do with harassment. If any pre-filing order should be issued, it should be to order EMI to show that its collections efforts are reasonable and not being done for the improper purpose of harassing Smith. EMI should further have to show that the assets they are seeking are actually valuable enough to justify paying hundreds of thousands of dollars to $500/hour attorneys over the last decade of EMI's collections efforts. EMI should have to show at least an estimated value of the assets versus their cost to seek it. Should EMI have to provide such transparency, the Court will immediately see the malice in their actions and the economic absurdity that they continue to propagate.

IV. CONCLUSION

For too long, EMI has wasted valuable court time and resources with motions and tactics meant to harass Smith, including back to the Bankruptcy court, where the Bankruptcy Judge stated: "Where is this all going to -- I look at these kind of cases, I've got a bankrupt defendant on this side. If he had anything, the trustees would have grabbed it. And I've got prominent law firms here charging their normal billable hourly rate." (*See* Exhibit C: Judge Brent Dorian, U.S. Bankruptcy Court Status Conference Transcript, pg 35, lines 15-21, April 7, 2005). The Bankruptcy Judge eventually determined that EMI's conduct was so egregious that he issued a $10 million Order to Show Cause against EMI and its attorneys. (*See* Exhibit D).

This motion should be denied summarily because EMI has falsely claimed that Smith is a "vexatious litigant". EMI also fails to satisfy the requirements for the granting of pre-file

motions. Further, the scarceness of competent evidence in the moving papers establishes that EMI's request for relief is made in bad faith for purposes of harassing Smith.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct and that this motion was executed on November 16, 2011, at Sacramento, California.

Dated: November 16, 2011

Respectfully submitted,

s/Scott R. Smith
Scott R. Smith
Defendant (PRO SE)

EXHIBITS

Exhibit	Title	Page
Exhibit A	Smith's e-mail to Cook on 10/13/11	001-002
Exhibit B	Smith's e-mail to Cook on 11/15/11	003-005
Exhibit C	Bankruptcy Court Transcript	006-011
Exhibit D	Order to Show Cause	012-015

Subject: Re: Entrepreneur v. Smith
From: Scott Smith <scott@bizstarz.com>
Date: Thu, 13 Oct 2011 11:57:25 -0700
To: Karene Jen <kjen@cookcollectionattorneys.com>
CC: Cook@Squeezebloodfromturnip.com

Hi Karene,

Please let me know when David will be filing his application to continue the order of examination, and the motion for assignment of rights. David stated in his letter to me that it was being done contemporaneously with his letter, so I was under the impression it would have been filed by now.

Also, my apologies to David. It appears that the David Cook attorney named in the New York State Court of Claims case referred to in my Opposition brief, is a different David Cook. Please let David know I will be correcting this mistake with the court.

Thank you.

Scott
916-453-8611

Karene Jen
October 12, 2011 5:45 PM

Letter from David J. Cook.

--
Scott Smith, President
BizStarz
5714 Folsom Blvd, Suite 140
Sacramento, CA 95819 (USA)
Ph: 916.453.8611 • Fax: 916.453.1103

BizStarz provides cost-effective public relations services to innovative small business entrepreneurs. BizStarz' clients and services have been featured by a variety of leading media organizations including CNN, BusinessWeek and The Wall Street Journal.

Note: Due to Entrepreneur magazine's aggressive efforts to monopolize the word "entrepreneur," Scott Smith's former PR firm for entrepreneurs, "EntrepreneurPR," was forced to cease use of its name in 2000 and again in 2003 (despite a unanimous February 2002 ruling by the 9th U.S. Circuit Court of Appeals, that Entrepreneur magazine's trademark is "weak" and that it does not have extensive rights to the word "entrepreneur.").

—Attachments:

compose-unknown-contact.jpg 0 bytes

Subject: Re: EMI v. Smith
From: Scott Smith <scott@bizstarz.com>
Date: Tue, 15 Nov 2011 14:07:26 -0800
To: Cook@Squeezebloodfromturnip.com
CC: Karene Jen <kjen@cookcollectionattorneys.com>

David, in your latest motion you state that "**no action has been taken by SMITH to expunge it,**" when referring to my motion that inadvertently included information about what now appears to be a different attorney named David Cook (Memo of Points & Authorities, pg 2, lines 6-7). However, though your motion suggests that it's possible to expunge a federal court document, you didn't say how someone could do so. I am personally unaware of how someone can expunge a federal court document, and you have never contacted me to let me know how I could have this motion removed from the court's docket.

So I am writing to you to see if you know of a way to expunge a federal court document. If you do, please let me know as soon as possible so I can do what is necessary to remove this document from the court's docket. If I do not immediately hear back from you, I will assume that you also do not know how I could expunge this document from the court's docket.

Thank you, and I again want to apologize for filing a motion that included information about what now appears to be a different attorney named David Cook

Scott Smith
916-453-8611

P.S. As you're aware, immediately upon discovering that this was possibly a different attorney named David Cook, I took substantial corrective action, including notifying and apologizing to you, contacting the court clerk, and filing both an amended motion and a notice of errata with the court - all in less than 24hrs of filing a motion that included information about what now appears to be a different attorney named David Cook.

Scott Smith October 13, 2011 11:57 AM

Hi Karene,

Please let me know when David will be filing his application to continue the order of examination, and the motion for assignment of rights. David stated in his letter to me that it was being done contemporaneously with his letter, so I was under the impression it would have been filed by now.

Also, my apologies to David. It appears that the David Cook attorney named in the New York State Court of Claims case referred to in my Opposition brief, is a different David Cook. Please let David know I will be correcting this mistake with the court.

Thank you.

Scott
916-453-8611

Karene Jen October 12, 2011 5:45 PM

Letter from David J. Cook.

--
Scott Smith, President
BizStarz
5714 Folsom Blvd, Suite 140
Sacramento, CA 95819 (USA)
Ph: 916.453.8611 • Fax: 916.453.1103

BizStarz provides cost-effective public relations services to innovative small business entrepreneurs. BizStarz' clients and services have been featured by a variety of leading media organizations including CNN, BusinessWeek and The Wall Street Journal.

Note: Due to Entrepreneur magazine's aggressive efforts to monopolize the word "entrepreneur," Scott Smith's former PR firm for entrepreneurs, "EntrepreneurPR," was forced to cease use of its name in 2000 and again in 2003 (despite a unanimous February 2002 ruling by the 9th U.S. Circuit Court of Appeals, that Entrepreneur magazine's trademark is "weak" and that it does not have extensive rights to the word "entrepreneur.").

Attachments:

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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO, CALIFORNIA

---oOo---

FILED
MAY 25 2005
UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

In re	)	
	)	
SCOTT SMITH,	)	
	)	No. 01-25334-A-7
Debtor.	)	
ENTREPRENEUR MEDIA, INC.,	)	
	)	
PLAINTIFF,	)	
	)	
vs.	)	No. 01-2219
	)	
SCOTT SMITH,	)	
	)	
DEFENDANT.	)	

---oOo---

REPORTER'S TRANSCRIPT OF PROCEEDINGS

BEFORE THE HONORABLE BRENT DORIAN, JUDGE THEREOF.

---oOo---

THURSDAY, APRIL 7, 2005

11:00 A.M.

Reported by: ESTHER F. SCHWARTZ
CSR NO. 1564

RECEIVED
May 25, 2005
CLERK, U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
0000182743
182743

117

APPEARANCES

FOR DEBTOR:

DANIEL S. WEISS, ESQ.
2277 Fair Oaks Boulevard
Sacramento, California 95825

FOR ENTREPRENEUR:

LATHAM & WATKINS
650 Town Center Drive, Suite 200
Costa Mesa, California 92626
BY: MARK FINKELSTEIN, ESQ.

COOK, PERKISS & LEW
333 Pine Street
San Francisco, California 94104
BY: DAVID J. COOK, ESQ.

---oOo---

SACRAMENTO, CALIFORNIA

THURSDAY, APRIL 7, 2005, 11:00 A.M.

---oOo---

THE COURT: In the hearing of Scott Smith, Entrepreneur Media, Inc., versus debtor. Continued status conference and motion for summary judgment.

MR. FINKELSTEIN: Morning, your Honor. Mark Finkelstein of Latham & Watkins for Entrepreneur Media.

MR. COOK: David Cook on behalf of plaintiff, Entrepreneur Media.

MR. WEISS: If it please the Court, Daniel S. Weiss on behalf of the debtor and defendant, Scott Smith.

THE COURT: I've reviewed all the cited cases, the Ninth Circuit cases on issue. I will take the most recent case that was cited, the Sicroff versus Jett case. Really adds anything to the existing Ninth Circuit law, and the state of the Ninth Circuit law is a little confusing in that the four-prong test with regard to malicious is a little hard to understand and that it really seems -- much of the test really seems directed towards the willfulness element than the malice element, but we do have a four-point test. We can't argue with what the Ninth Circuit has set down for us. And reviewing those, that test, the fourth prong of malice is whether there was just cause or excuse.

evidence from the District Court trial.

MR. FINKELSTEIN: If we have witnesses that are unavailable, could we use the deposition testimony or trial testimony from the District Court action?

THE COURT: I don't believe so. Usually I am dealing with state court. Very rare I get a District Court action that's the basis for the issue preclusion, but I will leave that up to your review of the federal rules.

MR. FINKELSTEIN: Why don't we just -- Mr. Cook I think rightly stated, rather than make a decision here based on things that haven't been vetted or briefed, let's just reserve this to a pretrial conference or status conference and deal with these issues.

THE COURT: Or you can settle this. Where is this all going to -- I look at these kind of cases, I've got a bankrupt defendant on this side. If he had anything, the trustees would have grabbed it. And I've got prominent law firms here charging their normal billable hourly rate, and I -- have parties ever discussed settlement?

MR. WEISS: One time.

THE COURT: This is the real world that is out there somewhere.

MR. FINKELSTEIN: We've been trying to settle

with Mr. Smith for years, your Honor, for years. I can say that.

THE COURT: Well, anything further, gentlemen?

MR. COOK: No, your Honor.

MR. FINKELSTEIN: Thank you very much, your Honor.

MR. COOK: Thank you for your time.

MR. WEISS: Thank you.

(Whereupon, the Court recessed.)

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FILED
AUG 14 2006
UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES BANKRUPTCY COURT

Eastern District of California

Sacramento Division

In re Scott R. Smith, Debtor.	Case No. 01-25334-A
Entrepreneur Media, Inc., a corporation, Plaintiff, v. Scott R. Smith, Defendant.	Adv. No. 01-2219-E Hearing: September 13, 2006 1:30 p.m. Courtroom 28

ORDER TO SHOW CAUSE

TO PLAINTIFF ENTREPRENEUR MEDIA, INC., ITS ATTORNEYS OF RECORD AND OTHER PARTIES IN INTEREST:

It appearing that plaintiff alleged claims in its complaint herein pursuant to 11 U.S.C. § 727 (a) seeking a denial of defendant's discharge, and it further appearing that the pre-trial statement submitted by plaintiff fails to state that any evidence will be offered in support of such claims, and it further appearing that defendant's discharge has been withheld for more than five years because of plaintiff's claims under § 727, thereby impairing defendant's fresh start,

///

///

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YOU ARE HEREBY ORDERED TO APPEAR AND SHOW CAUSE on September 13, 2006, at 11:00 a.m., in Courtroom 28, Seventh Floor, United States Courthouse, 501 "I" Street, Sacramento, California, and show cause why the claims stated in the complaint herein pursuant to § 727(a) should not be dismissed and why sanctions in the amount of $10,000,000.00 should not be ordered against plaintiff and its attorneys pursuant to 11 U.S.C. § 105(a) and Federal Rule of Bankruptcy Procedure 9011.

IT IS FURTHER ORDERED that opposition to the court's proposed action shall be in writing and filed no later than September 6, 2006.

Dated: August 14, 2006

Brett Dorian
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

CERTIFICATE OF MAILING

The undersigned deputy clerk in the office of the United States Bankruptcy Court for the Eastern District of California hereby certifies that a copy of the document to which this certificate is attached was mailed today to the following entities listed at the address shown on the attached list or shown below.

Scott Smith
1629 55TH ST
SACRAMENTO, CA 95819

Daniel Weiss
2277 Fair Oaks Blvd #495
Sacramento, CA 95825

Michael Burkart
5150 Fair Oaks Blvd
#101-185
Carmichael, CA 95608

David Cook
PO Box 270
San Francisco, CA
94104-0270

Office of the US Trustee
501 I St. Ste 7-500
SACRAMENTO, CA 95814

Entrepreneur Media, Inc.
333 Pine St #300
San Francisco, CA 94104

Mark Finkelstein
650 Town Center Dr #2000
Costa Mesa, CA 92626

DATED: 8-15-06

By: Vicky McKinney
Deputy Clerk

EDC 3-070 (New 4/21/00)

EXHIBIT "K"

Trademark Trial and Appeal Board Electronic Filing System. http://estta.uspto.gov
ESTTA Tracking number: **ESTTA407705**
Filing date: **05/06/2011**

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

Petition for Cancellation

Notice is hereby given that the following party requests to cancel indicated registration.

Petitioner Information

Name	Scott Smith		
Entity	Individual	Citizenship	UNITED STATES
Address	5714 Folsom Boulevard Suite 140 Sacramento, CA 95819 UNITED STATES		

Attorney information	Kevin Keener Keener, McPhail, Salles, LLC 161 North Clark Street Suite 4700 Chicago, IL 60601 UNITED STATES kevin.keener@kmscounsel.com Phone:312-523-2096

Registration Subject to Cancellation

Registration No	2408039	Registration date	11/28/2000
Registrant	Entrepreneur Media, Inc. 2445 McCabe Way Irvine, CA 92614 UNITED STATES		

Goods/Services Subject to Cancellation

Class 035. First Use: 1993/12/08 First Use In Commerce: 1993/12/08 All goods and services in the class are cancelled, namely: Promoting And Arranging Shows And Exhibitions Pertaining To Fields Of Entrepreneurial Interest, Franchising, And The Initiation And Operation Of Small Business Enterprises
Class 041. First Use: 1993/12/08 First Use In Commerce: 1993/12/08 All goods and services in the class are cancelled, namely: Educational Services, Namely, Conducting Seminars And Work Shops On Subjects Relevant To Starting And Operating Small Businesses, Including Computer Technology, Telecommunications, Marketing, Financing Options, Franchising, Tax Planning And Insurance

Grounds for Cancellation

Torres v. Cantine Torresella S.r.l.Fraud	808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986)
Abandonment	Trademark Act section 14

Related Proceedings	92053724

Attachments	SBE Petition.pdf (6 pages)(126964 bytes) SBE Exhibits.pdf (19 pages)(971429 bytes)

Certificate of Service

The undersigned hereby certifies that a copy of this paper has been served upon all parties, at their address record by First Class Mail on this date.

Signature	/kevinkeener/
Name	Kevin Keener
Date	05/06/2011

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

Scott Smith	Mark:	Entrepreneur Magazine's Small Business Expo
Petitioner	Reg. No.	2408039
	Issued:	November 28, 2000
v.		
	Cancellation No.	_____
Entrepreneur Media, Inc.		
Respondent.		

PETITION FOR CANCELLATION

Petitioner Scott Smith ("Smith"), an individual with an address of 5714 Folsom Boulevard, Suite 140, Sacramento, California 95819 believes that he is and will continue to be damaged by U.S. Registration Number 2,408,039 (Exhibit A) for the mark ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO, registered November 28, 2000 and allegedly owned by Entrepreneur Media, Inc. ("EMI"), a California corporation, having a principal place of business at 2445 McCabe Way, Irvine California 92614 and hereby petitions to cancel such registration.

The grounds for petition are as follows:

FACTUAL HISTORY

Scott Smith's Interest in the Registered Mark

1. Smith owns the urls www.smallbusinessexpo.info and www.smallbusinessexpose.info.
2. EMI has a history of threatening legal action against alleged infringers of its trademarks even when there is no likelihood of confusion. (Exhibit B- May 29, 1998 Letter to Alan Mitchell.)

3. Although EMI has affirmatively abandoned the mark, EMI has continued to assert the registration against numerous individuals in TTAB proceedings. (Exhibit C- Summary of TTAB Results for Reg. No. 2408039.)
4. In asserting its abandoned and fraudulent registration against these individuals EMI has stated, "EMI's above registrations are valid, unrevoked, uncancelled, and in full force and effect. EMI owns these registrations and the trademarks shown thereby and all the business and goodwill connected with said marks in the United States." (See TTAB Opposition Proceeding Number 91198106, Notice of Opposition, ¶ 5.)
5. Because of EMI's hyper-aggressive protection of its trademarks, and because of the litigious history between the parties, Smith believes that any actions by Smith to utilize his sites would be met with retribution and court action by EMI.
6. In addition, because EMI has abandoned the mark, Smith has an interest to remove the "dead" mark from the register to promote fair and applicable use by him and the general public.
7. Smith believes he is or will be harmed by the continued registration of the ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO mark.
8. Smith has a real interest in the cancellation of the ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO mark and a reasonable basis for the belief of his damages.

EMI Abandoned the Mark

9. Upon information and belief, EMI had last used the mark ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO in or about August 2000 and had abandoned use of the mark prior to final registration.

10. On April 29, 2003, Rieva Lesonsky, Vice President of EMI, stated under oath that, "we used to have our own expo, entrepreneur expo, small business expo." (Exhibit D- Trial Tr. 45: 20-22, April 29, 2003.)

11. On July 21, 2006, Peter Shea, CEO of EMI admitted under oath that "We don't do trade seminars anymore." (Exhibit E- Shea Dep. 268:5, July 21, 2006.)

12. EMI has abandoned the mark by acquiescing to use of the mark by third parties, failing to police the mark, and even promoting use of the mark by third parties in its own magazine and on its own website. (Exhibit F- printouts from entrepreneur.com.)

13. EMI has not used the ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO mark for three consecutive years with an intent not to resume such use.

14. EMI materially modified the ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO mark and has discontinued use of the original form of the mark.

EMI's Fraudulent Actions

15. On November 6, 2006 EMI filed a Section 8 declaration of use for the mark ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO.

16. As part of that declaration, EMI submitted a specimen containing an alleged use of the mark in commerce.

17. Such specimen lacks any time or date of the expo that was to have allegedly taken place.

18. Upon information and belief, these details were intentionally removed or hidden and EMI manipulated the specimen submitted to the Trademark Office with an intent to deceive the Trademark Office.

