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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

STEVEN SCHUSSLER and SCHUSSLER CREATIVE, INC., et al., <p style="text-align: right;">Plaintiffs,</p> vs. J. FRANK WEBSTER, <p style="text-align: right;">Defendant.</p>
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CASE NO. 07cv2016 IEG (AGB)

ORDER:

(1) GRANTING IN PART AND DENYING IN PART DEFENDANT’S MOTION TO VACATE ORDER; (Doc. No. 60)

(2) ENTERING AMENDED DECLARATORY JUDGMENT; and

(3) GRANTING IN PART AND DENYING IN PART PLAINTIFFS’ MOTION FOR PERMANENT INJUNCTION. (Doc. No. 58)

Presently before the Court are defendant’s motion to vacate the Court’s September 22, 2008 Order, and plaintiffs’ motion for permanent injunction. For the reasons stated herein, the Court: (1) grants defendant’s motion to vacate in part; (2) denies defendant’s motion to vacate in part; (3) enters an amended declaratory judgment in favor of plaintiffs; (4) grants plaintiffs’ motion for permanent injunction in part; and (5) denies plaintiffs’ motion for permanent injunction in part.

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1 **BACKGROUND**

2 **Factual Background**

3 Plaintiffs bring this action for defamation, tortious interference with contract, and tortious
4 interference with prospective economic advantage. Plaintiffs develop concepts for themed
5 restaurants; their previous projects include the “Rainforest Café” and “T-Rex.” In 2005, Schussler
6 Creative filed a trademark application for the mark “Hot Dog Hall of Fame.” Together with its
7 business partner, RED Development, LLC, (“RED Development”) Schussler Creative is
8 developing a restaurant franchise called “Hot Dog Hall of Fame.” The first “Hot Dog Hall of
9 Fame” opened on August 13, 2008, at the Mohegan Sun Casino at Pocano Downs, Wilkes-Barre,
10 Pennsylvania.

11 Defendant is J. Frank Webster, also known as “Uncle Frank” and “Mr. Hot Dog.”
12 Defendant owns a large collection of hot dog memorabilia which he has been collecting since the
13 1970's. He maintains a website with an online newsletter at www.thehotdoghalloffame.com. The
14 last hot dog restaurant he operated closed in 1983. He has never sought or received money in
15 connection with his activities on his website or with the memorabilia collection, although he
16 considers it more than a hobby. It is his eventual plan to open a museum showcasing the
17 collection with an on-site restaurant and other hot-dog related activities.

18 In June of 2007, defendant sent e-mails to various media organizations, hospitality
19 companies, civic leaders, and RED Development regarding plaintiffs’ plan to open the Hot Dog
20 Hall of Fame restaurants. In the e-mails, defendant claimed Mr. Schussler stole the concept of Hot
21 Dog Hall of Fame from him; plaintiffs do not own the intellectual property of the Hot Dog Hall of
22 Fame; and Mr. Schussler was a “liar,” a “thief,” and a “con man.” Defendant also stated he would
23 “poison the well” for Mr. Schussler and “blacken” the “eyes” of Mr. Schussler and his counsel.

24 **Procedural Background**

25 Plaintiffs filed a complaint on October 18, 2007, alleging (1) defamation, (2) tortious
26 interference with prospective economic advantage, and (3) tortious interference with contract.
27 (Doc. No. 1.) On November 15, 2007, the Court preliminarily enjoined defendant from “sending
28 e-mails, letters, or other correspondence to current or prospective business associates of plaintiffs,

1 or making verbal statements to such persons, or posting materials on a website, which state or
2 imply that plaintiffs have stolen, misappropriated, or infringed upon intellectual property allegedly
3 belonging to defendant relating to the Hot Dog Hall of Fame.” (11/15/2007 Order at 7.) The
4 preliminary injunction is in effect until the conclusion of this litigation.

5 On June 27, 2008, plaintiffs filed a motion for summary judgment and for a permanent
6 injunction of defendant’s “tortious and defamatory behavior.” (Doc. No. 32.) On September 22,
7 2008, the Court issued an Order (“Order”) granting in part and denying in part the motion for
8 summary judgment, and denying the motion for permanent injunction. (Doc. No. 47.) The Court
9 found that “[b]ecause Schussler Creative has registered the trademark, it is presumed valid.”
10 (Order at 4.) The Court granted plaintiffs’ motion for summary judgment as to the claim for
11 trademark rights, and entered a declaratory judgment that defendant had no trademark right in his
12 use of “The Hot Dog Hall of Fame” and that defendant’s use of that name “did not invalidate
13 Schussler Creative’s trademark for ‘Hot Dog Hall of Fame.’” (Order at 6-7.) The Order denied
14 plaintiffs’ motion for summary judgment on their defamation and tortious interference claims.

