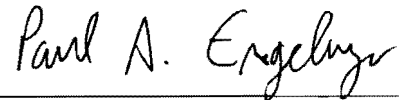


conference, and set a prompt timetable for their resolution. In the event the Court determines that a party has not complied with a prior discovery order of this Court, the Court will take appropriate remedial action.

The parties shall come to the February 15 conference prepared to discuss all outstanding issues in this case. These issues include (1) plaintiffs' anticipated summary judgment motion, (2) defendants' anticipated cross-motion, (3) the ongoing discovery dispute, including the question of whether Mr. Basso's deposition binds the corporate defendants, and (4) plaintiffs' January 25 request for sanctions. Defendants may submit a letter in response to plaintiffs' pre-motion letter by February 7, 2012. At the conference, the Court will set a briefing schedule for summary judgment motion.

SO ORDERED.



Paul A. Engelmayer
United States District Judge

Dated: February 2, 2012
New York, New York

JAKUBOWITZ & CHUANG LLP

ATTORNEYS AT LAW

401 BROADWAY, SUITE 408 NEW YORK, NY 10013	WILLIAM W. CHUANG TOVIA JAKUBOWITZ	(347) 542-8529 (347) 370-9585	WILLIAM@JCLAWLLP.COM TOVIA@JCLAWLLP.COM
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January 26, 2012

BY FEDEX

Hon. Judge Paul A. Engelmayer
U.S. District Judge
United States Courthouse
500 Pearl St.
New York, NY 10007-1312

RE: Lebewohl et al. v. Heart Attack Grill LLC, et al., Case No. 11-cv-3153.

Dear Judge Engelmayer:

My firm represents the Plaintiffs in this case. As we intend to move for summary judgment, we write to request a pre-motion conference. Even when viewed in the light most favorable to HAG, there are no genuine issues of material fact disputing that: (1) Plaintiffs have used the "Instant Heart Attack Sandwich" mark in interstate commerce as a trademark and (2) that such use predated HAG's first use of the "Heart Attack Grill" trademark. Therefore, we seek summary judgment in our favor as to these points.

The summary judgment motion will amplify the arguments set forth in the Plaintiffs' December 9, 2011 letter to the Court responding to HAG's proposed summary judgment motion, and the Plaintiffs' opposition to HAG's motion to dismiss the counterclaims. Documents referred to in this letter have previously been submitted to the Court as part of these filings.

Plaintiffs have been using the "Instant Heart Attack Sandwich" as a trademark, which is any word used by a person to identify and distinguish his goods from those sold by others, and to indicate the source of the goods. 15 U.S.C. § 1127; DC Comics, Inc. v. Powers, 465 F.Supp. 843, 846 (S.D.N.Y. 1978). Plaintiffs have continuously used the "Instant Heart Attack Sandwich" mark to identify its product, a beef sandwich made with latkes, since at least 2004, and to distinguish this product from similar sandwiches sold by others. The Instant Heart Attack Sandwich mark has become associated with the 2ND AVE DELI, as demonstrated by the January 6, 2006 New York Times article.¹

¹ These documents are part of Trademark Office file on the Instant Heart Attack Sandwich trademark application, which can be viewed at <http://tdr.uspto.gov/search.action?sn=85140751#>

Plaintiffs have also been using the Instant Heart Attack Sandwich mark in connection with its sandwich. According to 15 U.S.C. § 1127, a mark is used in commerce on goods when:

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce.

The Instant Heart Attack Sandwich is not served in a wrapper, and it is impracticable to affix tags or labels on the sandwich. Therefore, the mark is used on menus, which describe it as a “sandwich consisting of two large Potato Pancakes with your choice of Corn beef, Pastrami, Turkey, Salami.” The menu description of the Instant Heart Attack Sandwich has remained essentially unchanged since October 2005 to the present day.