19. Upon information and belief, EMI had not used the specimen in commerce or in connection with the goods and services as registered.

20. As such, EMI intentionally submitted a knowingly fraudulent specimen to the Trademark Office.

21. As part of that declaration, EMI falsely and knowingly represented that it was currently using the mark in commerce.

22. At the time of making such representation, EMI had already affirmatively abandoned the mark. EMI intentionally withheld this information.

23. As such, EMI's statements in the declaration, and specimen submitted with the declaration, were intentionally and knowingly false and made and submitted with the intent to deceive the Trademark Office.

COUNT ONE- ABANDONMENT

24. Petitioner hereby incorporates paragraphs 1-23 as fully set forth herein.

25. EMI allegedly first used the ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO mark in commerce in 1993. Since then, however, EMI affirmatively abandoned the mark.

26. For over three consecutive years, EMI did not use the mark in commerce and did not intend to resume legitimate use in the future.

27. Because EMI did not use the mark and did not intend to use it, EMI abandoned the ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO mark.

28. EMI has failed to police the ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO mark. Because of this a substantial number third parties have used the mark, causing the mark to lose its significance as a mark or become a generic name for the services with which it is used.

29. Through EMI's actions, EMI has affirmatively abandoned the use of ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO as a mark.

COUNT TWO- FRAUD

30. Petitioner hereby incorporates paragraphs 1-29 as fully set forth herein.

31. EMI submitted fraudulent evidence to the Trademark Office, and made false statements to the Trademark Office, at the time of filing a Section 8 declaration of use five years after registration with the intent to deceive the Trademark Office.

32. The fraudulent evidence intentionally submitted by EMI, and false statements made by EMI, were material misrepresentations in that continued registration would not have been granted but for the misrepresentations.

33. EMI submitted fraudulent evidence and made false statements with the intent to deceive the Trademark Office.

34. The Trademark Office reasonably relied on the fraudulent evidence and statements when permitting the continued registration of the mark.

WHEREFORE, Smith requests that the Petition for Cancellation be granted and that Registration No. 2,408,039 be cancelled.

Respectfully Submitted,

Dated: May 6, 2011

By: /Kevin J. Keener/

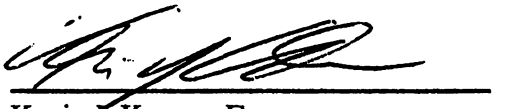
Kevin J. Keener, Esq.
Keener, McPhail, Salles, LLC
161 North Clark Street
Suite 4700
Chicago, IL 60601
Tel: (312) 523- 2096
Fax: (312) 523- 2001
Email: kevin.keener@kmscounsel.com

Attorney for Petitioner Scott Smith

CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing PETITION FOR CANCELLATION, including all exhibits, has been served on ENTREPRENEUR MEDIA, INC. by mailing said copy on May 6, 2011 via First Class Mail, postage prepaid to:

Entrepreneur Media Inc.
2445 McCabe Way
Irvine, CA 92614



Kevin J. Keener, Esq.
Keener, McPhail, Salles, LLC
161 North Clark Street
Suite 4700
Chicago, IL 60601
Tel: (312) 523- 2096
Fax: (312) 523- 2001
Email: kevin.keener@kmscounsel.com

Attorney for Petitioner Scott Smith

Trademark Trial and Appeal Board Electronic Filing System. http://estta.uspto.gov
ESTTA Tracking number: **ESTTA396770**
Filing date: **03/08/2011**

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

Petition for Cancellation

Notice is hereby given that the following party requests to cancel indicated registration.

Petitioner Information

Name	Scott Smith		
Entity	Individual	Citizenship	UNITED STATES
Address	5714 Folsom Blvd Suite 140 Sacramento, CA 95819 UNITED STATES		

Attorney information	Kevin Keener Keener, McPhail, Salles, LLC 161 North Clark Street Suite 4700 Chicago, IL 60601 UNITED STATES kevin.keener@kmscounsel.com Phone:312-523-2096

Registration Subject to Cancellation

Registration No	2391145	Registration date	10/03/2000
Registrant	Entrepreneur Media, Inc. 2445 McCabe Way Irvine, CA 92614 UNITED STATES		

Goods/Services Subject to Cancellation

Class 035. First Use: 1991/10/18 First Use In Commerce: 1991/10/18
All goods and services in the class are cancelled, namely: Arranging And Conducting Trade Show Exhibitions In The Field Of Entrepreneurial Activities, Namely The Start-Up And Operation Of Small Business Enterprises

Grounds for Cancellation

Torres v. Cantine Torresella S.r.l.Fraud	808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986)
Genericness	Trademark Act section 23
Abandonment	Trademark Act section 14

Attachments	Exhibit A.pdf (1 page)(26254 bytes) Exhibit B.pdf (3 pages)(98334 bytes) Filed Petition.pdf (11 pages)(75597 bytes)

Certificate of Service

The undersigned hereby certifies that a copy of this paper has been served upon all parties, at their address record by First Class Mail on this date.

Signature	/Kevin Keener/
Name	Kevin Keener
Date	03/08/2011

Int. Cl.: 35

Prior U.S. Cls.: 100, 101 and 102

Reg. No. 2,391,145

United States Patent and Trademark Office

Registered Oct. 3, 2000

SERVICE MARK
PRINCIPAL REGISTER

ENTREPRENEUR EXPO

ENTREPRENEUR MEDIA, INC. (CALIFORNIA CORPORATION)
2445 MCCABE WAY
IRVINE, CA 92614

FOR: ARRANGING AND CONDUCTING TRADE SHOW EXHIBITIONS IN THE FIELD OF ENTREPRENEURIAL ACTIVITIES, NAMELY THE START-UP AND OPERATION OF SMALL BUSINESS ENTERPRISES, IN CLASS 35 (U.S. CLS. 100, 101 AND 102).

FIRST USE 10-18-1991; IN COMMERCE 10-18-1991.

OWNER OF U.S. REG. NO. 1,808,668.

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

SEC. 2(F).

SER. NO. 75-673,295, FILED 4-2-1999.

LAURA KOVAISKY, EXAMINING ATTORNEY

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

Scott Smith	)	
	)	Mark: Entrepreneur Expo
Petitioner	)	Reg. No. 2391145
	)	Issued: October 3, 2000
v.	)	
	)	Cancellation No. _____
Entrepreneur Media, Inc.	)	
	)	
Respondent.	)	

PETITION FOR CANCELLATION

Petitioner Scott Smith, an individual with an address of 5714 Folsom Boulevard, Suite 140, Sacramento, California 95819 believes that he is and will be damaged by U.S. Registration Number 2,391,145 (Exhibit A) for the mark ENTREPRENEUR EXPO, registered October 3, 2000 and allegedly owned by Entrepreneur Media, Inc. ("EMI"), a California corporation, having a principal place of business at 2445 McCabe Way, Irvine California 92614 and hereby petitions to cancel such registration.

The grounds for petition are as follows:

FACTUAL HISTORY

Prior Litigation

1. The parties to this action have a long history of contention and litigation. EMI has relentlessly and unreasonably pursued Scott with litigation for the past thirteen years.
2. On May 8, 1988, EMI filed suit in the Central District of California for trademark infringement against Scott Smith and his business EntrepreneurPR. EMI claimed Scott's use of "EntrepreneurPR," "EntrepreneurPR.com," and "Entrepreneur Illustrated"

infringed U.S. Trademark Registration Numbers 1,453,968 and 1,892,783 (both for the mark "Entrepreneur").

3. On June 28, 2000, the Central District Court granted EMI's motion for summary judgment against Scott. The Court subsequently ordered Scott to pay EMI damages in the amount of $337,280.

4. Scott appealed the decision of the District Court to the Ninth Circuit U.S. Court of Appeals. In a published opinion, the Ninth Circuit reversed in part and remanded to the District Court for trial. Of note, the Ninth Circuit stated, "Although EMI has the exclusive right to use the trademark 'ENTREPRENEUR' to identify the products described in its registration, trademark law does not allow EMI to appropriate the word 'entrepreneur' for its exclusive use. The descriptive nature and common, necessary use of the word 'entrepreneur' require that courts exercise caution in extending the scope of protection to which the mark is entitled." *Entrepreneur Media Inc. v. Smith*, 279 F.3d 1135, 1153 (9th Cir. 2002).

5. After a bench trial, the District Court entered findings of fact and conclusions of law on June 23, 2003. The judge found that Scott had infringed EMI's trademark and ordered Scott to pay damages in the amount of $669,656.

6. Scott appealed once more to the Ninth Circuit U.S. Court of Appeals. On July 2, 2004, the Court of Appeals affirmed the decision of the District Court.

7. The total judgment assessed against Scott for damages and attorneys' fees was $1,389,818.46.

8. Because of the judgment against Scott, he sought Chapter 7 bankruptcy protection on May 2, 2001. On May 22, 2001 EMI filed an Adversary Complaint challenging the dischargeability of Scott's debts under Sections 727 and 523 of the Bankruptcy Code.

9. On August 14, 2006, the Honorable Brett Dorian of the Bankruptcy Court, acting *sua sponte*, issued a ten million dollar ($10,000,000.00) Order to Show Cause directed at EMI and its attorneys because it appeared that EMI had unnecessarily delayed Smith's discharge by over five years by failing to state what, if any, evidence it would offer in support of its Adversary Complaint.

10. On March 11, 2009 the Bankruptcy Court issued Findings of Fact and Conclusions of Law consistent with its judgment that EMI's claim under 11 U.S.C. § 523(a)(6) was non-dischargeable by Smith. The Judgment of the Bankruptcy Court was affirmed by the Bankruptcy Appellate Panel on December 17, 2009.

11. On January 19, 2010 Smith, acting pro-se, appealed the decision of the Bankruptcy Court to the Ninth Circuit Court of Appeals. That appeal is currently pending.

12. On May 14, 2010 EMI filed an action in the U.S. District Court for the Eastern District of California to seek collection of the judgment amount owed by Scott. That action is currently pending.

<u>EMI's anticompetitive and monopolistic actions in enforcing its trademark</u>

13. The Trademark Office recently issued a request for comments regarding the anticompetitive effect of certain trademark litigation tactics. Scott submitted information regarding EMI's tactics in the history of the litigation between the parties.

14. Besides Scott, EMI has undertaken anticompetitive actions against numerous other parties by seeking to unreasonably extend the scope of its registered marks and engaging

in trademark misuse. One such action is *Castro v. Entrepreneur Media, Inc.* in the Western District of Texas under case number 1:10-cv-00695JRN. The complaint for that action is part of the file history of the registration in question.

15. Scott recently raised the issue of EMI's anticompetitive actions in relation to the registered mark to the FTC. The FTC is currently reviewing the anticompetitive and monopolistic actions undertaken by EMI.

Scott Smith's Interest in the Registered Mark

16. Scott owns the urls www.entrepreneurexpo.net and www.entrepreneurexpo.biz. These sites currently are not live.

17. Because of the litigious history between the parties, Scott believes that any actions by Scott to utilize these sites would be met with retribution and court action by EMI.

18. In addition, because EMI has abandoned the mark and because the mark has become generic with respect to the services with which it is connected, Scott has an interest to remove the "dead" mark from the register to promote fair and applicable use by him and the general public.

19. Scott intends to use the mark ENTREPRENEUR EXPO in a generic fashion in connection with services provided by him to others.

20. Scott believes he is or will be harmed by the continued registration of the ENTREPRENEUR EXPO mark.

21. Scott has a real interest in the cancellation of the ENTREPRENEUR EXPO mark and a reasonable basis for the belief of his damages.

EMI's Fraudulent Actions

22. On April 2, 1999, EMI filed the original application for the registration in question.

23. EMI represented to the Trademark Office in the application that it was then using the mark in commerce.

24. Upon information and belief, at the time of filing the application EMI had abandoned use of the mark for a period of at least three consecutive years and did not have the intent to renew such use.

25. As such, the representation made by EMI was a false statement.

26. Upon information and belief, at the time of filing the application, EMI had expressly abandoned the mark, and had in fact promoted third party use of the mark in its own magazine.

27. EMI knowingly and fraudulently withheld this information from the Trademark Office with the intent to deceive the Trademark Office.

28. On February 7, 2006 EMI filed a section 8 declaration of use for the mark ENTREPRENEUR EXPO.

29. As part of that declaration, EMI submitted to the Trademark Office a specimen containing an alleged use of the mark in commerce.

30. Such specimen is a photograph of a woman standing in front of a sign declaring "Welcome to Entrepreneur Expo."

31. At the time and place where the photograph was taken, the event occurring was not being held under the mark ENTREPRENEUR EXPO. (See Exhibit B- Declaration of Rieva Lesonsky).

32. At the time and place where the photograph was taken there was no trade show being hosted by EMI and there was no tradeshow involving entrepreneurial activity or the start-up and operation of small business enterprises.

33. Upon information and belief, the specimen was staged by EMI.

34. The specimen and statements made by EMI to the Trademark Office were knowingly false.

35. On November 16, 2010 EMI filed a section 8 declaration of use for the mark ENTREPRENEUR EXPO. As part of that declaration, EMI represented that it was currently using the mark in commerce.

36. As part of that declaration, EMI submitted a specimen containing an alleged use of the mark in commerce.

37. Such specimen was a print out from a Facebook profile entitled "Entrepreneur Magazine's Growth 2011 Conference presented by The UPS Store."

38. In the upper left hand corner of the specimen is a logo containing the heading "Entrepreneur EXPO."

39. Upon information and belief, EMI has not used the mark in commerce beyond this one token use for the purpose of reserving its right in the mark.

40. As such, the statements made by EMI in the declaration were knowingly false.

EMI's Abandonment of the Registered Mark

41. EMI has not used the ENTREPRENEUR EXPO mark for three consecutive years with an intent not to resume such use. (See Exhibit B- Declaration of Rieva Lesonsky).

42. EMI has failed to police the mark. Numerous third parties are utilizing the mark without repercussions from EMI.

43. EMI materially modified the ENTREPRENEUR EXPO mark and has discontinued use of the original form of the mark.

44. EMI's token use of the ENTREPRENEUR EXPO mark has been solely for the purpose of reserving its rights in the mark.

45. EMI has persisted in seeking to maintain registration in the mark even after abandonment for the sole purpose of warehousing the mark ENTREPRENEUR EXPO.

EMI's Other Attempts at Registration

46. Upon information and belief, EMI has attempted to remedy its past fraud through filing for a new registration for the mark ENTREPRENEUR EXPO on two separate occasions.

47. On December 15, 2003 EMI filed an application under serial number 76/565130. The application was for Class 35. The description of goods and services was listed as "Arranging and conducting Trade Show Exhibitions in the field of entrepreneurial activities; namely, the start-up and operation of Small Business Enterprises."

48. The office issued an office action to the application stating that the proposed mark was merely descriptive and that the application was an identical registration of Registration No. 2391145. The application was subsequently abandoned.

49. On August 17, 2006 EMI filed an application under serial number 76/664695. The application was for class 41. The description of goods and services was listed as "Educational services, namely, conducting seminars and workshops on topics concerning starting, operating and growing small- and mid-sized businesses, including information and advice about sales, marketing, computer hardware and software applications, human resource issues, financing and accounting, and tax planning."

50. The office issued an office action to the application stating, among other things, that the proposed mark was merely descriptive. EMI later expressly abandoned this application.

COUNT ONE- FRAUD

51. Petitioner hereby incorporates paragraphs 1-50 as fully set forth herein.

52. EMI knowingly submitted fraudulent evidence to the Trademark Office, knowingly withheld material evidence from the Trademark Office, and knowingly made false statements to the Trademark Office, at the times of filing the application for the current registered mark, filing a section 8 declaration of use five years after registration, and filing a section 8 declaration of use ten years after registration.

53. The fraudulent evidence submitted by EMI, the information withheld by EMI, and the false statements made by EMI were material misrepresentations in that the registration would not have been granted, and continued registration would not have been granted, but for the misrepresentations.

54. EMI knowingly submitted fraudulent evidence, knowingly withheld information, and made false statements with the intent to deceive the Trademark Office.

55. The Trademark Office reasonably relied on the fraudulent evidence and statements when granting registration, and when permitting the continued registration, of the mark.

COUNT TWO- ABANDONMENT

56. Petitioner hereby incorporates paragraphs 1-55 as fully set forth herein.

57. EMI allegedly first used the ENTREPRENEUR EXPO mark in commerce in 1991. Since then, however, EMI abandoned the mark, ceasing anything more than mere token use.

58. For over three consecutive years, EMI did not use the mark in commerce beyond token use, and did not intend to resume legitimate use in the future

59. Because EMI did not use the mark and did not intend to use it, EMI abandoned the ENTREPRENEUR EXPO mark.

60. EMI affirmatively abandoned use of the ENTREPRENEUR EXPO mark.

61. EMI has materially altered the ENTREPRENEUR EXPO mark and has discontinued the use of the mark in its original form.

62. EMI has failed to police the ENTREPRENEUR EXPO mark. Because of this a substantial number third parties have used the mark, causing the mark to lose its significance as a mark or become a generic name for the services with which it is used.

63. Through EMI's actions, EMI has abandoned the use of ENTREPRENEUR EXPO as a mark.

COUNT THREE- GENERICNESS

64. Petitioner hereby incorporates paragraphs 1-63 as fully set forth herein.

65. The word "entrepreneur" is a common word meaning a person who organizes and manages a business. "Expo" is also a common word describing an exhibition or a show. Each word is clearly generic, merely describing what they are. Put together, the phrase "entrepreneur expo" is a common, generic term for and/or by business people and entrepreneurs.

66. The phrase "entrepreneur expo" is widely and frequently used by the relevant public to describe an event for business people and entrepreneurs. Even a quick internet search reveals its wide-spread use: The Women Entrepreneurs' Expo 2010, The Entrepreneur Expo by the Philly Startup Leaders, the 2009 Entrepreneur EXPO by Lockheed Martin and Chase, iventure's Entrepreneur Expo Online, and the NCET Entrepreneur Expo, among others. The phrase is clearly used in the industry as a generic term for such an event.

67. To the relevant public, "entrepreneur expo" is nothing more than a generic term. It does no more than describe the genus of which EMI's product is a species. It carries no distinctiveness beyond its generic description of "what is it?" and thus is generic.