15 On January 14, 2009 plaintiffs moved for a permanent injunction asking the Court to
16 preclude defendant from publishing statements that claim, insinuate, or imply that plaintiffs: (a) do
17 not own or are not entitled to use the phrases “The Hot Dog Hall of Fame” or “Hot Dog Hall of
18 Fame”; or (b) stole or otherwise misappropriated trademark rights from defendant. (Doc. No. 58.)
19 Defendant has filed an opposition, (Doc. No. 65,) and plaintiffs filed a reply. (Doc. No. 66.) On
20 January 26, 2009 defendant moved to vacate the Order under Fed. R. Civ. P. 60(b). (Doc. No. 60.)
21 Plaintiffs filed an opposition (Doc. No. 64,) and defendant has filed a reply. (Doc. No. 67.)

22 DISCUSSION

23 I. Defendant’s Motions to Vacate September 22, 2008 Order

24 Federal Rule of Civil Procedure 60(b) provides, “[o]n motion and just terms, the court may
25 relieve a party or its legal representative from a final judgment, order, or proceeding,” for a variety
26 of reasons. Fed. R. Civ. P. 60(b) (2009). Defendant moves the Court for an order vacating in part
27 the Order pursuant to either Fed. R. Civ. P. 60(b)(1), 60(b)(3), or 60(b)(6), primarily because
28 plaintiffs allegedly made false statements of fact and law that “induced” the Court to erroneously

1 issue the declaratory judgment in plaintiffs' favor. The alleged misrepresentations are set forth
2 below, followed by a discussion of whether relief is warranted under Fed. R. Civ. P. 60(b).

3 A) Misrepresentations of Fact

4 Defendant argues that contrary to plaintiffs' representations in their pleadings, plaintiffs *do*
5 *not* own a registered trademark in the name "Hot Dog Hall of Fame," and do not even own the
6 trademark *application* for that name. Defendant also states that regardless of who owns the
7 trademark application, no trademark has ever been issued on the name. Defendant supports his
8 argument with the declaration of Michael A. Febbo. Mr. Febbo's declaration details reports from
9 the United States Patent and Trademark Office ("PTO") website regarding trademark applications
10 for the "Hot Dog Hall of Fame," and attaches those reports as exhibits.¹ His declaration and the
11 attached exhibits indicate:

12 (a) Schussler Creative filed a trademark/service mark application for "Hot Dog
13 Hall of Fame" on March 21, 2005 with an application serial number of 78591560
14 ("560 application.") The PTO mailed a "final refusal" of the statement of use for
the application on November 19, 2008. As of January 21, 2009, no trademark had
been issued on the '560 application.

15 (b) The application was assigned to an entity called "Creative Attractions,
16 LLC" on November 30, 2007, and the assignment was recorded on December 11,
2007.

17 (Febbo Decl. ISO Mot. to Vacate, ¶¶ 5-12.)

18 Plaintiffs argue they fully and accurately disclosed the assignment of the application to
19 "their affiliate" Creative Attractions, LLC ("Creative Attractions") as well as the status of their
20 trademark application. With regard to ownership of the trademark application, plaintiffs affirm
21 that Schussler Creative assigned its rights in the '560 application to Creative Attractions on
22 November 30, 2007. (Schussler Decl. ISO Opp. to Mot. to Vacate, ¶ 3.) Plaintiffs explain
23 Schussler Creative is a fifty percent owner of Creative Attractions through its wholly-owned
24 subsidiary, Creative Holdings, LLC ("Creative Holdings"). (*Id.*, ¶ 2.) Plaintiffs state that under
25 Creative Attractions' Member Control Agreement, Schussler Creative, Steven Schussler, and
26 Creative Holdings are required to indemnify Creative Attractions for claims involving its assets.

27
28 ¹ Mr. Febbo's declaration also discusses two other trademark applications regarding the "Hot
Dog Hall of Fame." The Court does not discuss them here because the fraud allegation centers on
plaintiffs' representations regarding the '560 application in their summary judgment motion.

1 (Id., ¶ 4.) Plaintiffs claim that they were “required” to continue the instant litigation on Creative
2 Attractions’ behalf even after the trademark application was assigned. (Id.) Plaintiffs maintain
3 that their summary judgment motion clearly disclosed the fact that the trademark application had
4 been assigned to Creative Attractions.

5 With regard to the status of the trademark registration,² plaintiffs argue that although no
6 certificate of registration has issued for the ‘560 application, they expect the registration “in due
7 course.” (Opp. to Motion to Vacate at 8.) On October 18, 2005 the PTO preliminarily determined
8 the ‘560 application for the “Hot Dog Hall of Fame” mark was entitled to trademark protection, a
9 notice of publication issued on November 30, 2005³ and the application was published for
10 opposition on December 20, 2005. [Provo Decl. ISO Opp. to Motion to Vacate, (“Provo Decl.”) ¶
11 3, Ex. 3.] No opposition having been filed, the PTO issued a notice of allowance⁴ on March 14,
12 2006. (Id., ¶ 4, Ex. 4.) Plaintiffs argue this notice of allowance meant “that the initial examination
13 has been completed, that the [PTO] has determined the mark to be registerable . . . and registration
14 will issue assuming the applicant files the necessary statement of use.”⁵ (Opp. at 3.) Mr.