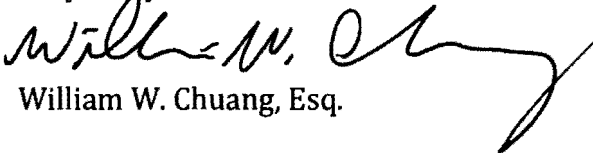
Furthermore, the Plaintiffs have been using the “Instant Heart Attack Sandwich” in interstate commerce. The Lanham Act can regulate wholly intrastate conduct. Dawn Donut Co. v. Hart’s Food Stores, Inc., 67 F.2d 358, 365 (2d Cir. 1959); see Larry Harmon Pictures Corp. v. Williams Rest. Corp., 929 F.2d 662, 666 (Fed. Cir. 1991) (use of a mark by a single-location restaurant held to be use in commerce). This is because the Lanham Act arises under the Commerce Clause powers of the Congress. United We Stand Am. v. United We Stand, America, NY, 128 F.3d 86, 92 (2d Cir. 1997). Wholly intrastate conduct falls within the scope of the Lanham Act when the alleged infringement, though occurring in intrastate commerce, has a substantial effect on interstate commerce. Franchised Stores of New York, Inc. v. Winter, 394 F.2d 664, 669 (2d Cir. 1968). A substantial effect on interstate commerce within the meaning of the Commerce Clause can be found when restaurants offer to serve interstate travelers or when they serve food, a substantial portion of which has moved in interstate commerce. Katzenbach v. McClung, 379 U.S. 294, 304 (1964).

In this case, the Plaintiffs’ business has had a substantial effect on interstate commerce. The 2ND AVE DELI has two locations in Manhattan, New York. Both locations are within five miles of New Jersey, and thirty miles of Connecticut, and close to interstate highways to those states. Plaintiffs will show that a substantial portion of its food comes from out-of-state suppliers, and that they serve interstate travelers and commuters due to their proximity to New Jersey and Connecticut. The 2ND AVE DELI has also advertised the Instant Heart Attack Sandwich on its website. Reviews for the Instant Heart Attack Sandwich were posted on Chowhound. The New York Times mentioned the Instant Heart Attack Sandwich when discussing the 2ND AVE DELI. Therefore, Plaintiffs have been using the “Instant Heart Attack Sandwich” mark in interstate commerce. Patsy’s Italian Rest., Inc. v. Banas, 658 F.3d 254, 268 (2d Cir. 2011) (finding that single-location restaurant rendered services in commerce because it was accessible from several nearby interstate highways, articles about the restaurant were found in the New York Times, which extends to an interstate audience, reviews for the restaurant were found in various publications, and there was testimony that people came “from all over” to go there).

Lastly, Plaintiffs have been using the Instant Heart Attack Sandwich trademark before HAG started using the Heart Attack Grill mark in commerce. In its trademark application for the Heart Attack Grill mark, HAG alleged a date of first use in commerce of October 1, 2005. Plaintiffs have submitted a review of the 2ND AVE DELI dated May 19, 2004 that mentions the Instant Heart Attack Sandwich. Plaintiffs also provided an invoice dated October 10, 2005 for a July 28, 2005 order of menus listing the Instant Heart Attack Sandwich. There is also a New York Times article dated January 6, 2006 mentioning the Instant Heart Attack Sandwich, which shows that the Plaintiffs' mark was already famous just three months after HAG began to use its marks. Lastly, Plaintiffs will provide testimony that the Instant Heart Attack Sandwich was created and first used as a trademark in the early 2000s.

In conclusion, Plaintiffs seek summary judgment that it has used the Instant Heart Attack mark as a trademark in interstate commerce prior to HAG's first use in interstate commerce of the Heart Attack Grill mark. This request is well-founded on documentary evidence and case law. Granting this motion will dramatically simplify the issues involved in this case, and HAG will have to give a straight answer as to whether or not it believes there is a likelihood of confusion between the Plaintiffs' marks and the HAG Marks—which is something they have yet to do. This will aid the resolution of this case.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "William W. Chuang". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

William W. Chuang, Esq.

CC: Robert C. Kain, Jr. (by e-mail)
Darren Spielman (by e-mail)

JAKUBOWITZ & CHUANG LLP

ATTORNEYS AT LAW

401 BROADWAY, SUITE 408 NEW YORK, NY 10013	WILLIAM W. CHUANG TOVIA JAKUBOWITZ	(347) 542-8529 (347) 370-9585	WILLIAM@JCLAWLLP.COM TOVIA@JCLAWLLP.COM
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January 26, 2012

BY FEDEX

Hon. Judge Paul A. Engelmayer
U.S. District Judge
United States Courthouse
500 Pearl St.
New York, NY 10007-1312

RE: Lebewohl et al. v. Heart Attack Grill LLC, et al., Case No. 11-cv-3153.