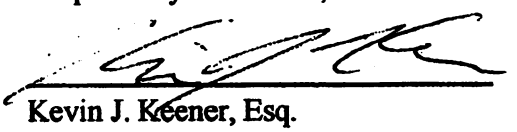
68. ENTREPRENEUR EXPO is a generic phrase, as such EMI does not have the ability to distinguish its services from the services of others.

69. ENTREPRENEUR EXPO has always been a generic phrase and should never have been granted registration.

WHEREFORE, Scott Smith requests that the Petition for Cancellation be granted and that Registration No. 2,391,145 be cancelled.

Respectfully Submitted,

Dated: March 8, 2011

By: 

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Attorney for Petitioner Scott Smith

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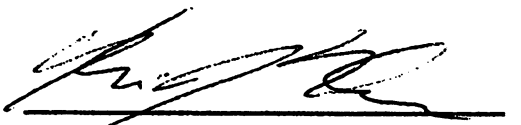

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Attorney for Petitioner Scott Smith

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

Scott Smith	)	
	)	Mark: Entrepreneur Expo
Petitioner	)	Reg. No. 2391145
	)	Issued: October 3, 2000
v.	)	
	)	Cancellation No. _____
Entrepreneur Media, Inc.	)	
	)	
Respondent.	)	

DECLARATION OF RIEVA LESONSKY

I, Rieva Lesonsky, hereby declare as follows:

1. I am an individual, and I reside in Orange County, California. Except as stated herein, the following declaration is based upon my personal knowledge. If called as a witness, I could and would competently testify to the facts set forth herein.
2. I have over 30 years of experience in the publishing industry and I am currently CEO of GrowBiz Media ("GrowBiz"), formerly known as SMB Connects, with an office located in Lakewood, California. GrowBiz helps corporations, government agencies, and other organizations identify, understand, and connect with entrepreneurs and small to medium-sized businesses. I started GrowBiz in or about April 2008. I am also a freelance writer, editor, and columnist, and have produced and hosted a radio program and podcasts targeted towards established and aspiring entrepreneurs. I also have several content agreements, including with AllBusiness.com, American City Business Journals, AOL Small Business, Microsoft and Toshiba.
3. I am the author of the best-selling book "Start Your Own Business," and have co-authored several other books about entrepreneurship. I served on the U.S. Small Business

Administration's ("SBA") National Advisory Council for six years. The SBA also honored me as a Small Business Media Advocate and a Woman in Business Advocate. For five consecutive years, I was named one of the Top 100 Most Influential Journalists by Business News Reporter and have been inducted into the TJFR Group/MasterCard International Business News Luminaries Hall of Fame. I am a nationally recognized speaker and expert on entrepreneurship, and have appeared on numerous national television programs, including CNN's Entrepreneurs Only, NBC's The Today Show, The Martha Stewart Show, ABC's Good Morning America and The Oprah Winfrey Show. In its April 2009 issue, FOLIO: Magazine included me in its annual FOLIO: 40 list, "the oldest, most comprehensive and most distinguished magazine industry compilation of its kind." I have a bachelor's degree in journalism from the University of Missouri, Columbia.

4. Prior to starting GrowBiz, I was the senior vice president and editorial director of Entrepreneur Media, Inc. ("EMI"). I began working for EMI's predecessor, Chase Revel, Inc. in 1978, and worked continuously for EMI from 1983 until I voluntarily resigned effective April 7, 2008. During my employment with EMI, I served in various editorial and management capacities. I was eventually responsible for all written product generated by EMI, including Entrepreneur magazine, EMI's flagship publication with a monthly circulation of more than 600,000.

5. I have reviewed the file history for Trademark Registration 2,391,145 for EMI's mark "Entrepreneur Expo." In particular, I have given specific attention to the declaration of use under section 8 dated February 7, 2006. Attached to the declaration of use is a specimen of the mark allegedly being used in commerce. The specimen is a color

photograph of me in front of a banner imprinted with the words "Welcome to Entrepreneur Expo®."

6. The photograph was taken in or about 2005 or 2006, while at one of EMI's breakfast events with State Farm. During the event I was asked by Mike Ludlum, EMI's Senior Vice President of Operations, to pose for a photograph while standing in front of the banner. At the time I assumed that the photograph was being taken for legitimate purposes because I was told by Ludlum that the photograph was needed for "a Scott Smith thing."
7. The event at which the photograph was taken was not an "Entrepreneur Expo" event, trade show, or exhibition.
8. During my employment with EMI, I was a featured attendee or speaker at many of EMI's trade shows, including many produced under the mark "Entrepreneur Expo." I was essentially the public face of EMI.
9. EMI had ceased producing trade shows under the mark "Entrepreneur Expo" in the mid-1990s, had changed the name of its expo trade shows to "Entrepreneur Magazine's Small Business Expo" in the mid-1990s, and ceased producing any expos by the early 2000s.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this _3rd___ day of March, 2011.

Rieva Lesonsky

Rieva Lesonsky

EXHIBIT "L"

THIS OPINION IS NOT A
PRECEDENT OF THE TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

BUTLER

Mailed: September 22, 2011

Cancellation No. 92053982

SCOTT SMITH

v.

ENTREPRENEUR MEDIA, INC.

Before Walters, Cataldo and Wellington, Administrative Trademark Judges.

By the Board:

On May 6, 2011, petitioner filed a petition to cancel respondent's registration for the mark ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO for "promoting and arranging shows and exhibitions pertaining to fields of entrepreneurial interest, franchising, and the initiation and operation of small business enterprises" and for "educational services, namely, conducting seminars and work shops on subjects relevant to starting and operating small businesses, including computer technology, telecommunications, marketing, financing options, franchising, tax planning and insurance."[1] A disclaimer of SMALL BUSINESS EXPO is of record.

Respondent's registration issued on November 28, 2000. Its renewal (Trademark Act § 9) and ten-year declaration of continued

[1] Registration No. 2408039. A claim of acquired distinctiveness as to the term ENTREPRENEUR is of record.

use (Trademark Act § 8) were due by November 28, 2010. The grace period for filing the required statements expired on May 28, 2010. On May 6, 2011, three week prior to the expiration of the grace period, petitioner filed his petition to cancel.

As grounds for cancellation,[2] petitioner alleges abandonment and that respondent committed fraud in connection with its November 6, 2006 Section 8 filing. With respect to the latter, petitioner specifically alleges that respondent submitted a specimen from which the date, time and place of the expo were intentionally removed; that respondent had not used the specimen in commerce or in connection with the goods and services as registered; that the postcard specimen displayed a return address for respondent that appeared to be respondent's address in 1999; that respondent, in 2000, filed a change of address to a different street address; that respondent submitted the specimen misrepresenting that its mark was in use in commerce; and that such misrepresentation was made with the intent to deceive the USPTO.

With respect to his standing, petitioner alleges that he owns the domain names www.smallbusinessexpo.info and www.smallbusinessexpose.info. Petitioner further alleges that, because of the litigious history between the parties, any steps he would take to use his domain names containing the phrase "small

[2] Petitioner's amended petition to cancel, filed on May 16, 2011, is noted and entered and is petitioner's operative pleading for this case. *See* Fed. R. Civ. P. 15(a); and TBMP § 507.02 (3d ed. 2011).

business expo" would be met with retribution and court action by respondent.

This case now comes up on the following motions and matters:

1) petitioner's fully briefed motion, filed June 5, 2011, for an order to show cause under Trademark Rule 2.134(b)

2) respondent's fully briefed motion, filed June 20, 2011, to dismiss the cancellation based on petitioner's lack of standing; and

3) respondent's motion to consolidate the instant cancellation with Cancellation No. 92053724.

Respondent's motion to dismiss

In support of its motion, based solely on petitioner's purported lack of standing, respondent states that petitioner has been permanently enjoined from using the term ENTREPRENEUR; that respondent has disclaimed the term SMALL BUSINESS EXPO as part of its mark at issue here, ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO; and that petitioner is free to use the phrase "small business expo." Respondent argues that, as a consequence of the disclaimer, petitioner cannot be harmed by respondent's registration (now cancelled). Respondent contends that petitioner's use of his domain names cannot be affected by respondent's registration because of the disclaimer and that, because petitioner is prohibited from using the term ENTREPRENUER, petitioner does not have a real interest in cancelling respondent registration.

In response, petitioner argues that, because he bases his standing on use of his domain names which include the term

"smallbusinessexpo," the permanent injunction concerning the term ENTREPRENEUR does not bar him from seeking to cancel respondent's registration; that he has stated a reasonable belief in damage based on the parties' history of litigation; and that, because the words SMALL BUSINESS EXPO are part of respondent's mark, petitioner may seek to cancel registration of the entire mark.

To allege standing within the meaning of Section 14 of the Trademark Act, 15 U.C.S. §1064, a petitioner must plead facts sufficient to show that it has a direct and personal stake in the outcome of the cancellation and a reasonable basis for its belief that it will be damaged. *See Ritchie v. Simpson*, 170 F.3d 1092, 1098, 50 USPQ2d 1023, 1025-26 (Fed. Cir. 1999). The focus must be on whether petitioner has shown a reasonable basis for its belief in damage, and there is no requirement that any actual "damage" be pled or proved to establish standing or even to prevail in a cancellation proceeding. In a case involving assertion of an equal right to use a term, the question is whether the presumptions flowing from the respondent's registration are damaging to petitioner's right to legal and continuous use of that term.

A disclaimer of a term is essentially an admission of the merely descriptive nature of that term, as applied to the goods or services in connection with which it is registered, and an acknowledgment of the lack of an exclusive right therein at the time of the disclaimer. *See Quaker State Oil Refining Corp. v. Quaker Oil Corp.*, 453 F.2d 1296, 172 USPQ 361, 363 (CCPA 1972). A

disclaimer shows that the defendant enjoys no exclusive rights to the disclaimed symbols apart from the composite mark. *See Dena Corp. v. Belvedere Intern., Inc.*, 950 F.2d 1555, 21 USPQ2d 1047, 1051 (Fed. Cir. 1991).

In this case, petitioner has not shown he has a real interest in cancelling respondent's registration for the entire mark ENTREPRENEUR MAGAZINE'S SMALL BUSINESS EXPO based on his general interest in future use of only the terms SMALL BUSINESS EXPO, which are disclaimed and which comprise only a portion of that mark. *Cf. Kellogg Co. v. Pack'Em Enterprises, Inc.*, 14 USPQ2d 1545, 1549 (TTAB 1990) (where it is alleged that only an undisclaimed portion of a mark registered for less than five years is descriptive, a valid ground for cancellation exists that the mark should not be registered without a disclaimer of that portion).[3] Respondent has made it clear that it recognizes that petitioner and other parties may use the term SMALL BUSINESS EXPO. Thus, petitioner has not adequately pled his standing.

In view thereof, respondent's motion to dismiss because petitioner lacks standing is granted.

Petitioner's motion for judgment because the registration cancelled after the proceeding commenced

Petitioner requested entry of judgment against respondent on all claims because the registration was cancelled after the petition

[3] Once a registration is more than five years old, as here, a plaintiff may not seek, as a remedy, entry of a disclaimer of an undisclaimed term, alleged to be generic, which composes only a portion of the mark. *See Montecash LLC v. Anzar Enterprises, Inc.*, 95 USPQ2d 1060, 1064 (TTAB 2010).

to cancel was filed. Petitioner's motion was filed on June 5, 2011, after the expiration of the grace period, on May 28, 2011. Petitioner argues that respondent deliberately failed to renew the registration in order to moot the proceeding and to avoid judgment.

In response, respondent argues that its renewal and ten-year declaration of continued use were due November 28, 2010; that it made a business decision before that time, and before petitioner filed the petition to cancel on May 6, 2011, not to renew the registration; and that, because such decision was made long before the petition to cancel was filed, respondent was not attempting to avoid any judgment when it elected not to renew its registration. Respondent contends that petitioner purposely chose to file a petition to cancel just weeks before the renewal grace period elapsed in an attempt to obtain a judgment. Respondent provides the declaration of its general counsel that respondent decided not to renew the registration for business reasons.

In reply, petitioner argues that respondent asserted the registration as late as February 24, 2010 in another opposition proceeding and that respondent has not supplied a time-line for its business decision to let the registration expire.

Trademark Act § 9(a) provides in relevant part as follows:

> … each registration may be renewed for periods of 10 years at the end of each successive 10-year period following the date of registration upon payment of the prescribed fee and the filing of a written application, in such form as may be prescribed by the Director. Such application may be made at any time within 1 year before the end of each successive 10-year period for which the registration was issued or renewed, or it may be made within a grace

period of 6 months after the end of each successive 10-year period, upon payment of a fee and surcharge prescribed therefore ….

Thus, respondent's registration expired on its tenth anniversary, which preceded the grace period, because respondent did not file a timely renewal.

Accordingly, the petition to cancel is dismissed as moot.[4]

Alternatively, if a respondent submits a showing that it permitted its registration to be cancelled under Trademark Act § 8 or failed to renew the registration under Trademark Act § 9, because its registered mark had been abandoned, and that the abandonment was not made for purposes of avoiding the proceeding, judgment ordinarily will be entered against it only and specifically on the ground of abandonment. *See* Trademark Rule 2.134(b); and TBMP §§ 535 and 602.02(b) (3d ed. 2011).

In this case, respondent's decision not to renew its registration was made long before the petition to cancel was filed. Although petitioner asserted a claim of abandonment, because the Board has determined that petitioner does not have standing, petitioner's motion for entry of judgment (which would only be directed to the abandonment claim) against respondent pursuant to Trademark Rule 2.134(b) is denied.

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[4] Petitioner's motivation in filing the petition to cancel just three weeks before the expiration of the grace period is perplexing. The Board can only conclude that petitioner, recognizing that respondent was unlikely to submit a ten-year Section 8 declaration and Section 9 renewal was attempting to obtain a judgment simply to have one, particularly in light of the extensive litigation between the parties, referenced by both parties. The registration was more than five years old. Thus, petitioner was not facing a statutory time bar; and the claims petitioner asserted are available at any time. Had

In view of the dismissal occasioned herein, respondent's motion for consolidation is moot.

The petition to cancel is dismissed with prejudice.

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petitioner waited the three weeks until grace period expired, he would have conserved economic and judicial resources.

EXHIBIT "M"

THIS OPINION IS NOT A PRECEDENT
OF THE TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

BUTLER

Mailed: September 22, 2011

Cancellation No. 92053724

SCOTT SMITH

v.

ENTREPRENEUR MEDIA, INC.

Before Walters, Cataldo and Wellington, Administrative Trademark Judges.

By the Board:

Petitioner seeks to cancel respondent's registration for the mark ENTREPRENEUR EXPO for "arranging and conducting trade show exhibitions in the field of entrepreneurial activities, namely the start-up and operation of small business enterprises."[1] As grounds for cancellation, petitioner alleges that respondent committed fraud at the time it filed its underlying application, at the time it filed its five-year declaration of continued use under Trademark Act § 8, and at the time it filed its ten-year declaration of continued use under Trademark Act § 8; that respondent has abandoned use of its mark based on three consecutive years of nonuse, with no intent to resume use; and that the mark is a generic term for the services.

[1] Registration No. 2391145, issued on October 10, 2003, claiming a date of first use anywhere and a date of first use in commerce of October 18, 1991. A disclaimer of the term EXPO is of record. Renewed.

With respect to the fraud claim, petitioner alleges that, at the time respondent filed its underlying application, respondent had abandoned use of the mark for a period of at least three consecutive years with intent not to resume such use; that the specimen submitted in connection with the February 7, 2006 Section 8 filing (a photo of a woman standing in front of a sign which displayed "Welcome to Entrepreneur Expo") was staged by respondent because, at the time the photo was taken, the event occurring was not held under the mark ENTREPRENEUR EXPO and respondent was not hosting a trade show; and that the specimen submitted in connection with the November 16, 2010 Section 8 filing (a printout from Facebook which displayed the mark in the upper left corner) was a token use for the purpose of preserving rights in the mark.

As to his standing, petitioner alleges that he owns the web addresses www.entrepreneurexpo.net and www.entrepreneurexpo.biz; that the sites are not live; and that, because of the litigious history between the parties, petitioner believes any actions he takes to utilize the sites will be met with retribution and court action by respondent.

Petitioner, in his complaint, also provides some background addressing the parties' thirteen years of litigation. Petitioner alleges that the parties were first involved in the United States District Court for the Central District of California; that an appeal of the district court's summary judgment determination (in respondent's favor) was taken resulting in a partial reversal and

remand, *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002); that, after a bench trial, the district court found that petitioner had infringed respondent's trademark and ordered damages; that a second appeal was taken and the Ninth Circuit affirmed the district court; that petitioner sought bankruptcy protection; that the bankruptcy court "issued Findings of Fact and Conclusions of Law consistent with this judgment that EMI's claim … was non-dischargeable by Smith"; that judgment of the bankruptcy court was affirmed by the Bankruptcy Appellate Panel on December 17, 2009; and that petitioner has appealed such decision, which is pending, to the Ninth Circuit.

This case now comes up on the following motions and matters:

1) respondent's fully briefed motion, filed May 17, 2011, for summary judgment;[2]

2) respondent's fully briefed motion, filed June 16, 2011, for entry of Fed. R. Civ. P. 11 sanctions against petitioner for filing the petition to cancel;

3) petitioner's fully briefed motion, filed June 20, 2011, for entry of Fed. R. Civ. P. 11 sanctions against respondent for filing its motion for Rule 11 sanctions; and

4) respondent's motion, filed June 20, 2011, to consolidate this cancellation with Cancellation No. 92053982.

Respondent's motion for summary judgment

In a motion for summary judgment, the moving party has the burden of establishing that there is no genuine dispute as to any

[2] Respondent filed its motion as one to dismiss. However, because it involves matters outside the pleadings and preclusion based on a permanent injunction, the Board, on May 23, 2011, informed the parties that the motion is being considered as one for summary judgment.

material fact and that it is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56(a). A genuine dispute with respect to a material fact exists if sufficient evidence is presented such that a reasonable fact finder could decide the question in favor of the non-moving party. *See Opryland USA Inc. v. Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992). Thus, all doubts as to whether any particular factual issues are genuinely in dispute must be resolved in the light most favorable to the non-moving party. *See Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542 (Fed. Cir. 1992).