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16 ² The ‘560 application is an “intent to use” application filed under 15 U.S.C. § 1051(b) (2009).
17 (Provo Decl., ¶ 2., Ex. 1.) Section 1051(b) provides: “(1) A person who has a bona fide intention .
18 . . . to use a trademark in commerce may request registration of its trademark . . . by paying the
19 prescribed fee and filing in the [PTO] an application and a verified statement (3) The statement
shall be verified by the applicant and specify . . . (B) the applicant's bona fide intention to use the mark
in commerce. . . .”

20 ³ 15 U.S.C. § 1062(a) (2009) provides, “[u]pon the filing of an application for registration .
21 . . . the Director shall refer the application to the examiner in charge of the registration of marks, who
22 shall cause an examination to be made and, if on such examination it shall appear that the applicant
23 . . . would be entitled to registration upon the acceptance of the statement of use required by [15 USCS
§ 1051(d)], the Director shall cause the mark to be published in the Official Gazette of the Patent and
Trademark Office.” 15 USCS § 1051(d) is cited in relevant part in footnote 5, *infra*.

24 ⁴ 15 U.S.C. § 1063(b) (2009) provides, “[u]nless registration is successfully opposed . . .
25 (2) a notice of allowance shall be issued to the applicant if the applicant applied for registration
26 under [15 USCS § 1051(b)].”

27 ⁵ 15 U.S.C. § 1051(d) (2009) provides, “[w]ithin six months after the date on which the notice
28 of allowance with respect to a mark is issued under [15 USCS § 1063(b)(2)] . . . the applicant shall
file in the [PTO], together with such number of specimens or facsimiles of the mark as used in
commerce as may be required . . . a verified statement that the mark is in use in commerce and
specifying the date of the applicant’s first use of the mark in commerce and those goods or services
specified in the notice of allowance on or in connection with which the mark is used in commerce.
Subject to examination and acceptance of the statement of use, the mark shall be registered in the
[PTO], a certificate of registration shall be issued for those goods or services recited in the statement

1 Schussler and later, Creative Attractions, received several extensions on the filing date for the
2 statement of use. (*Id.* at 5.) On September 23, 2008, Creative Attractions filed its statement of use
3 for the mark. (Provo Decl., ¶7, Ex. 8.) On September 29, 2008, the PTO “accepted the statement
4 of use and specimens in class 43”⁶ but refused the statement of use “regarding the specimens
5 submitted in class 35.” (*Id.*, ¶7, Ex. 9.) Creative Attractions resubmitted the class 35 specimens,
6 and the PTO rejected that submission on November 18, 2008, requesting in a “final” office action
7 that Creative Attractions submit a substitute specimen and supporting statement on or before May
8 18, 2009. (*Id.*, ¶8, Ex. 11.) On January 30, 2009, Creative Attractions submitted a request to
9 divide the application so that the class 43 mark could proceed to registration while the class 35
10 mark was being evaluated. (*Id.*, ¶11, Ex. 12.) In a supplemental declaration, plaintiffs submitted a
11 status report indicating the divisional processing of the class 43 specimens occurred on February 5,
12 2009 under application serial number 78980937, the PTO completed final review of that
13 application, and as of February 10, 2009, the application would “register in due course.”
14 (Markinson Supp. Decl. ISO Opp., Ex. 1.)

15 Plaintiffs further argue they never misrepresented to the Court that they owned a *registered*
16 *trademark* as opposed to strictly a trademark *application*. For example, plaintiffs cite to language
17 in their complaint which states “Schussler Creative is the owner of the U.S. Trademark
18 *Application* Serial No. 78/591560 for the ‘HOT DOG HALL OF FAME’ trademark for restaurant
19 services, retail store and wholesale distributorship services.” (Compl., ¶ 8.) (emphasis added).
20 Plaintiffs argue that although paragraph 13 of the Complaint states that Schussler Creative owned
21 the ‘560 *trademark* and not merely the *application*, that paragraph cited to exhibits indicating
22 Schussler Creative was the owner of the application, and thus the Complaint accurately disclosed
23 plaintiffs’ ownership interest in the application. Plaintiffs also cite to their statement of facts in
24 support of their summary judgment motion indicating the ‘560 application would be approved
25 pending demonstration of “actual use in commerce.” (Stmt. of Facts ISO Mot. Summ. J. at 18-19
26 _____
27 of use for which the mark is entitled to registration. . . .”