Dear Judge Engelmayer:

My firm represents the Plaintiffs in this case. We seek a Court ruling that the deposition of Jon Basso taken on January 13, 2012 would serve as the depositions of the corporate defendants. We also seek an extension of discovery to serve and depose the members of the Diet Center LLC first identified by HAG on January 13, 2012.

The depositions of Jon Basso and the corporate defendants were noticed for and taken on January 13, 2012. Mr. Basso was the only witness offered by HAG, which makes sense because they claim in their Initial Disclosures and interrogatory responses that he is the only person with relevant knowledge in this case. The subpoenas for Mr. Basso and the Diet Center LLC (DE) along with the topics noticed for deposition were entered as exhibits and shown to Mr. Basso. Nevertheless, HAG soon claimed that the testimony of Jon Basso would not necessarily bind the corporate defendants.

This is yet another discovery dispute manufactured by HAG in an effort to avoid adjudication of the merits of this case, and to burden Plaintiffs with legal fees. HAG has provided vague and conflicting explanations as to why the defendants would not be bound by Mr. Basso's testimony. Apparently, HAG believes that the Plaintiffs should have deposed Mr. Basso in his personal capacity and then taken new depositions covering the same topics for each corporate defendant. This would only make sense if HAG thought that Mr. Basso's recollection of events and preparation to testify would vary depending on which hat he wore. In any event, HAG believes that deposing all the corporate defendants should have taken until Saturday, January 14, and faults Plaintiffs for only taking a single day of depositions.

It is difficult to see how defendants could avoid being bound by Mr. Basso's testimony. According to HAG, Mr. Basso was the only member of the Heart Attack Grill LLC, HAG LLC, and the Diet Center LLC (TX). In fact, the assets of these businesses were passed forward to successor entities as Heart Attack Grill restaurants went out of business seriatim in Tempe, Arizona, then Chandler, Arizona, then Dallas, Texas, at which point the assets were seized by the landlord for nonpayment. Furthermore, HAG claims that Mr. Basso dominated the management and control of the Heart Attack Grill (DE). It is beyond dispute that the corporate defendants are bound by Mr. Basso's testimony.

During the meet and confer, HAG refused to say exactly what was wrong with Plaintiffs' actions, and what Plaintiffs should have been done differently. HAG refused to provide a good faith explanation (or any explanation) as to why Mr. Basso would not bind all the corporate defendants. This is because Plaintiffs acted properly, and took Mr. Basso's testimony on behalf of all the corporate defendants.

Plaintiffs also seek an extension of the discovery deadline to a week before the pretrial order date, which might be adjourned in light of Plaintiffs' proposed motion for summary judgment. HAG has only consented to an extension until February 6, and only to take the deposition of Fred Mossler. Plaintiffs seek to depose the members of the Diet Center LLC who were first identified by HAG on January 13, 2012 after much motion practice. We believe that they are knowledgeable about the trademark issues, business plans to expand, and the management and control of the company. Mr. Basso's testimony has conflicted with the Operating Agreement, and deposing the members would clarify whether or not Mr. Basso is even authorized to involve the Diet Center in this lawsuit.

In conclusion, we seek to bind HAG to the testimony of Mr. Basso. We also seek an extension of discovery to pursue discovery against the belatedly identified members of the Diet Center LLC (DE).

Very Truly Yours,

William W. Chuang, Esq.