1. The parties' arguments

In support of its motion, respondent argues that, because petitioner has been permanently enjoined from using ENTREPRENEUR or any other mark, trade name or domain name likely to cause confusion therewith, petitioner does not have a real interest in this proceeding and, thus, does not have standing. More specifically, respondent contends that petitioner's domain names do not provide standing because he is barred from using any domain name that is a colorable imitation of ENTREPRENEUR; that his interest in removing a purportedly abandoned mark so the term may be used by him and the public does not confer standing, again, because of the permanent injunction and because his interest is not that beyond the general public; and that the permanent injunction against use of ENTREPRENEUR bars his ability to use the term ENTREPRENEUR EXPO

because the injunction "specifically includes, but is not limited to, the 'public relations' activities" previously provided by petitioner under petitioner's marks at issue in the court case.[3]

In response, petitioner argues that the permanent injunction does not bar the present proceeding because it applies only to use on "paper goods and printed matter" and "advertising and business services," but petitioner intends to utilize his domain names "in a generic fashion unrelated to printed publications, public relations, or advertising or business services." Petitioner also argues that he is not enjoined from using ENTREPRENEUR EXPO because the court never heard any evidence on or considered such mark; and that respondent has not presented any evidence that ENTREPRENEUR EXPO is confusingly similar to ENTREPRENEUR. Petitioner argues that res

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[3] Respondent also points out that petitioner previously sought to cancel respondent's Registration No. 2391145. In that consolidated case, involving Opposition No. 91180276 and Cancellation No. 92049001, respondent brought a motion to dismiss based on the final determination in the civil litigation. The Board, in an order dated August 7, 2008, elected not to consider respondent's motion to dismiss because petitioner's pleadings contained "an extraordinarily large number of extraneous, irrelevant, inflammatory, unclear, repetitive, superfluous, hyperbolic, and otherwise inappropriate allegations." The Board allowed petitioner (who then represented himself) time to submit a combined, amended pleading, expressly stating "Because the pleadings in these cases are entirely inappropriate and improper, they will not be further considered. Smith is allowed [time] to replead his allegations … and failure to timely file an amended pleading will result in dismissal of these proceeding, with prejudice."

One day before the amended pleading was due, petitioner filed a withdrawal in the consolidated case. The consolidated proceedings were dismissed on September 17, 2008 without prejudice because no answer was of record. Trademark Rules 2.106(c) and 2.114(c).

To be clear for purposes of the instant proceeding, the dismissal without prejudice in the earlier case is the operative determination. Thus, the determination in the earlier, consolidated Board proceeding does not now estop petitioner from bringing the same claims, based on the same set of transactional fact. *Cf. Orouba Agrifoods Processing Co. v. United Food Import*, 97 USPQ2d 1310 (TTAB 2010) (petition to cancel dismissed with prejudice where earlier opposition against the then-pending application, based on the same claims and same set of transactional facts, was dismissed with prejudice).

judicata does not apply to this case because the set of facts used by the court to determine infringement are distinct from the set of facts that are involved in this cancellation. Petitioner argues that he pleaded sufficient facts to confer standing in view of the ownership of his domain names and his reasonable belief of damage in light of the litigation history between the parties.

Petitioner's response is supported by his declaration and accompanying exhibits, including a copy of the district court's findings of facts and conclusions of law in *Entrepreneur Media, Inc. v. Smith*, CV 98-3607 FMC (CTx) (C.D. Cal. June 23, 2003).

In reply, respondent argues that the services covered by the injunction are very broad and include "online services"; and that, because petitioner is enjoined from using ENTREPRENEUR, which forms part of ENTREPRENEUR EXPO, petitioner is enjoined from using ENTREPRENEUR EXPO.

2. The Court's Findings of Fact

The following are among the district court's findings of fact:

> Entrepreneur Media, Inc. has continuously used the mark ENTREPRENEUR since at least 1978 in connection with its magazine, *Entrepreneur*; and uses its mark on its website, which may be accessed at the domain name entrepreneur.com. (Page 1, paragraph Nos. 1 and 2).
>
> Entrepreneur Media, Inc. publishes other magazines within the Entrepreneur family including *Entrepreneur's Be Your Own Boss*, *Entrepreneur International*, and *Entrepreneur's Start-Ups*. (Page 1-2, paragraph No. 3.)
>
> Entrepreneur Media, Inc. has an incontestable federal trademark registration for the mark ENTREPRENEUR for computer programs and printed publications,

specifically including magazines and published reports pertaining to business opportunities; and a federal trademark registration for the mark ENTREPRENEUR for advertising and business services by means of a global computer network and other online services providers. (Page 2, paragraph Nos. 5 and 6.)

Entrepreneur Media, Inc. has federal trademark registrations for ENTREPRENEUR EXPO; ENTREPRENEUR INTERNATIONAL; ENTREPRENEURIAL WOMAN; ENTREPRENEURMAG.COM; ENTREPRENEUR'S HOME OFFICE; ENTREPRENEUR'S FRANCHISE & BUSINESS OPPORTUNITIES; and ENTREPRENEUR MAGAZINE ONLINE. (Page 2, paragraph No. 7.)

Mr. Smith changed the name of his company (originally Icon Publications) to EntrepreneurPR in October 1997; the name of his magazine was *Entrepreneur Illustrated*; and his domain name was entrepreneurpr.com. (Page 3, paragraph Nos. 10 and 17.)

Entrepreneur and Smith both use their marks in connection with identical goods and services, in that the marks are used in connection with magazines featuring articles about small businesses, as well as on the Internet. In addition, Entrepreneur offers public relations services on its web site through its partnership with PR Newswire, which services are substantially similar to Smith's public relations services. (Page 4, paragraph No. 24.)

3. The Court's conclusions of law

Among its conclusions of law, the district court determined that respondent's ENTREPRENEUR mark is strong in the industry. (Page 6, paragraph No. 6.) The court concluded that, because respondent has an incontestable registration for the mark ENTREPRENEUR, the mark has acquired secondary meaning, and is a strong distinctive mark, deserving of protection. (Page 8, paragraph No. 14 and 15.)

4. The Permanent Injunction

On July 9, 2003, the district court entered its Judgment and Permanent Injunction whereby Mr. Smith (petitioner herein) was enjoined from

> using ENTREPRENEUR, ENTREPRENEURPR, ENTREPRENEUR ILLUSTRATED, and/or ENTREPRENEURPR.COM, or any mark, trade name, or domain name that is a colorable imitation thereof or likely to cause confusion therewith, in commerce or in connection with the sale, offering for sale, distribution, and/or advertising of (1) paper goods and printed matter, and/or (2) advertising and business services, including online services. This permanent injunction specifically includes, but is not limited to, the "public relations" activities that Scott Smith dba EntrepreneurPR has previously provided under the referenced marks.

5. The issue of petitioner's standing.

A plaintiff has standing within the meaning of Section 14 of the Act, when it shows that it has a direct and personal stake in the outcome of the cancellation proceeding and a reasonable basis for its belief that it will be damaged. *See Ritchie v. Simpson*, 170 F.3d 1092, 1098, 50 USPQ2d 1023, 1025-26 (Fed. Cir. 1999). There is no requirement that any actual damage be proven to establish standing. The issue in determining standing is not necessarily whether petitioner is entitled to a registration or owns the mark, but rather whether the presumptions flowing from the registration at issue are damaging to petitioner's legal and continuous use of that term. *See* J. Thomas McCarthy, 3 McCarthy on Trademarks and Unfair Competition, § 20:46 (4th ed. 2011); *see also, Harjo v. Pro Football*, 30 USPQ2d 1828, 1832 (TTAB 1994) (party may establish standing by showing it has personal interest beyond that of general

public with no requirement that actual damage be pleaded and proved). Standing to assert that a term is generic or has been abandoned, for example, may be shown where plaintiff has a real interest in the proceeding because it is one who has a present or prospective right to use the term descriptively [or generically] in its business. *See Nobell.com LLC b. Qwest Communications International, Inc.*, 66 USPQ2d 1300, 1304 (TTAB 2003).

The Board must give deference to the determinations of the district court and consider the terms of permanent injunctions. *See DaimlerChrysler Corp. v. Maydak*, 86 USPQ2d 1945 (TTAB 2008).

The permanent injunction prohibits petitioner from using marks he previously used (*i.e.*, ENTREPRENEURPR, ENTREPRENEUR ILLUSTRATIONS and ENTREPRENEURPR.COM) as well as respondent's ENTREPRENEUR mark, or any other mark, trade name, or domain name that is a colorable imitation thereof or likely to cause confusion therewith. Petitioner bases his standing on his domain names that include the term ENTREPRENEUR as part of "entrepreneurexpo," which he indicates he intends to use in a generic manner. Petitioner has not indicated any other manner in which he intends to use the term except, broadly, "in a generic fashion." Nor has petitioner indicated the services he intends to provide in connection with his planned use of the term. However, even if petitioner had provided such information, petitioner was enjoined from using the term

ENTREPRENEUR as part of a domain name.[4] Moreover, and contrary to petitioner's position that the court did not consider the mark ENTREPRENEUR EXPO, it is clear that the court was aware of respondent's registration for the mark ENTREPRENEUR EXPO when it entered judgment in favor of respondent and issued a permanent injunction against petitioner. The Board notes, too, that respondent has disclaimed the term EXPO, thus acknowledging that it does not have the exclusive right to use the term apart from the composite mark.[5] *See Dena Corp. v. Belvedere International, Inc.*, 950 F2d. 1555, 21 USPQ2d 1047, 1051 (Fed. Cir. 1991).

There is no genuine issue of material fact that the injunction, barring petitioner from "using ENTREPRENEUR … or any mark, trade name, or domain name that is a colorable imitation thereof or likely to cause confusion therewith, …" encompasses his stated interest in using the term ENTREPRENEUR EXPO as part of his domain name at some point in the future. While petitioner argues that he has a reasonable belief in damage in the form of retribution or litigation from respondent if he uses his domain names, he is prevented from

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[4] If petitioner disputes the terms and meaning of the permanent injunction, his remedy is to return to the court that issued it and seek a clarification or modification.

[5] The issue of the acquired distinctiveness of respondent's ENTREPRENEUR mark was tried before the district court and found in favor of respondent. (Conclusions of Law, page 8, paragraph Nos. 13-15.) If an issue is actually and necessarily determined by a court of competent jurisdiction, that determination is conclusive in a subsequent suit involving the same issue and the same parties. *See Mayer/Berkshire Corp. v. Berkshire Fashions Inc.*, 424 F.3d 1229, 76 USPQ2d 1310 (Fed. Cir. 2005); *Jet Inc. v. Sewage Aeration Systems*, 223 F.3d 1360, 55 USPQ2d 1854 (Fed. Cir. 2000); and *Larami Corp. v. Talk To Me Programs Inc.*, 36 USPQ2d 1840, 1843-1844 (TTAB 1995). Thus, there is no basis for petitioner's allegation that the term ENTREPRENEUR is "clearly generic." (Paragraph No. 65 of the petition to cancel.)

doing so by the permanent injunction. As a result, his belief in damage is unfounded.

In view thereof, no genuine dispute of material fact exists, and petitioner, who is enjoined from using the term ENTREPRENEUR or any colorable imitation thereof or any confusingly similar term thereto, does not have a real interest in cancelling respondent's registration for the mark ENTREPRENEUR EXPO and, thus, petitioner's stated basis for standing is insufficient.[6] Accordingly, respondent's motion for summary judgment is granted, and the petition to cancel is dismissed with prejudice.[7]

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[6] Our conclusion is based on an application of the terms of the permanent injunction issued by the district court to the facts herein, not specifically on res judicata with respect to that proceeding, except where specifically addressed (*e.g.*, concerning the acquired distinctiveness of respondent's ENTREPRENEUR mark).

[7] In view of this dismissal, each party's motion for entry of sanctions against its adversary, and respondent's motion for consolidation, are deemed moot.

Inasmuch as petitioner is permanently enjoined from using ENTREPRENEUR or any colorable imitation thereof, the Board will look with great disfavor upon any further actions brought by petitioner against respondent based thereupon.

EXHIBIT "N"

55125

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

SCOTT R. SMITH, an individual, Petitioner, v. COOK COLLECTION ATTORNEYS, P.L.C., a California corporation, Respondent.	Cancellation No. 54970 **PETITION TO CANCEL REGISTRATION**

Last Listed Owner:	Cook Collection Attorneys, P.L.C.
Trademark:	**COOK**
Serial No.:	77244334
Registration No.:	3414311
Register:	Principal
International Class:	045
Filed:	August 1, 2007
Registered:	April 22, 2008

Petitioner "pro se" Scott R. Smith ("Smith"), is an individual with an address of 5714 Folsom Boulevard, Suite 140, Sacramento, California 95819. Smith believes that he is and will continue to be damaged by U.S. Registration No. 3,414,311 (Exhibit A) for the mark COOK (the "COOK" mark), in International Class 045 for "*Legal Services*." The COOK mark is owned by Cook Collection Attorneys, P.L.C. ("Cook Collection") a California corporation having a principal place of business at 165 Fell Street, San Francisco, California 94102.

As grounds for cancellation, Smith alleges that:

Smith's Interest in the Cook Mark

1. Smith owns the domain name "CookLegalServices.info." (Exhibit B)

2. Smith reasonably believes that any actions by him to utilize his CookLegalServices.info domain name will be met with retribution and court action by Cook Collection, because:

    a. Cook Collections is a law firm that specializes in litigation.
    b. There is extensive litigation history between Smith and Cook Collection.
    c. Smith wants to utilize CookLegalServices.info as a website or blog to publish information about Cook Collection.
    d. Smith believes that if he criticizes Cook Collection using a domain name he owns that contains the COOK mark, Cook Collection will retaliate and try to intimidate and silence Smith by taking court action claiming Smith is infringing the COOK mark.
    e. CookLegalServices.info contains the entire COOK mark.
    f. The COOK mark is registered in international class 045 for "legal services," and CookLegalServices.info contains the words "Cook" and "legal services."

3. The threat of retribution and court action by Cook Collection against Smith's CookLegalServices.info domain name: (a) harms and diminishes its value, (b) harms Smith's ability to develop CookLegalServices.info as a website or blog on his own or through partnerships or sponsorships, and (c) harms Smith's ability to transfer CookLegalServices.info to another party who may want to use CookLegalServices.info for "services rendered by lawyers," or for "investigation and surveillance services."

4. Smith intends to use the COOK mark in a generic fashion in connection with his business.

5. Smith believes he is or will be harmed by the continued registration of the COOK mark.

6. Smith has a real interest in the cancellation of the COOK mark and a reasonable basis for the belief of his damages.

7. International Class 045 is for "Legal services," and includes: security services for the protection of property and individuals; personal and social services rendered by others to meet the needs of individuals. In particular, IC 045 includes: (a) services rendered by lawyers to individuals, groups of individuals, organizations and enterprises; (b) investigation and surveillance services relating to the safety of persons and entities; and (c) services provided to individuals in relation with social events, such as social escort services, matrimonial agencies, funeral services.

Cook Mark is Primarily Merely a Surname

8. Lanham Act § 2(e)(4) provides that a mark which is "primarily merely a surname" is not entitled to registration on the Principal Register, absent a showing that the mark has acquired secondary meaning under Section 2(f), 15 U.S.C. § 1052(f).

9. The COOK mark has not acquired secondary meaning under Section 2(f), 15 U.S.C. § 1052(f).

10. The general public is confronted with numerous independent users of the Cook surname.

11. Cook Collection cannot show proof that the COOK mark has become distinctive of Cook Collection's goods or services through substantially exclusive and continuous use in commerce for at least five years.

12. Cook Collection cannot show proof that the COOK mark is perceived as a mark for Cook Collection's goods or services to establish distinctiveness.

13. The COOK mark was a surname long before Cook Collection filed its application, and Cook Collection should not have been granted registration.

14. The Cook surname is not rare or even somewhat rare.

15. The COOK mark is a surname that is shared by multiple individuals in multiple U.S. states and cities, all of whom may have an interest in using the Cook surname in business or for "legal services."

16. The interest in allowing someone to register their own surname as a trademark for their goods and services must give way to the more compelling interests of other individuals that have the same surname.

17. The COOK mark is a surname that is shared by multiple lawyers in multiple U.S. states and cities, all of whom may have an interest in using the Cook surname in business or for "legal services."

18. There are multiple listings for the Cook surname in state bar membership directory listings in multiple U.S. states.

19. A search of the State Bar of California's online membership directory for attorneys with the Cook surname generated 294 results. (Exhibit C)

20. A search of the State Bar of California's online membership directory for attorneys with the Cook surname shows that a State Bar of California attorney has used the Cook surname since at least October 1891. (Exhibit D)

21. There are multiple listings for the Cook surname in multiple attorney directories.

22. A search of Martindale's Attorney Directory for attorneys in the United States with the Cook surname produced 1,552 results. (Exhibit E)

23. Martindale-Hubbell is a LexisNexis company that began in 1868, and Martindale.com contains "profiles for over one million lawyers and firms in the United States, Canada and 160 other countries," according to Martindale.com. (Exhibit F)

24. Relevant consumers perceive the COOK mark as primarily merely a surname, not as a mark indicating the source of Cook Collection's goods or services.

25. There are multiple listings for the Cook surname in telephone directory listings for multiple U.S. cities and states.

26. A Switchboard.com search for the Cook surname "Found 98 Results for Cook in or near San Francisco, CA." (Exhibit G)

27. Switchboard.com is owned and operated by WhitePages Inc., "the leading provider of contact information for people and businesses in the U.S.," according to whitepagesinc.com. (Exhibit H)

28. An Ancestry.com search for the Cook surname produced 14,289,825 results. (Exhibit I)

29. Ancestry.com is the "world's largest online resource for family history," and has 7 billion historical records, according to Ancestry.com. (Exhibit J)

30. A Public Access to Court Electronic Records (PACER) Case Locator search for "All Court Types Party Search" for the Cook surname generated 128,041 records. (Exhibit K)

31. The interests of the multiple individuals that have the Cook surname cannot be discounted as de minimis.

32. There are numerous references to the Cook surname in news articles.

33. The COOK mark consists of standard characters, without claim to any particular font, style, size, or color. As such the COOK mark is not stylized or distinctive enough not to be perceived as primarily merely a surname.