28 ⁶ The ‘560 application sought to register the word mark “Hot Dog Hall of Fame” in International classes 43 (restaurant services) and 35 (retail store and wholesale distributorship services) pursuant to 15 U.S.C. § 1051(b) (2009). (Provo Decl., ¶ 2., Ex. 1.)

1 n. 7.)

2 B) Misrepresentations of Law

3 Defendant also argues that plaintiffs misrepresented a dispositive legal standard in their
4 summary judgment motion. Plaintiffs stated in that motion, “Mr. Webster—as a non-
5 registrant—may rebut the presumption of validity only by demonstrating that he was the first to use
6 the mark *in commerce* and that he has used the mark *in commerce* continuously since the date of
7 his first use.” (Plts.’ Memo. ISO Mot. for Summ. J. at 4) (emphasis in original). Plaintiffs cited
8 Brookfield Comm., Inc. v. West Coast Entm’t Corp., 174 F.3d 1036, 1047 (9th Cir. 1999) in
9 support of this assertion. Defendant argues plaintiffs misled the Court because they did not
10 explain the burden-shifting described in Brookfield applied only to “inherently distinctive marks.”
11 Brookfield, 174 F.3d at 1047 n.9. Defendant states this omission was misleading because in this
12 case there has been no agreement that “Hot Dog Hall of Fame” is an inherently distinctive mark,
13 and had the Court known the correct legal test it “clearly and convincingly” would have provided
14 him with the chance to show that the mark is “merely descriptive.”

15 C) Relief Under Fed. R. Civ. P. 60(b)

16 A motion under Fed. R. Civ. P. 60(b) is addressed to the Court’s sound discretion and will
17 not be reversed absent an abuse of discretion. Civic Ctr. Square v. Ford (In re Roxford Foods), 12
18 F.3d 875, 879 (9th Cir. 1993). Defendant first argues the Order should be vacated under Fed. R.
19 Civ. P. 60(b)(3), which states that the Court may relieve a party of a “final judgment, order, or
20 proceeding” by reason of “fraud . . . , misrepresentation, or other misconduct of an adverse party.”
21 Fed. R. Civ. P. 60(b)(3) (2009). To prevail under Rule 60(b)(3), the moving party must establish
22 by clear and convincing evidence that a judgment was obtained by fraud, misrepresentation, or
23 misconduct, and that the conduct complained of prevented the moving party from fully and fairly
24 presenting the case. Casey v. Albertson’s Inc., 362 F.3d 1254, 1260 (9th Cir. 2004). The fraud
25 “must not be discover-able by due diligence before or during the proceedings.” Id. “Fraud upon
26 the court,” a narrower concept, embraces only fraud which attempts to, “defile the court itself, or is
27 a fraud perpetrated by officers of the court so that the judicial machinery can not perform in the
28 usual manner its impartial task of adjudging cases that are presented for adjudication.” In re

1 Intermagnetics America, Inc., 926 F.2d 912, 916 (9th Cir. 1991) (citation omitted).

2 The facts submitted by the parties indicate that plaintiffs *do not* own the ‘560 patent
3 application, and that *no registered trademark has been issued* to date for the mark “Hot Dog Hall
4 of Fame.” As an initial matter, the Court finds that plaintiffs’ assignment of the ‘560 application
5 to Creative Attractions does not warrant relief under *any* provision of Rule 60(b) because the
6 assignment does not materially affect the Court’s review of its summary judgment decision. The
7 Court also finds that plaintiffs made inconsistent statements that led the Court to erroneously
8 conclude they had a registered trademark. However, the Court cannot conclude that plaintiffs
9 defrauded the Court because documents showing the true ownership and status of the ‘560
10 application were attached to plaintiffs’ motion for summary judgment. Similarly, defendant is not
11 entitled to relief under Rule 60(b)(3) due to plaintiff’s alleged misrepresentation of law because
12 the applicability of Brookfield could have been determined through due diligence by defendant or
13 the Court before or during the proceedings.

14 Defendant alternatively argues he is entitled to relief under Rule 60(b)(1), which states that
15 the Court may relieve a party from a judgment by reason of “mistake, inadvertence, surprise, or
16 excusable neglect[.]” Fed. R. Civ. P. 60(b)(1) (2009). Rule 60(b)(1) provides such relief from a
17 judgment on motion made within a year after entry. Kingvision Pay-Per-View v. Lake Alice Bar,
18 168 F.3d 347, 350 (9th Cir. Cal. 1999). A court may also correct its own error of law under Rule
19 60(b)(1). See Id. (citing Liberty Mut. Ins. Co. v. Equal Employment Opportunity Comm., 691 F.2d
20 438, 441 (9th Cir. 1982)).⁷