CC: Robert C. Kain, Jr. (by e-mail)
Darren Spielman (by e-mail)

Kain & Associates

Attorneys at Law

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Patent - Trademark - Copyright - Computer Law
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900 Southeast Third Avenue, Suite 205
Fort Lauderdale, Florida 33316
Telephone: (954) 768-9002
Facsimile: (954) 768-0158

www.ComplexIP.com

Robert C. Kain, Jr. rkain@ComplexIP.com
Darren Spielman dspielman@ComplexIP.com

January 30, 2012
(Federal Express)

Paul A. Engelmayer
United States District Judge
United States District Court
Southern District of New York
500 Pearl Street, Room 670
New York, NY 10007
(212) 805-4893

Re: Lebewohl, 2nd Ave Deli v. Heart Attack Grill, LLC., HAG, LLC, and Jon Basso
U.S. District Court, S.D. New York, Case No. 11-CIV-3153-PAE-JCF
Our Ref.: 5087-23

Dear Judge Engelmayer:

We represent Defendants HAG in this action. This letter responds to Plaintiffs, 2nd AVE DELI's, letter of January 25 seeking sanctions and two letters dated January 26 seeking an extension of discovery and the right to file a summary judgment motion.

As for the extension of discovery, weeks ago HAG told 2nd AVE DELI that HAG agreed to extend discovery to February 6 for Fred Mossler's deposition (as suggested by the Court). HAG does not want to extend discovery further since the pretrial stipulation is due February 12. 2nd AVE DELI has not set Mossler for deposition at this time (discovery ended January 13). DELI has provided no excuse why the Mossler deposition has not been reset. Discovery should not be extended because 2nd AVE DELI set four (4) depositions for January 13 in Las Vegas and then voluntarily ended the deposition of BASSO at 2:30 PM (it began at 9:00 AM) without moving forward on the other depositions. HAG was prepared for a long day of depositions on Friday, January 13 and was prepared to continue the depositions into Saturday, January 14 if needed. Instead, 2nd AVE DELI ended the depositions suddenly and left early in the afternoon. The requested extension and sanctions is behavior which should not be tolerated by the Court when counsel for DELI and counsel

January 30, 2012

Page 2

for HAG flew thousands of miles to attend critical depositions but then DELI terminates the proceeding without cause.¹

As for deposing the other Diet Center (Delaware) investors, it is HAG's position that they know nothing about New York, have no input as to the rights of the parties in New York, and do not control HAG's extraterritorial rights (outside of Nevada) to use the federally registered marks. The information they have is not relevant to any issue in the case. 2nd AVE DELI's letters highlight this point in that their main concern is to attack the credibility of co-defendant JON BASSO (Defendant, trademark owner and manager-owner of the corporate Defendants).

As for summary judgment, HAG would seek a right to cross move for a declaration of "no infringement" on 2nd AVE DELI's sole count for declaratory relief.

As for sanctions, BASSO did not remember that the Heart Attack Grill restaurant liquor license listed all investors until he began preparing for his deposition on January 12. To launch the Heart Attack Grill restaurant, BASSO was required to pull many, many permits and licenses, buy equipment, signage and hire employees. It is not surprising that BASSO forgot that the investors names were listed on the liquor license. Therefore, whatever earlier failures were made in disclosing this information, such failures were not deliberate and were not made to thwart legitimate discovery of facts about what happens in New York regarding the Heart Attack Grill.

Issues In This Case:

In the current pleadings, Plaintiffs, 2nd AVE DELI's, complaint only seeks a declaration of no infringement (no damages requested) in New York. See Second Amended Complaint D.E. 12. Defendants, HAG's, counterclaims seek (a) declaratory relief relating to Plaintiffs' pending federal trademark applications (Count II);² (b) declaratory relief relative to Plaintiffs' expansion of its use of the accused marks and terms (Count II); and, (c) declaratory relief for concurrent use relative to the term "heart attack" (Count IV). See Second Amended Answer, D.E. 27. In conjunction with HAG's motion to voluntarily dismiss Count I, co-defendant JON BASSO (Defendant, trademark owner and manager-owner of the corporate Defendants), filed a declaration that, based upon the then current evidence provided by 2nd AVE DELI, there is no likelihood of confusion.

¹ 2nd AVE DELI's request that the Court rule on the evidentiary matter of BASSO's statements as an agent of the corporate defendants is not properly a discovery matter. See Fed.R.Evid.P. 801(d)(2)(C) and (D).

² HAG's Count I was dismissed at D.E. 41.

Therefore, the sole issue in this case is: "what is happening in New York" relative to HAG's federally registered marks and relative to the accused marks used by 2nd AVE DELI. Nevada has nothing to do with the issues in this case.