34. Cook is the surname of David Cook, a principal of Cook Collection, the party claiming rights to the COOK mark. (Exhibit L)

35. The Cook surname is also featured in Cook Collection's promotional materials. (Exhibit M)

36. The COOK mark is for Cook alone and is not used with any additional terms that could change its significance as a surname such that registration would be permitted with no showing of secondary meaning.

37. The addition of generic or descriptive terms to the Cook surname would not be sufficient to justify registration with no showing of secondary meaning.

Cook Collection's Fraudulent Actions

38. In August 2007, Cook Collection filed its application for the COOK mark, claiming it first used the mark in commerce on September 30, 2003.

39. In August 2007, despite Cook Collection having knowledge and belief that the Cook surname is shared by multiple individuals and attorneys in multiple U.S. states and cities, all of whom may have an interest in using the Cook surname in business or for "legal services," Cook Collection filed a signed declaration by David Cook, president of Cook Collection, claiming it had exclusive rights to the COOK mark by declaring that:

> The undersigned, being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements, and the like, may jeopardize the validity of the application or any resulting registration, declares that he/she is properly authorized to execute this application on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered, or, if the application is being filed under 15 U.S.C. Section 1051(b), he/she believes applicant to be entitled to use such mark in commerce; to the best of his/her knowledge and belief

> no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or cause mistake, or to deceive; and all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true. (Exhibit N)

40. Smith believes and alleges that Cook Collection intentionally mislead the Trademark Office into believing that "no other person, firm, corporation, or association has the right" to use the COOK mark in commerce for "legal services."

41. Smith believes and alleges that Cook Collections had knowledge and belief that multiple attorneys and law firms in multiple states and cities began using the COOK mark in commerce prior to September 30, 2003 and were continuing to use the COOK mark in commerce in and beyond August 2007.

42. A Martindale.com search for U.S. "Law Firms and Companies" that use the COOK mark in their names generated 564 results. California, where Cook Collections is located, had by far the most with 81 results. No other state had even half as many law firms and companies using the COOK mark as California. The closest was Texas with 37 results. (Exhibit O)

43. A Google search for "Cook legal services" generated "about 22,400 results," and none of the top 50 appeared to be controlled by or in any way associated with Cook Collection. (Exhibit P)

44. A Google search for "Cook 'legal services' -'Cook County'" generated "about 28,600,000 results," and none of the top 50 appeared to be controlled by or in any way associated with Cook Collection. A minus sign was used in front of the phrase "Cook County" to help eliminate references to use of the COOK mark for "legal services" in Cook County, Illinois. (Exhibit Q)

45. Smith believes and alleges that Cook Collection knowingly and fraudulently provided the Trademark Office with false information about Cook Collection's alleged exclusive rights to the COOK mark with the intent to deceive the Trademark Office.

46. The fraudulent evidence submitted by Cook Collection, and the false statements made by Cook Collection, were material misrepresentations in that the registration would not have been granted but for the knowingly false misrepresentations.

47. The Trademark Office reasonably relied on the fraudulent evidence and statements when granting registration of the COOK mark.

Cook Collection's Abandonment of the Cook Mark

48. Smith believes and alleges that Cook Collection has abandoned and/or failed to adequately police the COOK mark.

49. Numerous third parties are freely using identical or near-identical versions of the COOK mark for "legal services" without repercussions from Cook

Collection, causing the mark to lose its claimed significance as a mark or become a generic term for the services with which it is allegedly used.

50. Cook Collection has materially modified the COOK mark from the original form of the mark.

WHEREFORE, Smith prays that this Petition for Cancellation be granted and that Registration No. 3,414,311 be cancelled.

Respectfully submitted,

Dated: December 23, 2011

By: /Scott R. Smith/

Scott R. Smith
Petitioner (PRO SE)
5714 Folsom Blvd, Suite 140
Sacramento, CA 95819
Tel: (916) 453- 8611
Fax: (916) 453- 1103
Email: scott@bizstarz.com

EXHIBIT "O"

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

MBA

Mailed: August 7, 2008

Opposition No. 91180276
Cancellation No. 92049001

Scott R. Smith

v.

Entrepreneur Media, Inc.

Before Hohein, Rogers and Cataldo, Administrative Trademark Judges

By the Board:

These proceedings are the latest chapter in a wide-ranging, decade-long trademark dispute between Scott R. Smith ("Smith") and Entrepreneur Media, Inc. ("EMI"). From 1998 through 2004, the parties vigorously litigated, in federal court, EMI's claim that Smith's use of various marks including the word ENTREPRENEUR constituted infringement of EMI's ENTPERENEUR marks. EMI prevailed in that litigation, and as a result Smith was ordered to pay damages and attorneys fees to EMI, and, more importantly for purposes of these proceedings, enjoined from using ENTREPRENEUR or confusingly similar marks.

More than three years after the U.S. Court of Appeals for the Ninth Circuit affirmed the district court's rulings

in EMI's favor in the parties' federal court litigation, Smith initiated two Board proceedings: (1) Opposition No. 91180276, in which Smith opposes EMI's application for registration of ENTREPRENEUR for audio and visual media products and radio and television production services;[1] and (2) Cancellation No. 92049001, in which Smith seeks to cancel EMI's registration of ENTREPRENEUR EXPO for trade show-related services.[2] Smith's pleadings in both proceedings are similar, and, as explained herein, deficient. Accordingly, for the reasons which follow, we require Smith to replead his allegations in both proceedings in the short and plain manner required by the Federal Rules of Civil Procedure and the Trademark Rules. EMI's motions to dismiss Smith's notice of opposition and petition for cancellation, filed December 4, 2007 and April 22, 2008,

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[1] Application Serial No. 78685136, filed August 3, 2005, based on an alleged date of first use in commerce of September 1989 for "Pre-recorded audio and visual media namely CDs, videotapes, audiotapes, and floppy discs featuring programs geared to business owners and interested members of the general public concerning starting, owning and operating businesses," and an alleged date of first use in commerce of November 1, 1997 for "Production of radio and television programs geared to business owners and interested members of the general public concerning starting, owning and operating businesses."

[2] Registration No. 2391145, issued October 3, 2000, based on a date of first use in commerce of October 18, 1991 for "Arranging And Conducting Trade Show Exhibitions In The Field Of Entrepreneurial Activities, Namely The Start-Up And Operation Of Small Business Enterprises."

respectively, are noted, but under the circumstances they will not be further considered.[3]

Consolidation

Before addressing the federal courts' rulings and Smith's pleadings, a review of the record in these proceeedings reveals that they involve identical parties, similar marks and closely related issues. When cases involving common questions of law or fact are pending before the Board, the Board may order consolidation of the cases. *See* Fed. R. Civ. P. 42(a); see also, Regatta Sport Ltd. v. Telux-Pioneer Inc., 20 USPQ2d 1154 (TTAB 1991). In view thereof, Opposition No. 91180276 and Cancellation No. 92049001 are hereby consolidated.

The consolidated cases may be tried and presented on the same record and briefs. See Hilson Research Inc. v. Soc'y for Human Res. Mgmt., 27 USPQ2d 1423 (TTAB 1993); Helene Curtis Indus. Inc. v. Suave Shoe Corp., 13 USPQ2d 1618 (TTAB 1989).

The Board file will be maintained in Opposition No. 91180276 as the "parent" case. From this point on, only a single copy of any paper or motion should be filed herein;

[3] EMI's motion to strike Smith's response to EMI's motion to dismiss in Cancellation No. 92049001, filed June 20, 2008, is also noted, but will also not be further considered.

but that copy should bear both proceeding numbers in its caption.

Despite being consolidated, each proceeding retains its separate character. The decision on the consolidated cases shall take into account any differences in the issues raised by the respective pleadings, and an image-based copy of the decision shall be placed in each electronic proceeding file.

The Parties' Federal Court Litigation

In May 1998, EMI filed a complaint against Smith in the U.S. District Court for the Central District of California alleging trademark infringement, unfair competition and counterfeiting.[4] After the court granted EMI's motion for summary judgment in part, Smith appealed to the U.S. Court of Appeals for the Ninth Circuit, which affirmed the grant of summary judgment in part, reversed it in part, and remanded the case to the district court. In doing so, the Ninth Circuit found that EMI's mark ENTREPRENEUR (which is the subject of Registration No. 1453968), "as applied to EMI's magazine and to computer programs and manuals falls within the descriptive category," but that the mark had acquired secondary meaning. Entrepreneur Media, Inc. v.

[4] Entrepreneur Media, Inc. v. Smith, Case No. CV 98-3607 FMC (CTx).

Smith, 279 F.3d 1135, 1142 & n. 3, 61 USPQ2d 1705, 1707, 1709 & n. 3 (9th Cir. 2002).

After remand, the case was tried, following which the district court entered its July 9, 2003 Judgment and Permanent Injunction Following Court Trial, pursuant to which Smith was enjoined from

> using ENTREPRENEUR, ENTREPENEURPR, ENTREPRENEUR ILLUSTRATED, and/or ENTREPRENEURPR.COM, or *any mark*, trade name, or domain name that is a colorable imitation thereof or likely to cause confusion therewith, in commerce or in connection with the sale, offering for sale, distribution, and/or advertising of (1) paper goods and printed matter, and/or (2) advertising and business services, including online services. This permanent injunction specifically includes, but is not limited to, the "public relations" activities that Scott Smith dba EntrepreneurPR has previously provided under the marks referenced above.

In its June 23, 2003 Findings of Fact and Conclusions of Law, the district court found that EMI's ENTREPRENEUR mark is strong: "The extensive advertising and public recognition over the past 25 years have established plaintiff's mark as a strong mark in the industry." On June 10, 2004, the Ninth Circuit affirmed the district court's Judgment and Permanent Injunction Following Court Trial and Findings of Fact and Conclusions of Law. Entrepreneur Media, Inc. v. Smith, 101 Fed. Appx. 212 (9th Cir. 2004).

The Pleadings in These Board Proceedings

In his 26-page notice of opposition, filed October 24, 2007, Smith alleges that EMI's application for registration of ENTREPRENEUR should be refused because: (1) the mark is descriptive and without secondary meaning; (2) the mark is generic; and (3) EMI committed fraud in: (a) falsely stating its date of first use of the mark; (b) falsely claiming use of the mark on all of the goods and services identified in its application; and (c) falsely claiming that its use of the mark was substantially exclusive and continuous.

However, Smith's notice of opposition also contains a large number of extraneous, irrelevant, inflammatory, unclear, repetitive, superfluous and otherwise inappropriate allegations, including but not limited to:

- "Applicant will engage in 'forum shopping' to get its cases before what it believes will be a more sympathetic court and/or be too costly a venue for Opposers and Petitioners … Applicant's response will primarily be to aggressively and viciously attack the Opposer or Petitioner …;" Notice of Opposition ¶ 9;

- "As stated by President George Bush in his September 15, 2003 National Small Business Week speech …;" Notice of Opposition ¶ 14;

- "American 'entrepreneurs' are behind some of the world's most successful and famous companies, notable examples include Bill Gates, Eli Whitney, Steve Jobs …;" Notice of Opposition ¶ 15;

- citations to irrelevant court testimony by EMI's officers;

- citations to case law;

- "Applicant did not invent the word ENTREPRENEUR …;" Notice of Opposition ¶ 34;

- "Applicant defrauded the Patent and Trademark Office by misrepresenting and/or withholding material information from the Patent and Trademark Office concerning Applicant's acceptance of advertising, and thus profiting from, third-parties that use the word ENTREPRENEUR descriptively and generically …" Notice of Opposition ¶ 51 (emphasis in original);

- claims regarding "private pacts Applicant has entered into with other trade users of the word ENTREPRENEUR. Opposer believes these pacts show that the Applicant plays favorites with its trademarks, and that the Applicant may be violating federal antitrust laws;" Notice of Opposition ¶ 52;

- claims that EMI committed fraud by withholding information from the Office concerning EMI's "public statements that its trademark rights are limited to publication names" and concerning "the results of one or more consumer surveys regarding the word ENTREPRENEUR"; Notice of Opposition ¶¶ 64, 65.

Smith's petition for cancellation is even more voluminous than his 26-page notice of opposition. The body of the petition is 72 pages long and it is accompanied by over 400 pages of exhibits. It alleges, among other things, that: (1) EMI's mark is descriptive and without secondary meaning; (2) EMI's mark is generic; (3) EMI's mark has been abandoned as a result of nonuse, material alteration and naked licensing; and (4) EMI committed fraud by: (a) falsely claiming use at the time its application was filed; and (b) falsely claiming that the mark had acquired distinctiveness.

However, much like the notice of opposition, but to a much greater degree, the petition for cancellation includes an extraordinarily large number of extraneous, irrelevant, inflammatory, unclear, repetitive, superfluous, hyperbolic and otherwise inappropriate allegations, including but not limited to:

- EMI committed fraud by claiming ownership of "dead" applications and registrations; Petition for Cancellation ¶ 35;

- the specimen of use submitted in support of registration of EMI's mark was "a suspiciously undated and poorly lit unprofessional photo of an unidentified and unhappy appearing female standing alone in front of a strikingly small and

simplistic 'Entrepreneur Expo' banner, at an undisclosed location;" Petition for Cancellation ¶ 36 (emphasis in original);

- claims about applications other than the one which matured into the registration at issue; Petition for Cancellation ¶ 42;

- "a 'culture of fraud' exists at Registrant's company;" Petition for Cancellation ¶ 55;

- respondent "intentionally and knowingly misled its readers to believe that Registrant's Franchise 500 list is now **and has always been** the most objective, trustworthy and useful ranking of franchise opportunities available anywhere;" Petition for Cancellation ¶ 64 (emphasis in original);

- **"through what could be best described as an effort to commit 'trademark laundering,' Registrant was attempting to clean up its 'dirty' and abandoned subject mark by filing an intent to use application for the exact same mark, for the exact same goods and services**;" Petition for Cancellation ¶ 80 (emphasis in original);

- respondent committed fraud "by intentionally misrepresenting and/or withholding material information from the Trademark Office regarding secret agreements Registrant has with other users of the phrase ENTREPRENEUR EXPO. Petitioner believes these agreements may show that Registrant is violating the Sherman Antitrust

Act …;" Petition for Cancellation ¶ 99;

- "**Registrant's in-house and/or retained attorneys violated the American Bar Association's (ABA) 'Model Rules of Professional Conduct**;" Petition for Cancellation ¶ 102 (emphasis in original);

- claims about demand letters sent to nonparties; Petition for Cancellation ¶¶ 108, 109;

- claims about the alleged personal history of respondent's alleged founder; Petition for Cancellation ¶ 131;

- claims regarding administrative "charges" allegedly brought against nonparties; Petition for Cancellation ¶ 134;

- "Registrant's fraudulent acts are so numerous and have been occurring for so many years, that **this may be one of the most remarkable cases ever of defrauding the Trademark Office**;" Petition for Cancellation ¶ 137 (emphasis in original);

- respondent committed a crime; Petition for Cancellation ¶ 140.

The Pleadings are Deficient and Will Not Be Further Considered

While Smith is permissibly appearing *pro se*, all parties to Board proceedings, whether represented by counsel or not, must comply with the Board's rules and procedures,

including those regarding pleadings.[5] Given the nature of the pleadings in these proceedings, a brief review of the applicable rules and procedures, as well as the Board's limited jurisdiction, and litigants' duty to comply with court rulings, is in order.

"The Board is empowered to determine only the right to register." TBMP § 102.01 (emphasis in original). Therefore, any allegations which go beyond EMI's right to register, i.e. allegations of criminal conduct, ethical violations, antitrust violations, fraud separate and apart from the prosecution of the subject application and registration and administrative "charges" brought by other federal agencies are, to say the least, inappropriate and improper. See, e.g., id.; Hershey Foods Corp. v. Cerreta, 195 USPQ 246, 252 (TTAB 1977); Yasutomo & Co. v. Commercial Ball Pen Co., Inc., 184 USPQ 60, 61 (TTAB 1974); American-International Travel Service, Inc. v. Aits, Inc., 174 USPQ 175, 179 (TTAB 1972).

In addition, there are limited grounds upon which to oppose, or petition to cancel, applications or registrations, and these must have basis in the Trademark

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[5] "[B]ecause the governing practices and procedures in proceedings before the Board are quite technical and highly specialized, it is strongly recommended that an attorney familiar with trademark law represent a party." TBMP § 114.01 (2d ed. rev. 2004).

Act. TBMP § 309.03(c). Many of Smith's allegations are not among these limited grounds, including but not limited to his allegations that: (1) EMI claimed ownership of "dead" applications and registrations, (2) the specimens EMI submitted in support of registration were improper; (3) applications or registrations other than the ones at issue are relevant; (4) EMI filed a "duplicate" application; (5) EMI is generally dishonest or unethical. In addition, despite Smith's claim to the contrary, because EMI's Registration No. 2391145 is over five years old, Smith's claim that the mark is descriptive is not a valid ground for cancellation. 15 U.S.C. § 1064.

It is also important for Smith to understand the impact of the federal courts' orders on these proceedings. Smith strongly suggests in his petition for cancellation that the Board may ignore or refuse to follow the courts' rulings, and/or that they are not relevant to these proceedings, Petition for Cancellation ¶¶ 8-9, and has even suggested that the courts' rulings were "clearly erroneous." Smith's Response to EMI's Motion to Dismiss p. 9. Smith should be aware that "it is incumbent upon the Board to give deference to the determinations of the court, including the remedy entered therein, and consider the terms of the permanent injunction." DaimlerChrysler Corp. v. Maydak, 86 USPQ2d

1945, 1950 (TTAB 2008). In this case, the Ninth Circuit has affirmed the district court's ruling that EMI's ENTREPRENEUR mark is strong, for a variety of goods and services. The Ninth Circuit also affirmed the injunction prohibiting Smith from using ENTREPRENEUR or any mark, trade name or domain name that is likely to cause confusion therewith, for goods and services which Smith claims in his pleadings to offer.

While it is permissible to attach exhibits to pleadings, such exhibits, with one exception not applicable herein, are not evidence, and will not be considered. TBMP § 317. In fact, there is no valid or good reason for Smith to include over 400 pages of exhibits with his petition for cancellation, and because many of the exhibits relate to improper and inappropriate allegations, they too are improper and inappropriate.