21 In the Order, the Court entered judgment finding: (1) “defendant has no trademark right in
22 his use of the ‘Hot Dog Hall of Fame;”” and (2) “[d]efendant’s use of that name does not
23 invalidate Schussler Creative’s trademark for “Hot Dog Hall of Fame.” (Order at 6-7.) In support

24
25 ⁷ Defendant also argues that his lack of the legal knowledge required to competently oppose
26 the summary judgment motion constitute “mistake, inadvertence, or excusable neglect” warranting
27 relief under Rule 60(b)(1). Generally, “neither ignorance nor carelessness on the part of the litigant
28 or his attorney provide [adequate] grounds for relief under Rule 60(b)(1).” Engleson v. Burlington
N. R.R., 972 F.2d 1038, 1043 (9th Cir. 1992). Even though defendant was proceeding *pro se* when
he opposed the summary judgment motion, defendant’s arguments and cited authority do not persuade
the Court that *pro se* party is entitled to relief under Rule 60(b)(1) because he lacked the training to
properly defend his case on the merits. The Court DENIES defendant’s motion for relief under Rule
60(b)(1) based on his own “mistake, inadvertence, or excusable neglect.”

1 of judgment the Court reasoned that “[b]ecause Schussler Creative has registered the trademark, it
2 is presumed valid,” and found that defendant could not rebut that presumption because he did not
3 use the mark in a sufficiently “commercial” manner. (Order at 6.) This decision was partially in
4 error. In the Ninth Circuit, a registered trademark constitutes “prima facie evidence of the
5 validity of a registered mark and of the registrant’s exclusive right to use the mark on the goods
6 and services specified in the registration.” Brookfield Comm., Inc. v. West Coast Entertainment
7 Corp., 174 F.3d 1036, 1047 (9th Cir. 1999); Sengoku Works Ltd. v. RMC Int’l, Ltd., 96 F.3d
8 1217, 1219 (9th Cir. 1996). Here, although plaintiffs argue they have a registered trademark “for
9 all intents and purposes,” they still *do not have a registered trademark*. The presumption of
10 validity therefore does not apply. See Glow Indus., Inc. v. Lopez, 252 F. Supp. 2d 962, 976 (C.D.
11 Cal. 2002) (finding that a party with an “imminent” trademark registration still could not avail
12 itself of the presumption that it owned and had the right to use the disputed trademark).

13 Absent the registered trademark presumption, trademark rights are determined under
14 common law. Id. at 976. At common law, the existence and extent of trademark protection for a
15 particular term depends on the term’s inherent distinctiveness. Blinded Veterans Ass'n v. Blinded
16 American Veterans Foundation, 872 F.2d 1035, 1039 (D.C. Cir. 1989). There are five categories
17 of trademarks: (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; and (5) fanciful. Yellow
18 Cab Co. v. Yellow Cab of Elk Grove, Inc., 419 F.3d 925, 927 (9th Cir. 2005). An unregistered
19 mark, such as “Hot Dog Hall of Fame,” “is distinctive and is capable of being protected if it either
20 (1) is inherently distinctive [suggestive, arbitrary, or fanciful] or (2) [is descriptive, but] has
21 acquired distinctiveness through secondary meaning.”⁸ Kendall-Jackson Winery v. E. & J. Gallo
22 Winery, 150 F.3d 1042, 1047 (9th Cir. 1998). Ownership of a distinctive mark is then determined
23 through priority of commercial use. See, e.g., CreAgri, Inc. v. USANA Health Scis., Inc., 474
24 F.3d 626, 630 n. 9 (9th Cir.) (explaining that before examining priority of use in a trademark
25 infringement claim, the Court assumed the mark was eligible for protection—i.e. it was inherently
26 distinctive or had acquired inherent distinctiveness through secondary meaning).

27
28 ⁸ “Secondary Meaning” means that purchasers singularly associate the mark with the party
claiming rights to the mark. Dept of Parks & Rec. v. Bazaar Del Mundo, Inc., 448 F.3d 1118, 1128
(9th Cir. Cal. 2006).

1 Plaintiffs have not shown they have a protectable trademark interest in “Hot Dog Hall of
2 Fame” because the mark is unregistered and they made no showing on summary judgment that the
3 mark was: (1) inherently distinctive, or (2) descriptive, but distinctive through secondary meaning.
4 Kendall-Jackson, 150 F.3d at1047. Plaintiffs also did not make the required showing of use of the
5 mark in commerce in their summary judgment motion. Sengoku, 96 F.3d at 1219. (“[i]t is
6 axiomatic in trademark law that the standard test of ownership is priority of use. To acquire
7 ownership of a trademark it is not enough to have invented the mark first or even to have
8 registered it first; the party claiming ownership must have been the first to actually use the mark in
9 the sale of goods or services.”) The Court therefore vacates its prior decision that “[d]efendant’s
10 use of [the name ‘Hot Dog Hall of Fame’] does not invalidate Schussler Creative’s trademark for
11 ‘Hot Dog Hall of Fame,’” because plaintiffs in fact have not established trademark rights in the
12 name.