Evidence Produced:

Since September of last year, 2nd AVE DELI knew Diet Center (Delaware)'s rights were strictly limited to Nevada. On September 12, 2011, HAG disclosed to 2nd AVE DELI the enclosed AEO Trademark License Agreement (AEO Bates Page HAG 2291) which clearly provides: (a) co-defendant BASSO is the trademark owner (see introductory paragraph); (b) Diet Center (Delaware) has an exclusive right to use the HAG marks in Nevada ONLY (see pg. 2291, ¶ 1); (c) BASSO, as licensor, pays all fees for the HAG marks (pg. 2291, ¶ 3); and (d) Diet Center (Delaware), licensee, only provides NOTICE of infringement to BASSO but BASSO pays all costs for enforcement (pp. 2291 - 93, ¶ 6, 8(H)(2)(indemnity provision).

On October 5, 2011, HAG produced to 2nd AVE DELI three (3) Corporate Resolutions for Diet Center (Texas), HAG, LLC and Heart Attack Grill, LLC (AEO HAG 2295-2303), all proving that BASSO did own and currently owns all right, title and interest in the HAG marks. All the federal registrations for the HAG marks are owned by BASSO, individually. See HAG's Amended Answer and Counterclaim Exhibits, D.E. 27-1.

On September 30, HAG answered 2nd AVE DELI's interrogatories and stated: "Further, Jon Basso is the sole owner of all trademark rights subject to this litigation. Diet Center LLC (Texas) and Diet Center LLC, (Delaware) have an interest in the rights to the HAG marks. Diet Center LLC (Delaware) has an exclusive limited territorial license to use HAG's marks in Nevada." On January 13, 2012 at his deposition, BASSO testified consistent with this position that Diet Center (Delaware) only has rights in Nevada and has no rights elsewhere. BASSO also testified he is the only owner of the HAG marks.

Although the Operating Agreement (AEO HAG 2345 - 2362) states "The management and control of the Company shall be vested in the Members. The Members shall take action only by a positive vote of the Required Members" (HAG 2348, ¶ 2.1(a)), the Operating Agreement only deals with the Nevada HAG trademark rights and not any extraterritorial rights outside of Nevada.

At his deposition, BASSO testified that the Diet Center (Delaware) investors do not have any management control in the Heart Attack Grill restaurant in Las Vegas. Further, he testified that he may not even recognize the investors if they passed him on the street and BASSO never interacts with these investors on business matters other than to produce the monthly accounting reports to the investors. Further, BASSO testified that the investors never (a) told him how to run the Heart Attack Grill restaurant; (b) how to organize it or run it; and (c) how to use to use the federally registered marks.

Therefore, (a) Diet Center (Delaware) has no interest in any HAG trademark rights outside of Nevada; and (b) the investors of Diet Center (Delaware) have no knowledge of who did what,

when or where in New York. Even if the investors had knowledge about New York, that testimony would be excluded at trial since Diet Center (Delaware) has no rights to any of the HAG marks in New York. Even if the investors wrestled control of Diet Center (Delaware) from BASSO, they still have no rights to the HAG marks in New York.

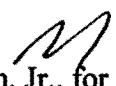
Meet and Confer:

During the meet and confer telephone conference prior to DELI's letter motions, counsel for HAG challenged DELI counsel to establish the relevance of deposing investors. No statement of relevance was provided other than "to challenge the credibility of BASSO."

Sanctions:

The failure of BASSO's memory regarding whether the investor data was public knowledge does not rise to the level of a sanctionable event. There was no willful withholding of data. Further, the Diet Center (Delaware) investors do not exercise control over the Nevada operation of the Heart Attack Grill restaurant. Lastly, if 2nd AVE DELI wanted to attack the credibility of BASSO, it had and still has an opportunity to do so with Fred Mossler's deposition. However, Mossler's deposition has not been reset even within the agreed-to time frame which expires February 6.

WHEREFORE, Defendants request that the motions be denied.

Sincerely,
/s/RobertKain 
Robert C. Kain, Jr., for the Firm

RCK/cjp
cc: William Chuang, Esq. via email