Smith must study and comprehend Trademark Rules 2.104(a) and 2.112(a), both of which require that pleadings "set forth a short and plain statement" of the belief that registration of the subject mark would cause damage, and the grounds for opposition or cancellation (emphasis supplied). See also, Fed. R. Civ. P. 8(a); Fed. R. Civ. P. 10(b); Yamaha International Corp. v. Hoshino Gakki Co., Ltd., 840 F.2d 1572, 1576, 6 USPQ2d 1001, 1004 (Fed. Cir. 1988).

Smith's pleadings in these cases are anything but short and plain.

Finally, Smith must note that Rule 11 of the Federal Rules of Civil Procedure is made applicable to this proceeding by virtue of Trademark Rule 2.116. As plaintiff in these now consolidated proceedings, Smith's pleading(s) must not violate Rule 11.

Smith Is Allowed Thirty Days to Replead and Extensions of Time to Replead Will Not Be Granted

Because the pleadings in these cases are entirely inappropriate and improper, they will not be further considered. Smith is allowed **THIRTY DAYS AND ONLY THIRTY DAYS (EXTENSIONS OF TIME WILL NOT BE GRANTED)** to replead his allegations pursuant to the requirements of this order, if possible in light of Fed. R. Civ. P. 11.[6] Given the pattern of delay in the cancellation proceeding, no extensions of time of this deadline will be granted, and failure to timely file an amended pleading will result in dismissal of these proceedings, with prejudice.[7]

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[6] Under Rule 11, among other things, pleadings may not be "presented for any improper purpose," and must be "warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law."

[7] As explained on the Web site for the Board's Electronic System for Trademark Trials and Appeals ("ESTTA"), should Smith file electronically, he must allow plenty of time for filing, and the time any electronic transmission begins will not be considered relevant. Smith will either comply with the deadline imposed, or not, and if not, these proceedings will be dismissed with prejudice.

Should Smith replead his allegations, he must do so in a combined notice of opposition and petition for cancellation (i.e. a single document), and must file the document in this consolidated proceeding. The combined notice and petition must: (1) be a "short and plain" statement; (2) fully account for the courts' rulings; (3) include only valid grounds for opposition and cancellation; and (4) contain no extraneous, irrelevant, inflammatory, unclear, repetitive, superfluous, hyperbolic or otherwise inappropriate allegations. Further, if any amended pleading is in violation of Fed. R. Civ. P. 11, Smith may be ordered to show cause why he should not be sanctioned. Respondent is allowed **THIRTY DAYS** from service of any amended pleading to answer or otherwise move with respect to the pleading.

Proceedings are resumed, and discovery, trial and other dates are reset as follows:

Deadline for Discovery Conference	October 15, 2008
Discovery Opens	October 15, 2008
Initial Disclosures Due	November 14, 2008
Expert Disclosures Due	March 14, 2009
Discovery Closes	April 13, 2009
Plaintiff's Pretrial Disclosures	May 28, 2009
Plaintiff's 30-day Trial Period Ends	July 12, 2009 July 27, 2009

Defendant's Pretrial Disclosures

Defendant's 30-day Trial Period Ends	September 10, 2009
Plaintiff's Rebuttal Disclosures	September 25, 2009
Plaintiff's 15-day Rebuttal Period Ends	October 25, 2009

News from the TTAB

The USPTO published a notice of final rulemaking in the Federal Register on August 1, 2007, at 72 F.R. 42242. By this notice, various rules governing Trademark Trial and Appeal Board inter partes proceedings are amended. Certain amendments have an effective date of August 31, 2007, while most have an effective date of November 1, 2007. For further information, the parties are referred to a reprint of the final rule and a chart summarizing the affected rules, their changes, and effective dates, both viewable on the USPTO website via these web addresses:
http://www.uspto.gov/web/offices/com/sol/notices/72fr42242.pdf
http://www.uspto.gov/web/offices/com/sol/notices/72fr42242_FinalRuleChart.pdf

By one rule change effective August 31, 2007, the Board's standard protective order is made applicable to all TTAB inter partes cases, whether already pending or commenced on or after that date. However, as explained in the final rule and chart, this change will not affect any case in which any protective order has already been approved or imposed by the Board. Further, as explained in the final rule, parties are free to agree to a substitute protective order or to supplement or amend the standard order even after August 31, 2007, subject to Board approval. The standard protective order can be viewed using the following web address:
http://www.uspto.gov/web/offices/dcom/ttab/tbmp/stndagmnt.htm

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EXHIBIT "P"

David J. Cook

From: Scott Smith [scott@bizstarz.com]
Sent: Wednesday, December 28, 2011 1:42 AM
To: cook@squeezebloodfromturnip.com
Cc: kjen@cookcollectionattorneys.com
Subject: Re: Smith vs Cook, TTAB cases

David,

Based on your terse email, I will assume that it IS accurate and legally permissible for me to state that you were UNable to provide ANY of the evidence mentioned in my email. I will also assume that you have NOT retained legal counsel for these cases, or are refusing to disclose the name of your attorney.

Thank you.

Scott
916-453-8611

David J. Cook wrote:
See you in court
Sent from my Verizon Wireless BlackBerry

From: Scott Smith <scott@bizstarz.com>
Date: Tue, 27 Dec 2011 23:33:58 -0800
To: <cook@squeezebloodfromturnip.com>
ReplyTo: scott@bizstarz.com
Cc: <kjen@cookcollectionattorneys.com>
Subject: Smith vs Cook, TTAB cases

David,

Your letter dated December 21, 2011 suggests that you have retained legal counsel to help defend against my trademark case(s) against you and your firm. If so, your attorney is encouraged to contact me if they want to discuss my cases or possible solutions.

The information and materials you recently sent me seem to conflict with your previous claims to the trademark office. But you or your attorney are welcome to send me any information that you believe disproves any of my allegations. If you can provide convincing enough proof, I will consider withdrawing the relevant allegations, or if warranted, both of my cases before the start of the discovery periods. But if you are unable to provide such information, I will continue to believe that's because such evidence does NOT exist.

For example, feel free to send me alleged evidence of:

1. your t-shirt sales (or giveaways)
2. names of persons or organizations that have purchased (or have been given) a "squeezeblood" t-shirt, and when
3. your plans to use the "squeezeblood" mark as claimed
4. the squeezeblood mark not being immoral or scandalous to a substantial composite of the general public
5. you policing the squeezeblood mark (i.e. cease-and-desist letters to the seller of the "**YOU CANNOT SQUEEZE BLOOD OUT OF A TURNIP**" t-shirts available for sale on cafepress.com)

6. the squeezeblood mark not being used for your collections services
7. the Cook mark being substantially and exclusively used by you in commerce for at least five years
8. the Cook mark acquiring secondary meaning and being distinctive to you
9. you policing the Cook mark (i.e. cease-and-desist letters to **Cook Legal Services, LLC** of Atlanta)
10. the Cook surname not being shared by multiple individuals and attorneys in multiple U.S. states and cities
11. no other person, firm, corporation, or association not having the right to use the Cook mark in commerce for "legal services"

However, I am very confident about my cases. So your efforts to threaten and intimidate me into dismissing my cases are not only unprofessional, they wreak of desperation.

You're also making the potentially very costly mistake of thinking I am your trademark "problem." Actually, your trademark problems (plural) are numerous, extend well beyond me, and were caused by you, not me. Your trademark problems include:

1. the numerous attorneys and law firms with the surname "Cook" who are now finding out about your claims of having exclusive rights to the Cook surname for "legal services"
2. the debtor attorneys, agencies and organizations that are now finding out about your highly offensive squeezeblood mark
3. the fact that the trademark office (and most people) will agree with most if not all of the allegations contained in my cases
4. the many reporters that are now finding out about your scandalous squeezeblood mark, and your outrageous claim that no one else can use the Cook surname for legal services, except you

In other words, unless you do the wise thing and agree to expressly abandon your ill-gotten trademarks, you will soon be facing serious legal attacks from numerous attorneys and organizations over your trademarks. So even if you are somehow able to convince the trademark office to grant you summary judgments against all of my allegations, and against both cases, you will still be facing numerous (and much better resourced) legal attacks from many others if you refuse to do the right thing and expressly abandon your highly controversial and improper trademarks.

Hope this info helps. Let me know if you have any questions or are willing to expressly abandon your trademarks.

Best regards,

Scott Smith
916-453-8611

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Scott Smith, President
BizStarz
5714 Folsom Blvd, Suite 140
Sacramento, CA 95819 (USA)
Ph: 916.453.8611 • Fax: 916.453.1103

BizStarz provides cost-effective public relations services to innovative small business entrepreneurs. BizStarz' clients and services have been featured by a variety of leading media organizations including CNN, BusinessWeek and The Wall Street Journal.

Note: Due to Entrepreneur magazine's aggressive efforts to monopolize the word "entrepreneur," Scott Smith's former PR firm for entrepreneurs, "EntrepreneurPR," was forced to cease use of its name in 2000 and again in 2003 (despite a unanimous February 2002 ruling by the 9th U.S. Circuit Court of Appeals, that Entrepreneur magazine's trademark is "weak" and that it does not have extensive rights to the word "entrepreneur.").

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EXHIBIT "Q"

David J. Cook

From: Scott Smith [scott@bizstarz.com]
Sent: Wednesday, December 28, 2011 2:50 PM
To: cook@squeezebloodfromturnip.com
Cc: kjen@cookcollectionattorneys.com; perkiss@cookcollectionattorneys.com; dunn@cookcollectionattorneys.com; baron@cookcollectionattorneys.com
Subject: Re: Smith vs Cook, TTAB cases

David,

For the record, and as you surely know from your communications with EMI, they DID abandon their *fraudulent* Entrepreneur Expo and Entrepreneur magazine Small Business Expo marks as a direct result of my trademark office cases. EMI intentionally failed to renew their Small Business Expo mark after I filed my case, so it was automatically cancelled by the trademark office. And EMI abandoned their claims to the Entrepreneur Expo mark soon after I filed my most recent case, and have ceased including it as one of their marks in their new cases.

You of course may continue to try and mislead people about my successful attacks against EMI's *fraudulent* expo marks, but I will do my best to make sure people know that you are intentionally trying to mislead them. I understand that you're probably too stubborn and emotional to do so, but if you are a wise and rational person, you will abandon your fraudulent marks. No matter what happens with my cases, they are permanently linked to your trademarks and will always be available for the world to see, particularly anyone you unwisely go after claiming superior trademark rights against.

Hope this info helps. Let me know if you have any questions or dispute that EMI abandoned their expo marks, and did so as a direct result of my trademark office cases.

Best regards,

Scott Smith
916-453-8611

David J. Cook wrote:
See you in court
Sent from my Verizon Wireless BlackBerry

From: Scott Smith <scott@bizstarz.com>
Date: Tue, 27 Dec 2011 23:33:58 -0800
To: <cook@squeezebloodfromturnip.com>
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Ph: 916.453.8611 • Fax: 916.453.1103

BizStarz provides cost-effective public relations services to innovative small business entrepreneurs. BizStarz' clients and services have been featured by a variety of leading media organizations including CNN, BusinessWeek and The Wall Street Journal.

Note: Due to Entrepreneur magazine's aggressive efforts to monopolize the word "entrepreneur," Scott Smith's former PR firm for entrepreneurs, "EntrepreneurPR," was forced to cease use of its name in 2000 and again in 2003 (despite a unanimous February 2002 ruling by the 9th U.S. Circuit Court of Appeals, that Entrepreneur magazine's trademark is "weak" and that it does not have extensive rights to the word "entrepreneur.").

EXHIBIT "R"

David J. Cook

From: Scott Smith [scott@bizstarz.com]
Sent: Wednesday, December 28, 2011 6:08 PM
To: David J. Cook
Cc: cook@squeezebloodfromturnip.com; kjen@cookcollectionattorneys.com; perkiss@cookcollectionattorneys.com; dunn@cookcollectionattorneys.com; baron@cookcollectionattorneys.com
Subject: Re: Smith vs. Cook, TTAB cases

David,

While perhaps not a formal admission, your inability to deny the allegations contained in my cases, or provide credible evidence to disprove my allegations, certainly supports my cases and strongly suggests that you won't be able to defeat my trademark cases (especially not with a motion for summary judgment). It's also why even you will eventually have to realize that you would be a fool to file a malicious prosecution case against me (not only would it fail, it could expose you to Rule 11 claims). And you've apparently been unable to find an attorney who would agree to take your cases, which I think is because ethical trademark attorneys can't agree to represent you because the facts are so bad for you and you're insisting on making desperate and knowingly frivolous arguments that may lead to Rule 11 violations. You obviously chose the squeezeblood mark because of its scandalous nature, and Cook is your surname. I'd be very surprised if you were ever bold or fool enough to send cease-and-desist letters to attorneys or law firms telling them that they can't use the Cook surname in commerce because you own exclusive rights to the Cook surname for legal services. Don't worry, I won't be holding my breath waiting for you to provide copies of any squeezeblood or Cook cease-and-desist letters. But you're encouraged to send them to me if you can prove me wrong.

Best regards,

Scott Smith
916-453-8611

David J. Cook wrote:
Mr. Smith,

Whether we respond or do not respond is not an admission. The fact that we decline to "deny" anything does convert whatever statements you utter into an admission. We are not going to dignify, or elevate to discourse, any of your claims, demands, allegations or accusations.

I will attach this email to our motions. Don't hesitate in you stream of unilateral communications.

From: Scott Smith [mailto:scott@bizstarz.com]
Sent: Wednesday, December 28, 2011 3:59 PM
To: David J. Cook
Cc: cook@squeezebloodfromturnip.com; kjen@cookcollectionattorneys.com; perkiss@cookcollectionattorneys.com; dunn@cookcollectionattorneys.com; baron@cookcollectionattorneys.com
Subject: Re: Smith vs Cook, TTAB cases

David,

Thanks for the heads up. I believe that including my emails in your motion will actually help me. Also, you noticeably were NOT able to deny that due to my very strong cases against EMI's fraudulent expo marks, EMI decided to abandon them.

EXHIBIT "S"

David J. Cook

From: Scott Smith [scott@bizstarz.com]
Sent: Thursday, December 29, 2011 2:27 PM
To: David J. Cook
Cc: cook@squeezebloodfromturnip.com; kjen@cookcollectionattorneys.com; perkiss@cookcollectionattorneys.com; dunn@cookcollectionattorneys.com; baron@cookcollectionattorneys.com; Mgorelnik@kilpatricktownsend.com
Subject: Re: Smith vs. Cook, TTAB cases

David,

The more you learn about trademark law and talk to trademark attorneys, the more you should realize that you're fighting an expensive and time-consuming battle over trademarks you're likely going to lose anyway. I of course have bigger fish to fry than trademarks that are on life support. So I am willing to withdraw my cases against your trademarks if you agree to abandon them and to provide reasonable compensation for my time, etc.

This offer expires 3pm Pacific, Monday, December 31st.

Be aware that if you refuse to abandon your ill-gotten trademarks, I will proceed aggressively. Including appeals to the federal circuit or district court if necessary, and a media relations campaign to bring attention to the allegations against your trademarks.

Thank you.

Scott
916-453-8611

David J. Cook wrote:
Mr. Smith,

Whether we respond or do not respond is not an admission. The fact that we decline to "deny" anything does convert whatever statements you utter into an admission. We are not going to dignify, or elevate to discourse, any of your claims, demands, allegations or accusations.

I will attach this email to our motions. Don't hesitate in you stream of unilateral communications.

From: Scott Smith [mailto:scott@bizstarz.com]
Sent: Wednesday, December 28, 2011 3:59 PM
To: David J. Cook
Cc: cook@squeezebloodfromturnip.com; kjen@cookcollectionattorneys.com; perkiss@cookcollectionattorneys.com; dunn@cookcollectionattorneys.com; baron@cookcollectionattorneys.com
Subject: Re: Smith vs Cook, TTAB cases

David,

Thanks for the heads up. I believe that including my emails in your motion will actually help me. Also, you noticeably were NOT able to deny that due to my very strong cases against EMI's fraudulent expo marks, EMI decided to abandon them.

And good luck trying to prove in your motion that no genuine issues of material fact in dispute exist, and that you are entitled to judgment as a matter of law (and in a light most favorable to the nonmoving party, me).

EXHIBIT "T"

PRO_SE

U.S. District Court
Eastern District of California - Live System (Sacramento)
CIVIL DOCKET FOR CASE #: 2:10-mc-00055-JAM -EFB

(PS) Entrepreneur Media Inc. v. Smith
Assigned to: Judge John A. Mendez
Referred to: Magistrate Judge Edmund F. Brennan
Demand: $669,000
Case in other court: US District Court, Central District of California, CV 98-03607 FMC (CTx)
Cause: Civil Miscellaneous Case

Date Filed: 05/14/2010
Jury Demand: None
Nature of Suit: 150 Contract: Recovery/Enforcement
Jurisdiction: Federal Question

Plaintiff

Entrepreneur Media, Inc.

represented by **David J. Cook**
Cook Collection Attorneys
165 Fell Street
San Francisco, CA 94102
415-989-4730
Fax: 415-989-0491
Email: cook@squeezebloodfromturnip.com
LEAD ATTORNEY
ATTORNEY TO BE NOTICED

Mark A. Serlin
Serlin & Whiteford, LLP
700 E Street
Sacramento, CA 95814
916-446-0790
Fax: 916-446-0791
Email: mserlin@globelaw.com
TERMINATED: 07/18/2011

V.