13 The parties also dispute whether the Court’s erroneous application of law warrants
14 defendant’s relief from the Court’s declaratory judgment that defendant had “no trademark right in
15 his use of ‘The Hot Dog Hall of Fame.’” (Order at 6.) Plaintiffs argue that regardless of the
16 validity of their own trademark rights to “Hot Dog Hall of Fame,” they are entitled to a declaratory
17 judgment that *defendant* has no rights to the mark because on summary judgment defendant failed
18 to show the requisite priority of commercial use. Defendant asserts that only “inherently
19 distinctive” marks are governed by a priority of use analysis, citing Brookfield, 174 F.3d 1036
20 at1047 (“a fundamental tenet of trademark law is that ownership of an inherently distinctive mark .
21 . is governed by priority of use.”) He argues “descriptive” marks, which are not inherently
22 distinctive, are only protectable by proof of secondary meaning. Defendant therefore argues the
23 Court must determine whether or not “Hot Dog Hall of Fame” is inherently distinctive before
24 determining he has no trademark rights due to lack of prior commercial use.

25 Defendant is correct that a descriptive mark must be shown to have secondary meaning to
26 eligible for protection. Kendall-Jackson, 150 F.3d at1047. However, he is incorrect in stating that
27 *only* “inherently distinctive” marks are governed by the priority of use requirement for three
28 reasons. First, the user of any distinctive mark (including a descriptive mark with secondary

1 meaning) must also show priority of use in order to prove priority of a trademark right. CreAgri,
2 474 F.3d at 630 n. 9; see also 1 Anne Gilson Lalonde, Gilson on Trademarks § 3.03[2][b] (2008)
3 (“The owner of a trademark which is not inherently distinctive, which requires proof of secondary
4 meaning as prerequisite to legal protection, has a more strict priority requirement [than the owner
5 of an inherently distinctive mark]. He must prove not only that he adopted and used his mark [in
6 commerce] first but also that it attained secondary meaning prior to the adoption and use of the
7 confusingly similar mark.”) Second, the plain language of Brookfield, a case cited by defendant,
8 *does not* restrict the applicability of the priority of use rule to inherently distinctive marks; it
9 merely states the rule is *applicable* to inherently distinctive marks. Third, defendant has no
10 protectable trademark interest regardless of the distinctiveness of the mark. If the mark *is not*
11 distinctive, it is not eligible for protection, and neither plaintiffs nor defendant have a trademark
12 right. If the mark *is* distinctive, the prior commercial use rule applies, and the Court has already
13 found, based on undisputed facts that over the course of thirty years defendant “did not use the
14 mark in a sufficiently ‘commercial’ manner to create an enforceable trademark right.” (Order at 5-
15 6.) Thus, the Court’s determination that defendant did not establish the relevant commercial use to
16 establish trademark rights is sound, and its decision that defendant has “no trademark right in his
17 use of ‘The Hot Dog Hall of Fame’” remains in place.⁹

18 II. Plaintiffs’ Motion for Permanent Injunction

19 Plaintiffs have moved the Court for a permanent injunction consistent with the declaratory
20 judgment Order.

21 A) Legal Standard

22 To obtain a permanent injunction, a moving party must demonstrate “(1) that it has
23 suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are
24 inadequate to compensate for that injury; (3) that, considering the balance of hardships between
25 the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would

26
27 ⁹ Defendant has alternatively moved for relief under Rule 60(b)(6). The motion is DENIED
28 because defendant’s asserted grounds for relief are not materially distinguishable from those he
offered in support of his Rule 60(b)(1) and (b)(3) motions. A motion brought under 60(b)(6) must be
based on grounds other than those listed in the preceding clauses of Rule 60(b). Lafarge Conseils Et
Etudes, S.A. v. Kaiser Cement & Gypsum Corp., 791 F.2d 1334, 1338 (9th Cir. 1986).

1 not be disserved by a permanent injunction.” eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388,
2 391 (2006). The considerations with respect to a permanent injunction are substantially similar to
3 those applicable to a preliminary injunction, except that to obtain a permanent injunction, the
4 plaintiff actually must have succeeded on the merits. Sierra Club v. Penfold, 857 F.2d 1307, 1318
5 (9th Cir. 1988). Whether to grant or deny a request for a permanent injunction is within a court's
6 equitable discretion. eBay, 547 U.S. at 391.