Defendant

Scott Smith
Doing business as
Entrepreneurpr

represented by **Scott R. Smith, PRO SE E-FILER**
5714 Folsom Blvd., Suite 140
Sacramento, CA 95819
916-453-8611
Fax: 916-453-1103
Email: scott@bizstarz.com
ATTORNEY TO BE NOTICED

ThirdParty Defendant

Karen Mix

represented by **Karen Mix**
7824 Copper Fox Court
Citrus Heights, CA 95610
PRO SE

Alan M Steinberg
Goldsberry, Freeman, Guzman & Ditora, LLP

777 12th Street, Suite 250
Sacramento, CA 95814
(916) 448-0448 x229
Fax: (916) 448-8628
Email: asteinberg@gfsacto.com
TERMINATED: 09/20/2011

Date Filed	#	Docket Text
05/14/2010	1	CIVIL COVER SHEET by Entrepreneur Media, Inc. (Serlin, Mark) (Entered: 05/14/2010)
05/14/2010	2	APPLICATION for *Registration of Judgment in US District Court, Eastern District of CA* by Entrepreneur Media, Inc.. (Serlin, Mark) (Entered: 05/14/2010)
05/14/2010	3	[DISREGARD NOT USED] PROPOSED ORDER Registration of Judgment in US District Court, Eastern District of CA re 2 Application by Entrepreneur Media, Inc.. (Serlin, Mark) Modified on 5/18/2010 (Reader, L). (Entered: 05/14/2010)
05/14/2010	4	CERTIFICATE of SERVICE by Entrepreneur Media, Inc. re 2 Application, 3 Proposed Order. (Serlin, Mark) (Entered: 05/14/2010)
05/17/2010		RECEIPT number #CAE200026297 $39.00 Filing Fee fbo Entrepreneur Media, Inc. by Mark A. Serlin Esquire on 5/17/2010. (Reader, L) (Entered: 05/17/2010)
05/18/2010		NEW MISCELLANEOUS CASE FILED Registration of Judgment from Central District CA, CV 98-3607 FMC (CTx). (Reader, L) (Entered: 05/18/2010)
05/21/2010	6	PROPOSED Writ of Execution by Entrepreneur Media, Inc.. (Serlin, Mark) Modified on 5/24/2010 (Duong, D). (Entered: 05/21/2010)
05/21/2010	7	Application for order to appear at debtor's examination and Proposed Order by Entrepreneur Media, Inc. (Serlin, Mark) Modified on 5/24/2010 (Duong, D). (Entered: 05/21/2010)
05/28/2010	8	WRIT of Execution ISSUED re: 6 Proposed Writ of Execution. Writ sent via USPS to Mark A. Serlin. (Donati, J) (Entered: 05/28/2010)
06/01/2010	9	ORDER signed by Magistrate Judge Edmund F. Brennan on 6/1/10 ORDERING that a Hearing is SET for 7/28/2010 at 09:30 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Mena-Sanchez, L) (Entered: 06/01/2010)
07/27/2010	10	NOTICE *of Withdrawl of OEX hearing* by Entrepreneur Media, Inc. re 9 Order, Set/Reset Deadlines and Hearings. (Serlin, Mark) (Entered: 07/27/2010)
08/05/2010	11	PROPOSED ORDER re Miscellaneous Case by Entrepreneur Media, Inc.. (Serlin, Mark) (Entered: 08/05/2010)
08/09/2010	12	ORDER 11 to APPEAR for EXAMINATION signed by Magistrate Judge Edmund F. Brennan on 8/9/2010. Judgment Debtor Exam set for 10/6/2010 at 09:30 AM in Courtroom 24 (EFB). (Marciel, M) (Entered: 08/10/2010)
09/03/2010	13	PROPOSED ORDER re Miscellaneous Case by Entrepreneur Media, Inc.. (Serlin, Mark) (Entered: 09/03/2010)
09/07/2010	14	ORDER FOR APPEARANCE AND EXAMINATION signed by Magistrate Judge Edmund

		F. Brennan on 9/7/10: Judgment Debtor Exam set for 11/10/2010 at 09:30 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Manzer, C) Modified on 9/7/2010 (Manzer, C). (Entered: 09/07/2010)
09/07/2010	15	CLERK'S NOTICE of DOCKET CORRECTION: Judgment Debtor Exam reset for 11/10/2010 at 09:30 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Manzer, C) (Entered: 09/07/2010)
09/27/2010	16	PROPOSED ORDER for APPEARANCE and EXAMINATION by Entrepreneur Media, Inc.. (Serlin, Mark) Modified on 9/28/2010 (Marciel, M). (Entered: 09/27/2010)
09/28/2010	17	ORDER 16 for APPEARANCE and EXAMINATION signed by Magistrate Judge Edmund F. Brennan on 9/27/2010. Judgment Debtor Exam set for 11/10/2010 at 09:30 AM in Courtroom 24 (EFB). (Marciel, M) (Entered: 09/28/2010)
10/08/2010	18	CERTIFICATE of SERVICE re 8 Writ Issued. (Kaminski, H) (Entered: 10/12/2010)
11/09/2010	19	STIPULATION and PROPOSED ORDER re 17 Order, Set/Reset Deadlines and Hearings by Entrepreneur Media, Inc.. (Serlin, Mark) (Entered: 11/09/2010)
11/10/2010	20	AMENDED STIPULATION and PROPOSED ORDER for Continuance of Third Party Debtor's Examination re 17 Order by Entrepreneur Media, Inc.. (Serlin, Mark) Modified on 11/12/2010 (Kaminski, H). (Entered: 11/10/2010)
11/10/2010	21	CERTIFICATE of SERVICE by Entrepreneur Media, Inc. re 17 Order. (Serlin, Mark) Modified on 11/12/2010 (Kaminski, H). (Entered: 11/10/2010)
11/10/2010	22	AMENDED STIPULATION and ORDER 17 signed by Magistrate Judge Edmund F. Brennan on 11/10/2010 re 20 that the hearing on third party's Debtor's Exam is CONTINUED to 12/8/2010 at 09:30 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Duong, D) (cc Karen Mix) Modified on 11/10/2010 (Duong, D). (Entered: 11/10/2010)
12/07/2010	23	NOTICE of APPEARANCE by Alan M Steinberg on behalf of Karen Mix. (Steinberg, Alan) (Entered: 12/07/2010)
01/12/2011	24	MOTION to APPOINT RECEIVER to sell domain names owned by judgment debtor by Entrepreneur Media, Inc.. (Attachments: # 1 Memorandum of Points and Authorities in support, # 2 Declaration of Serlin in support, # 3 Proposed Order, # 4 Affidavit of Service) (Serlin, Mark) Modified on 1/13/2011 (Marciel, M). (Entered: 01/12/2011)
01/12/2011	25	NOTICE of Hearing on 24 Motion to Appoint Receiver by Entrepreneur Media, Inc.. (Serlin, Mark) Modified on 1/13/2011 (Marciel, M). (Entered: 01/12/2011)
01/13/2011	26	MINUTE ORDER by CRD: The 02/09/11 hearing re: Pltf's Motion to Appoint Receiver 25 is VACATED. Pltf is advised to properly re-notice the motion to be heard before the assigned District Judge. (Text only entry) (Cannarozzi, N) (Entered: 01/13/2011)
01/14/2011	27	AMENDMENT to 25 NOTICE of Motion for Appointment of Receiver, etc. by Entrepreneur Media, Inc.. (Serlin, Mark) Modified on 2/14/2011 (Marciel, M). (Entered: 01/14/2011)
01/18/2011	28	CERTIFICATE of SERVICE by Entrepreneur Media, Inc. re 24 Motion to Appoint Receiver to sell domain names owned by judgment debtor>, 27 Notice - Other. (Serlin, Mark) (Entered: 01/18/2011)
02/11/2011	29	MOTION to QUASH third party subpoena, MOTION for PROTECTIVE ORDER and MOTION for SANCTIONS by Scott Smith. (Zignago, K.) (Entered: 02/14/2011)

02/24/2011	30	MOTION Requesting Leave to Register for the Eastern District of California's CM/ECF Docketing System by Scott Smith. (Williams, D) (Entered: 02/25/2011)
02/28/2011	31	MINUTE ORDER by CRD: On 02/11/11 deft filed a MOTION to QUASH third party subpoena, MOTION for PROTECTIVE ORDER and MOTION for SANCTIONS 29 without setting the matter for hearing. Pursuant to Local Rule 251, the deft is advised to set his motion for hearing before the assigned Magistrate Judge. (Text only entry) (Cannarozzi, N) (Entered: 02/28/2011)
02/28/2011		SERVICE BY MAIL: 31 Minute Order, served on Scott Smith. (Cannarozzi, N) (Entered: 02/28/2011)
03/08/2011	32	(EMERGENCY) MOTION for EXTENSION OF TIME to file an opposition to motion for appointment of receiver 24 by Scott Smith. (Attachment(s): # 1 Points and Authorities, # 2 Proposed Order, # 3 Proof of Service) (Reader, L). (Entered: 03/09/2011)
03/09/2011	33	MOTION to set hearing by Entrepreneur Media, Inc. re 29 MOTION (Attachments: # 1 Declaration of Mark A. Serlin, # 2 Proposed Order, # 3 Proof of Service)(Serlin, Mark) Modified on 3/10/2011 (Kaminski, H). (Entered: 03/09/2011)
03/15/2011	34	ORDER signed by Magistrate Judge Edmund F. Brennan on 3/15/2011 ORDERING that Dft's 32 request for a continuance of the hearing on Pltf's motion to appoint a receiver is GRANTED. A hearing on Pltf's 24 motion to appoint a receiver is set for 4/13/2011 at 10:00 a.m. in Courtroom No. 24. Dft's request for an extension of time to file an opposition to Pltf's 32 motion to appoint a receiver is GRANTED. Pltf's 33 request for the court to schedule a hearing on Dft's 29 motion is GRANTED. A hearing on Dft's 29 motion is set for 4/13/2011 at 10:00 a.m. in Courtroom No. 24. Dft's 30 request for leave to file electronically in this action is GRANTED. (Zignago, K.) (Entered: 03/15/2011)
03/15/2011		SERVICE BY MAIL: 34 Order served on Scott Smith. (Zignago, K.) (Entered: 03/15/2011)
03/16/2011	35	PROPOSED ORDER to Appear for Examination by Entrepreneur Media, Inc.. (Serlin, Mark) Modified on 3/16/2011 (Marciel, M). (Entered: 03/16/2011)
03/17/2011	36	ORDER TO APPEAR FOR EXAMINATION signed by Magistrate Judge Edmund F. Brennan on 3/17/11: Judgment Debtor Exam set for 4/27/2011 at 09:30 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Manzer, C) (Entered: 03/17/2011)
03/28/2011	37	JOINDER by Karen Mix in re 29 MOTION to QUASH MOTION for PROTECTIVE ORDER MOTION for SANCTIONS filed by Scott Smith. (Attachments: # 1 Declaration of Alan M. Steinberg in Support of Joinder, # 2 Declaration Of Karen Mix in Support of Joinder, # 3 Exhibit A to Declaration of Karen Mix in Support of Joinder)(Steinberg, Alan) (Entered: 03/28/2011)
03/30/2011	38	MINUTE ORDER by CRD: Due to the unavailability of the Court, the 04/13/11 hearing re: PLTF'S MOTION TO APPOINT A RECEIVER 24 ; DEFT'S MOTION TO QUASH THIRD PARTY SUBPOENA, FOR PROTECTIVE ORDER AND FOR SANCTIONS 29 ; and NON-PARTY WITNESS KAREN MIX'S JOINER RE: DEFT'S MOTION TO QUASH, FOR PROTECTIVE ORDER AND FOR SANCTIONS 37 is CONTINUED to 5/4/2011 at 10:00 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Text only entry) (Cannarozzi, N) (Entered: 03/30/2011)
03/30/2011	39	PROPOSED ORDER by Entrepreneur Media, Inc.. (Serlin, Mark) (Entered: 03/30/2011)
03/31/2011	40	ORDER TO APPEAR FOR EXAMINATION signed by Magistrate Judge Edmund F. Brennan on 3/31/11. Judgment Debtor Examination is SET for 5/18/2011 at 09:30 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Mena-Sanchez, L)

		(Entered: 03/31/2011)
04/14/2011	41	NOTICE of CHANGE of ADDRESS by Mark A. Serlin. (Serlin, Mark) (Entered: 04/14/2011)
04/20/2011	42	OPPOSITION by Entrepreneur Media, Inc. to 29 MOTION to QUASH MOTION for PROTECTIVE ORDER MOTION for SANCTIONS. (Serlin, Mark) (Entered: 04/20/2011)
04/20/2011	43	DECLARATION of Mark A. Serlin in OPPOSITION TO 29 MOTION to QUASH MOTION for PROTECTIVE ORDER MOTION for SANCTIONS. (Attachments: # 1 Exhibit A, # 2 Exhibit B)(Serlin, Mark) (Entered: 04/20/2011)
04/20/2011	44	PROOF of SERVICE re 42 Opposition to Motion and 43 Declaration in Support of Opposition. (Serlin, Mark) Modified on 4/21/2011 (Zignago, K.). (Entered: 04/20/2011)
04/20/2011	45	OPPOSITION by Entrepreneur Media, Inc. to 29 MOTION to QUASH MOTION for PROTECTIVE ORDER MOTION for SANCTIONS. (Serlin, Mark) (Entered: 04/20/2011)
04/20/2011	46	DECLARATION of Mark A. Serlin in OPPOSITION TO 29 MOTION to QUASH MOTION for PROTECTIVE ORDER MOTION for SANCTIONS. (Attachments: # 1 Exhibit A, # 2 Exhibit B, # 3 Exhibit C, # 4 Exhibit D)(Serlin, Mark) (Entered: 04/20/2011)
04/20/2011	47	PROOF of SERVICE re 45 Opposition to Motion and 46 Declaratin in Support of Opposition. (Serlin, Mark) Modified on 4/21/2011 (Zignago, K.). (Entered: 04/20/2011)
04/21/2011	48	CERTIFICATE of SERVICE re Writ of Execution served on Bank of America. (Zignago, K.) (Entered: 04/25/2011)
04/21/2011	49	CERTIFICATE of SERVICE re Writ of Execution served on Bank of America. (Zignago, K.) (Entered: 04/25/2011)
04/26/2011	50	REPLY by Entrepreneur Media, Inc. re 24 Motion to Appoint Receiver to sell domain names owned by judgment debtor>. (Serlin, Mark) (Entered: 04/26/2011)
04/27/2011	51	REPLY by Karen Mix to RESPONSE to 29 Motion to Quash Motion for Protective Order and Motion for Sanctions. (Attachments: # 1 Declaration of Alan M. Steinberg, # 2 Declaration of Karen Mix, # 3 Exhibit A)(Steinberg, Alan) (Entered: 04/27/2011)
04/28/2011	52	MOTION to SHORTEN TIME for notice and hearing on Smith's Motion to Stay Pending Appeal by Scott Smith. (Attachments: # 1 Proposed Order)(Smith, PRO SE E-FILER, Scott) Modified on 5/2/2011 (Zignago, K.). (Entered: 04/28/2011)
04/28/2011	53	MOTION to STAY by Scott Smith. Motion Hearing set for 5/4/2011 at 10:00 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Attachments: # 1 Exhibit, # 2 Exhibit, # 3 Exhibit, # 4 Exhibit, # 5 Exhibit, # 6 Proposed Order)(Smith, PRO SE E-FILER, Scott) (Entered: 04/28/2011)
04/29/2011	54	ORDER signed by Magistrate Judge Edmund F. Brennan on 4/29/11 ORDERING that Defendant's application for an order shortening time, 52 , is granted; Defendant's motion to stay and motion for a temporary restraining order, 53 , is set for hearing on 5/4/11, at 10:00 a.m. in Courtroom No. 24; Plaintiff shall file an opposition or a statement of non-opposition to the motion to stay and motion for a temporary restraining order no later than 10:00 a.m. on Tuesday, 5/3/11; and Defendant may file a reply to plaintiff's opposition, if any, no later than 5:00 p.m. on Tuesday, 5/3/11. (Becknal, R) (Entered: 04/29/2011)
05/02/2011	55	OPPOSITION by Entrepreneur Media, Inc. to 53 MOTION to STAY. (Serlin, Mark) (Entered: 05/02/2011)
05/02/2011	56	REQUEST for JUDICIAL NOTICE by Entrepreneur Media, Inc. in re 53 Motion to Stay,.

		(Serlin, Mark) (Entered: 05/02/2011)
05/02/2011	57	OBJECTIONS by Plaintiff Entrepreneur Media, Inc. to 51 Reply to Response to Motion. (Serlin, Mark) (Entered: 05/02/2011)
05/03/2011	58	REPLY by Scott Smith to OPPOSITION to 53 MOTION to STAY. (Attachments: # 1 Exhibit, # 2 Exhibit)(Smith, PRO SE E-FILER, Scott) Modified on 5/5/2011 (Carlos, K). (Entered: 05/03/2011)
05/04/2011	59	MINUTES (Text Only) for MOTION HEARING held on 5/4/2011 before Magistrate Judge Edmund F. Brennan re: PLTF'S MOTION TO APPOINT A RECEIVER 24 ; DEFT'S MOTION TO QUASH THIRD PARTY SUBPOENA, FOR PROTECTIVE ORDER, FOR SANCTIONS, FOR TRO AND TO STAY 29 , 53 ; and NON-PARTY WITNESS KAREN MIX'S JOINER RE: DEFT'S MOTIONS 37 : All parties present. Arguments heard. Court order to issue. Plaintiffs Counsel Mark Serlin present. Defendants Counsel Scott Smith (in pro se) and Alan Steinberg (counsel for non-party Karen Mix) present. Court Reporter/CD Number: ECRO, CD 1 of 1. (Cannarozzi, N) (Entered: 05/04/2011)
05/04/2011	60	MOTION for 60-DAY EXTENSION OF TIME to Respond to Plaintiffs Order to Appear for Examination and Subpoena Duces Tecum re 39 Proposed Order, 40 Order, Set/Reset Deadlines and Hearings by Scott Smith. (Smith, PRO SE E-FILER, Scott) (Entered: 05/04/2011)
05/05/2011	61	ORDER signed by Magistrate Judge Edmund F. Brennan on 5/5/11 ORDERING that Plaintiff's motion to appoint a receiver to sell certain domain names owned and/or controlled by defendant 24 is DENIED without prejudice. Defendant's motion for a stay pending appeal and/or for a temporary restraining order, 53 is DENIED. Defendant's motion for an extension 60 is GRANTED. The 5/18/11 judgment debtor examination is continued to 7/20/2011 at 09:30 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. And defendant has an additional 60 days to respond to the subpoena for documents referenced in his request for an extension. Defendant and third party Karen Mixs motions to quash the subpoena issued by plaintiff to Chase Bank, N.A. (Chase) on 12/30/10 regarding Chase account number xxxx-xxxx-3620, for a protective order, and for sanctions, 29 is CONTINUED to 8/24/2011 at 10:00 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. On or before 8/10/11 Plaintiff shall file a brief indicating whether the subpoena to Chase will be withdrawn as moot, and if not, indicating why the motions to quash the subpoena should not be granted. On or before 8/17/2011, Defendant and/or Mix shall file a response to Plaintiffs brief. The brief(s) shall not exceed fifteen pages. Within seven days of the date of this order, Plaintiff's counsel shall serve a copy of this order on Chase.(Mena-Sanchez, L) (Entered: 05/05/2011)
05/10/2011	62	NOTICE *OF ENTRY OF ORDER* by Entrepreneur Media, Inc.. (Serlin, Mark) (Entered: 05/10/2011)
05/20/2011	63	CERTIFICATE of SERVICE by Entrepreneur Media, Inc. re 40 Order. (Serlin, Mark) Modified on 5/23/2011 (Reader, L). (Entered: 05/20/2011)
06/02/2011	64	TRANSCRIPT of Plaintiffs Motion to Appoint a Receiver; Defendants Motion to Quash Third Party Subpoena, for Protective Order, For Sanctions, For TRO and to Stay; Non-Party Witness Karen Mix's Joiner re: Defendants Motions Proceedings held on 05/04/11, before Magistrate Judge Edmund F. Brennan. Transcript may be viewed at the court public terminal or purchased through the Court Reporter/Transcriber before the deadline for Release of Transcript Restriction. After that date it may be obtained through PACER. Any Notice of Intent to Request Redaction must be filed within 5 court days. Redaction Request due 6/23/2011. Redacted Transcript Deadline set for 7/5/2011. Release of Transcript Restriction set for 9/1/2011 filed by ECRO Jonathan Anderson, Phone number 916-930-4072 E-mail

		janderson@caed.uscourts.gov. (Anderson, J) (Entered: 06/02/2011)
07/05/2011	65	MOTION to QUASH *Third-Party Subpoena*, MOTION for SANCTIONS (Motion Hearing set for 8/17/2011 at 10:00 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan.) by Scott Smith. (Attachments: # 1 Declaration of Smith, # 2 Exhibits A-D)(Smith, PRO SE E-FILER, Scott) (Entered: 07/05/2011)
07/13/2011	66	STIPULATION and PROPOSED ORDER for Substitution of Attorney by Entrepreneur Media, Inc.. Attorney Cook, David J. added. (Attachments: # 1 Proposed Order) (Cook, David) Modified on 7/15/2011 (Marciel, M). (Entered: 07/13/2011)
07/13/2011	67	EX PARTE APPLICATION for Order Shortening Time and Hearing on Second Motion to Extend Time by Scott Smith. (Attachments: # 1 Second Motion to Extend Time to Respond, # 2 Exhibits A-K) (Smith, PRO SE E-FILER, Scott) Modified on 7/15/2011 (Marciel, M). (Entered: 07/13/2011)
07/14/2011	68	DECLARATION of Scott Smith in support of 67 Ex Parte Application for Order Shortening Time. (Smith, PRO SE E-FILER, Scott) Modified on 7/15/2011 (Marciel, M). (Entered: 07/14/2011)
07/14/2011	69	OPPOSITION by Entrepreneur Media, Inc. to 67 Ex Parte Application for Order Shortening Time. (Cook, David) Modified on 7/15/2011 (Marciel, M). (Entered: 07/14/2011)
07/15/2011	70	REPLY by Scott Smith re 65 MOTION to QUASH *Third-Party Subpoena* MOTION for SANCTIONS, 68 Declaration, 67 MOTION for 90-DAY EXTENSION OF TIME to Respond to Plaintiff's Order to Appear for Examination. (Attachments: # 1 Exhibit Businessweek's "Entrepreneur, the Magazine That Sues Entrepreneurs" article)(Smith, PRO SE E-FILER, Scott) (Entered: 07/15/2011)
07/18/2011	71	ORDER SUBSTITUTING ATTORNEY signed by Judge John A. Mendez on 7/15/11. Attorney David J. Cook, Esq. added, Attorney Mark A. Serlin terminated. (Michel, G) (Entered: 07/18/2011)
07/19/2011	72	ORDER signed by Magistrate Judge Edmund F. Brennan on 07/19/11 ORDERING that dft's 67 Ex Parte Application for Order Shortening Time and Motion for Extension of Time is GRANTED; the Judgment Debtor Exam in CONTINUED to 10/19/11 at 9:30 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan and dft has an additional 90 days to respond to the subpoena for documents referenced in his Motion; the hearings on the 29 , 37 Motions to Quash are CONTINUED to 11/16/11 at 10:00 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan; by 11/02/11, plf shall file a brief indicating whether the subpoena to Chase will be withdrawn as moot, and if not, indicating why the motions to quash the subpoena should not be granted; the brief may also address the motions for a protective order and/or for sanctions; by 11/09/11, dft and/or Mix shall file a response to the plf's brief; w/i 7 days, plf's counsel shall serve this order on Chase; the hearing on dft's 65 Motion to Quash and Motion for Sanctions is CONTINUED to 08/31/11 at 10:00 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Benson, A.) (Entered: 07/19/2011)
07/21/2011	73	NOTICE *of Entry of 72 Order* by Entrepreneur Media, Inc. (Cook, David) (Entered: 07/21/2011)
08/16/2011	74	OPPOSITION by Entrepreneur Media, Inc. to 65 MOTION to QUASH *Third-Party Subpoena and Non-Monetary Sanctions. (Attachments: # 1 Declaration of David J. Cook, # 2 Exhibits A-E)(Cook, David) Modified on 8/17/2011 (Duong, D). (Entered: 08/16/2011)*
08/24/2011	75	REPLY to 74 Opposition to 65 MOTION to QUASH Third-Party Subpoena/MOTION for SANCTIONS by Scott Smith. (Attachments: # 1 Declaration of Scott Smith)(Smith, PRO

		SE E-FILER, Scott) Modified on 8/25/2011 (Michel, G). (Entered: 08/24/2011)
08/29/2011	76	MINUTE ORDER by CRD: DEFT'S MOTIONS TO QUASH AND FOR SANCTIONS 65 , which are presently calendared for hearing on 08/31/11, are ordered submitted without appearance and without argument pursuant to Local Rule 230(g). The 08/31/11 hearing date is VACATED. (Text only entry) (Cannarozzi, N) (Entered: 08/29/2011)
08/29/2011	77	MOTION to WITHDRAW as ATTORNEY *For Non-Party Witness* by Karen Mix. Motion Hearing set for 9/28/2011 at 10:00 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Attachments: # 1 Points and Authorities, # 2 Declaration of Alan Steinberg, # 3 Proposed Order)(Steinberg, Alan) (Entered: 08/29/2011)
08/31/2011	78	DECLARATION of Alan M. Steinberg in SUPPORT OF 77 MOTION to WITHDRAW as ATTORNEY *For Non-Party Witness*. (Steinberg, Alan) (Entered: 08/31/2011)
09/01/2011	79	MOTION for assignment of rights, restraining order, and turnover order by Entrepreneur Media, Inc.. Motion Hearing set for 10/26/2011 at 10:00 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Attachments: # 1 Motion, # 2 Memorandum of Points and Authorities, # 3 Declaration of David J. Cook, # 4 Proposed Order, # 5 Proof of service) (Cook, David) (Entered: 09/01/2011)
09/12/2011	80	ORDER signed by Magistrate Judge Edmund F. Brennan on 9/12/2011 DENYING Smith's 65 Motion to Quash and Motion for Sanctions; DENYING EMI's 74 Request for Sanctions. (Waggoner, D) (Entered: 09/12/2011)
09/20/2011	81	ORDER signed by Magistrate Judge Edmund F. Brennan on 9/20/2011 ORDERING 77 The 9/28/2011 hearing on Steinberg's motion to withdraw as counsel for Karen Mix, is VACATED; Steinberg's motion to withdraw as counsel for Mix, is GRANTED; Karen Mix will hereafter be proceeding pro se in this action, and any filings, notices, or correspondence shall be served upon her, at Copper Fox Court, in Citrus Heights, CA. (Reader, L) (Entered: 09/20/2011)
09/20/2011		SERVICE BY MAIL: 81 Order on Motion to Withdraw as Attorney, served on Karen Mix. (Reader, L) (Entered: 09/20/2011)
10/12/2011	82	OPPOSITION by Scott Smith to 79 Motion for assignment of rights, restraining order, and turnover order. (Attachments: # 1 Exhibits) (Smith, PRO SE E-FILER, Scott) Modified on 10/14/2011 (Marciel, M). (Entered: 10/13/2011)
10/13/2011	83	MOTION to CONTINUE ORDER for EXAMINATION and ASSIGNMENT MOTION by Entrepreneur Media, Inc.. (Attachments: # 1 Memorandum of Points and Authorities, # 2 Declaration and Exhibit A, # 3 Exhibit B, # 4 Exhibit C, D & E, # 5 Proposed Order, # 6 Proof of Service) (Cook, David) Modified on 10/14/2011 (Marciel, M). (Entered: 10/13/2011)
10/13/2011	84	NOTICE of ERRATA regarding Memorandum of Points and Authorities in Opposition to 79 Motion for Assignment of Rights, Restraining Order, and Turnover Order. (Smith, PRO SE E-FILER, Scott) Modified on 10/14/2011 (Marciel, M). (Entered: 10/13/2011)
10/17/2011	85	ORDER signed by Magistrate Judge Edmund F. Brennan on 10/17/11: Hearing as to 79 Motion for assignment of rights, restraining order, and turnover order, and 29 MOTION to QUASH MOTION for PROTECTIVE ORDER MOTION for SANCTIONS RESET for 12/21/2011 at 10:00 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. Hearing as to 40 Judgment debtor Examination RESET for 11/30/2011 at 09:30 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. Within seven days of the date of this order, EMI's counsel shall serve a copy of this order on Chase. (Kaminski, H). (Entered: 10/17/2011)

10/17/2011		SERVICE BY MAIL: 85 Order, served on Karen Mix. (Kaminski, H) (Entered: 10/17/2011)
10/17/2011	86	NOTICE of Entry of Order re 85 Order by Entrepreneur Media. (Cook, David) Modified on 10/18/2011 (Michel, G). (Entered: 10/17/2011)
10/25/2011	87	MOTION to COMPEL Scott Smith to submit all papers by Entrepreneur Media, Inc. Motion Hearing set for 11/30/11 at 10:00 AM in Courtroom 24 (EFB) before Magistrate Judge Edmund F. Brennan. (Attachments: # 1 Motion, # 2 Memorandum of points and authorities, # 3 Declaration and Exhibit A, # 4 Exhibits B-D, # 5 Proposed Order, # 6 Proof of Service) (Cook, David) (Entered: 10/25/2011)
10/26/2011	88	CORRECTED 87 DECLARATION of David J. Cook by Entrepreneur Media, Inc. (Cook, David) Modified on 10/26/2011 (Benson, A.). (Entered: 10/26/2011)
11/16/2011	89	OPPOSITION by Scott Smith to 87 Motion to Compel. (Attachments: # 1 Exhibits A thru D)(Smith, PRO SE E-FILER, Scott) (Entered: 11/16/2011)
11/23/2011	90	REPLY by Entrepreneur Media, Inc. re 89 Opposition to Motion. (Attachments: # 1 Declaration of David J. Cook and Exhibits A & B, # 2 Exhibits C & D, # 3 Exhibit E, # 4 Exhibits F & G)(Cook, David) Modified on 11/28/2011 (Benson, A.). (Entered: 11/23/2011)
11/29/2011	91	MINUTE ORDER by CRD: The JUDGMENT DEBTOR EXAM previously set to begin at 9:30 a.m. is RESET for hearing and will now begin at 10:30 a.m. on 11/30/11. (Text only entry) (Cannarozzi, N) (Entered: 11/29/2011)
11/29/2011	92	MOTION for 45-DAY EXTENSION OF TIME to Appear for Examination by Scott Smith. (Attachments: # 1 Exhibits A-B)(Smith, PRO SE E-FILER, Scott) (Entered: 11/29/2011)
11/29/2011	93	APPLICATION FOR ORDER TO SHOW CAUSE by Entrepreneur Media, Inc.. (Attachments: # 1 Memorandum, # 2 Declaration Exhibits A-F, # 3 Proposed Order, # 4 Proof of Service)(Cook, David) Modified on 11/30/2011 (Benson, A.). (Entered: 11/29/2011)
11/29/2011	94	OPPOSITION by Entrepreneur Media, Inc. to 92 Motion for Extension of Time. (Cook, David) (Entered: 11/29/2011)
11/30/2011	95	REPLY by Scott Smith to 94 Opposition. (Attachments: # 1 Exhibits A-H)(Smith, PRO SE E-FILER, Scott) (Entered: 11/30/2011)
11/30/2011	96	MINUTES (Text Only) for MOTION HEARING held on 11/30/2011 before Magistrate Judge Edmund F. Brennan re: Pltf's Motion for a prefiling order 87 , deft's Motion for 45 day extension of time 92 and pltf's application for OSC 93 . All parties present. Arguments heard. After consideration and for the reasons as stated on the record, the Court denied all pending motions and ordered the judgment debtor exam to proceed. After the motion hearing, the Court addressed objections raised by both parties re: issues raised during the judgment debtor exam. Plaintiffs Counsel David Cook present. Defendant (in pro se) present.Court Reporter/CD Number: ECRO, CD 1 of 1. (Cannarozzi, N) (Entered: 11/30/2011)
11/30/2011	101	MINUTES (Text Only) for proceedings held before Magistrate Judge Edmund F. Brennan: Defendant Scott Smith JUDGMENT DEBTOR EXAM held on 11/30/2011. Plaintiffs Counsel David Cook present. Defendant (in pro se) Scott Smith present. Court Reporter/CD Number: present (retained by pltf's counsel). (Cannarozzi, N) (Entered: 12/08/2011)
12/01/2011	97	ORDER signed by Magistrate Judge Edmund F. Brennan on 12/01/11 ORDERING that plaintiff's 87 Motion to Compel defendant to submit all papers, pleadings, and other matters sought to be filed, for approval by a judge or magistrate judge as a condition of filing and service thereof is DENIED; defendant's 92 Emergency Motion to Extend Time is DENIED;

		plaintiff's 93 Application for OSC why a permanent prefiling order should not be issued and for an order disentitling defendant from filing any opposition to any post-judgment remedies sought by plaintiff is DENIED. (Benson, A.) (Entered: 12/01/2011)
12/01/2011		SERVICE BY MAIL: 97 Order served on Karen Mix. (Benson, A.) (Entered: 12/01/2011)
12/02/2011	98	STIPULATION and PROPOSED ORDER for take off calendar motion to quash re 65 MOTION to QUASH *Third-Party Subpoena* MOTION for SANCTIONS by Entrepreneur Media, Inc.. (Attachments: # 1 Declaration, # 2 Proposed Order)(Cook, David) (Entered: 12/02/2011)
12/05/2011	99	ORDER signed by Magistrate Judge Edmund F. Brennan on 12/5/2011 ORDERING that defendant and third party Karen Mix's 29 37 motions to quash, for a protective order, and for sanctions are deemed withdrawn and the December 21, 2011 hearing thereon is VACATED. The subpoena plaintiff served upon Chase Bank for production of certain consumer records for and on behalf of Karen Mix is deemed withdrawn and shall be recalled by plaintiff. Any and all claims for sanctions, costs, or fees asserted by the parties regarding the motion to quash and motion for a protective order are deemed withdrawn and waived. Within three days of the date of this order, plaintiff's counsel shall serve a copy of this order on Chase Bank. (Duong, D) (Entered: 12/05/2011)
12/05/2011		SERVICE BY MAIL: 99 Order served on Karen Mix. (Duong, D) (Entered: 12/05/2011)
12/07/2011	100	MOTION for 21-DAY EXTENSION OF TIME to File a Revised Opposition re 79 Motion for assignment of rights, restraining order, and turnover order by Scott Smith. (Attachments: # 1 Exhibits A thru B)(Smith, PRO SE E-FILER, Scott) (Entered: 12/07/2011)
12/08/2011	102	OPPOSITION by Entrepreneur Media, Inc. to 100 MOTION for 21-DAY EXTENSION OF TIME to File a Revised Opposition re 79 Motion for assignment of rights, restraining order, and turnover order. (Attachments: # 1 Declaration, # 2 Proof of Service)(Cook, David) (Entered: 12/08/2011)
12/08/2011	103	NOTICE *of entry of order* by Entrepreneur Media, Inc. re 99 Order. (Cook, David) Modified on 12/9/2011 (Meuleman, A). (Entered: 12/08/2011)
12/09/2011	104	REPLY by Scott Smith 102 Opposition to 100 MOTION for 21-DAY EXTENSION OF TIME to File a Revised Opposition re 79 Motion for assignment of rights, restraining order, and turnover order. (Attachments: # 1 Exhibit A)(Smith, PRO SE E-FILER, Scott) Modified on 12/12/2011 (Duong, D). (Entered: 12/09/2011)
12/12/2011	105	ORDER signed by Magistrate Judge Edmund F. Brennan on 12/12/11 ORDERING that Smith's motion for an extension of time to file a revised opposition to EMI's motion for assignment of rights, a restraining order, and turnover order, 100 is granted; The hearing on EMI's motion for assignment of rights, a restraining order, and turnover order, 79 is continued to February 1, 2012 at 10:00 a.m. in Courtroom No. 24; Smith may file a revised opposition to the motion on or before January 18, 2012; EMI may file a reply to Smith's opposition on or before January 25, 2012. (Becknal, R) (Entered: 12/12/2011)
12/12/2011		SERVICE BY MAIL: 105 Order served on Karen Mix. (Becknal, R) (Entered: 12/12/2011)

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CERTIFICATE OF SERVICE

SCOTT R. SMITH
5714 Folsom Blvd., Suite 140
Sacramento, CA 95819

I declare:

I am employed in the County of San Francisco, California. I am over the age of eighteen (18) years and not a party to the within cause. My business address is 165 Fell Street, San Francisco, CA 94102. On the date set forth below, I served the attached:

DECLARATION OF DAVID J. COOK, ESQ. IN SUPPORT OF MOTION TO DISMISS PETITION TO CANCEL, AND MOVE FOR ENTRY OF PREFILING ORDER AND OTHER RELIEF

on the above-named person(s) by:

XXX (BY MAIL) Placing a true copy thereof, enclosed in a sealed envelope with postage thereon fully prepaid, in the United States mail at San Francisco, California, addressed to the person(s) served above.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 30, 2011 at San Francisco, California.

Matthew Baron