7 B) Success on the Merits

8 There are two grounds upon which plaintiffs request injunctive relief. First, they request
9 that the Court enjoin defendant from publishing statements claiming plaintiffs do not own or are
10 not entitled to use the phrases “The Hot Dog Hall of Fame” or “Hot Dog Hall of Fame.” As
11 discussed *supra*, plaintiffs have not established they own or are exclusively entitled to use those
12 phrases, and thus have not shown success on the merits. Accordingly, the Court denies the motion
13 based on this ground.

14 Second, plaintiffs request that the Court enjoin defendant from making statements that
15 plaintiffs stole or misappropriated trademark rights from defendant. Defendant argues the truth of
16 his allegedly libelous statements is a disputed issue of fact that was reserved for trial by the
17 Court’s summary judgment Order, and that plaintiffs have thus not demonstrated success on the
18 merits.¹⁰

19 Even though it is a disputed issue of fact whether plaintiffs stole defendant’s general idea,
20 it is not disputed that plaintiffs stole defendant’s *trademark* rights, because as a matter of law
21 defendant has no trademark rights. Plaintiffs’ request for injunctive relief is consistent with the
22 Court’s finding that defendant has no protectable trademark right to the “Hot Dog Hall of Fame.”
23 The Court finds that plaintiffs have demonstrated success on the merits with respect to this request.

24 C) Irreparable Harm

25 To establish irreparable harm a party must demonstrate that but for the grant of equitable
26 relief, there is a substantial likelihood that the party will suffer an injury ‘for which a monetary
27

28 ¹⁰ In the Order, the Court concluded “a reasonable jury could find that Mr. Schussler actually
took defendant’s idea and thus the “gist” of his emails was true.” (Order at 10.)

1 award cannot be adequate compensation.” LaGuardia Assocs. v. Holiday Hospitality Franchising,
2 Inc., 92 F. Supp. 2d 119, 130 (E.D.N.Y. 2000) (quoting Tom Doherty Assocs., Inc. v. Saban
3 Entm't, Inc., 60 F.3d 27, 37 (2d Cir. 1995).

4 Plaintiffs do not present any new evidence or supporting documentation in support of their
5 argument that they have suffered and will suffer irreparable harm absent the requested injunctive
6 relief. Plaintiffs simply refer to their “previous filings” in support of their argument and mention
7 that plaintiffs’ statements have delayed restaurant openings and threatened Schussler Creative’s
8 reputation. Defendant argues plaintiffs have not shown irreparable harm because they have not
9 attached any evidence to their motion and simply make a general reference to “prior pleadings” for
10 support. Defendant cites no authority which precludes the Court from referring to prior pleadings
11 to determine irreparable harm.

12 The Court finds that the same bases for irreparable harm that supported the preliminary
13 injunction also support the granting of the permanent injunction. The Court previously found that
14 if defendant continued to send e-mails about the disputed intellectual property interests, “plaintiffs
15 will likely suffer irreparable damage to their reputation.” (Prel. Inj. Order at 6.) See Rent-A-
16 Center, Inc. v. Canyon Television & Rental, Inc., 944 F.2d 597, 603 (9th Cir. 1991) (reputational
17 damage can constitute irreparable harm). The Court based its finding on the facts, supported by
18 sworn declarations and exhibits that: (1) plaintiffs’ reputation is very important in their industry;
19 (2) plaintiffs had previously enjoyed a good reputation and plaintiffs were concerned that
20 defendant’s emails would harm that reputation irreparably; (3) e-mails are easily forwarded,
21 causing irreparable damage over a short period of time, and one of defendant’s emails was in fact
22 forwarded to plaintiffs by a third-party recipient; (4) defendant intended to “poison the well”
23 against plaintiffs and stated he was “ready to stare [Schussler] down to the bitter end,” indicating
24 his desire to harm their reputation. (Prel. Inj. Order at 6.) Here, plaintiffs’ reputational interests
25 continue to exist, and communications by defendant indicating plaintiffs stole his trademark rights
26 could similarly damage those interests.

27 D) Inadequate Legal Remedy

28 “Injunctive relief is proper only if monetary damages or other legal remedies will not

1 compensate the plaintiffs for their injuries.” Walters v. Reno, 145 F.3d 1032, 1048 (9th Cir.
2 1998). In other words, mere economic injury will not support a request for injunctive relief.
3 Rent-A-Center, 944 F.2d at 603. Damage based on reputation is an intangible injury that is
4 difficult to value, id., and is the main source of plaintiffs’ likely irreparable harm. Plaintiffs also
5 point out that to the extent any injury is compensable by damages, defendant’s insolvency “renders
6 any money award worthless.” (Reply at 3.) The Court therefore finds that plaintiffs do not have
7 an adequate remedy at law for their injuries.

8 E) Balance of Hardships

9 Plaintiffs argue defendant will suffer no hardship if the Court grants the permanent
10 injunction because the only effect would be to prevent defendant from making statements that
11 would contravene the Court’s declaratory judgment. Plaintiffs argue that if the Court does not
12 grant the injunction they will continue to suffer hardship because defendant has indicated that he
13 will continue his efforts to communicate with the public about plaintiffs allegedly stealing his
14 intellectual property rights. Plaintiffs also argue that absent an injunction they will be forced to
15 file additional lawsuits against defendant if he continues to issue statements that contradict the
16 Court’s declaratory judgment. Defendant argues the balance of hardships tips in his favor because
17 he has devoted much of his life to the “Hot Dog Hall of Fame” and a permanent injunction would
18 preclude him from discussing his rights relating to his business efforts and from achieving his
19 dream of opening a museum and retail outlet.

20 However, the balance of hardships tips in favor of granting equitable relief to plaintiffs.
21 An injunction does not preclude defendant from discussing his business efforts, as he contends,
22 because the equitable relief plaintiffs seek is very narrow. Plaintiffs merely request that the Court
23 enjoin defendant from publishing statements that plaintiffs stole his *trademark rights*.

24 E) Public Interest

25 In order to obtain a permanent injunction, a party must also show that injunctive relief
26 would not disserve the public interest. N. Cheyenne Tribe v. Norton, 503 F.3d 836, 843 (9th Cir.
27 2007). Plaintiffs argue the public interest would not be disserved by entry of a permanent
28 injunction because the Court has already found defendant’s statements that plaintiffs stole his

1 trademark rights to be untrue. Plaintiffs argue the public will not benefit if they are forced to bring
2 a lawsuit against defendant every time he publishes a statement that contradicts the Court's
3 declaratory judgment. Defendant argues the public interest would be disserved by a permanent
4 injunction because he would be precluded from opening his own "Hot Dog Hall of Fame"
5 museum and making thirty years of his life's work available for free to the public.

6 Defendant's argument is without merit; an injunction precluding defendant from publishing
7 statements that plaintiffs stole his trademark rights, in and of itself, does *not* preclude defendant
8 from opening a museum or retail outlet. The public interest would not be disserved by entry of the
9 injunction.

10 G. First Amendment Concerns

11 Defendant argues that the requested injunction would be an unconstitutional prior restraint
12 on his First Amendment Rights. Defendant's argument is unavailing. In this case, the Court has
13 determined that defendant has no enforceable trademark right, and that any assertions that
14 plaintiffs stole his trademark rights are therefore false. Although prior restraint of speech is
15 constitutionally repugnant, Near v. State of Minnesota, 283 U.S. 697, 713 (1931), the First
16 Amendment offers no protection for false or deceptive commercial speech. Central Hudson Gas &
17 Elec. Corp. v. Public Serv. Comm'n, 447 U.S. 557, 563 (1980); Bose Corp. v. Consumers Union
18 of U.S., Inc., 466 U.S. 485, 503-04. Moreover, freedom of speech "is . . . not an absolute right,
19 and the state may punish its abuse." Near, 283 U.S. at 707-08. Once a final determination is
20 rendered that a statement constitutes unprotected speech, "it is not a prior restraint for a court to
21 enjoin the defendant from repeating that statement." New.Net. Inc. v. Lavasoft, 356 F. Supp. 2d
22 1071, 1084 (C.D. Cal. 2003) (citing Kramer v. Thompson, 947 F.2d 666, 676 (3d Cir. 1991)).

23 H. Permanent Injunctive Relief Is Granted In Part

24 Plaintiffs have succeeded on the merits of one of their asserted bases for injunctive relief
25 and have satisfied the factors set out in eBay with respect to their request.

26 **CONCLUSION**


27 For the foregoing reasons, the Court: (1) GRANTS defendant's motion to vacate the
28 judgment that "[d]efendant's use of [the name 'Hot Dog Hall of Fame'] does not invalidate

1 Schussler Creative’s trademark for ‘Hot Dog Hall of Fame;’” (2) DENIES defendant’s motion to
2 vacate its decision that defendant has “no trademark right in his use of ‘The Hot Dog Hall of
3 Fame;’” (3) enters an amended declaratory judgment in favor of plaintiffs consistent with these
4 findings; and (4) GRANTS IN PART plaintiff’s motion to permanently enjoin defendant from
5 publishing certain statements.

6 Therefore, defendant and his officers, agents, employees, independent contractors, or other
7 persons acting under his supervision or control or at his request are permanently enjoined from
8 sending e-mails, letters, or other correspondence to current or prospective business associates of
9 plaintiffs, or making verbal statements to such persons, or posting materials on a website, which
10 state or imply that plaintiffs have stolen, misappropriated, or infringed upon defendant’s
11 *trademark rights* to the Hot Dog Hall of Fame.

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13 **IT IS SO ORDERED.**

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15 **DATED: March 9, 2009**

16 
17 **IRMA E. GONZALEZ, Chief Judge**
18 **United States District Court**

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