

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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JACK LEBEWOHL, JEREMY LEBEWOHL,  
UNCLE ABIES DELI INC. d/b/a 2ND AVE DELI,  
UNCLE ABIES DELI ON FIRST INC. d/b/a 2ND AVE DELI,  
AND UNCLE ABIES DELI SANDWICH TRADEMARKS LLC,

Plaintiffs,

-against-

Index No. 11-cv-3153 (PAE)

HEART ATTACK GRILL LLC, HAG LLC,  
JON BASSO, DIET CENTER LLC (TEXAS) AND  
DIET CENTER LLC (DELAWARE)

Defendants.

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**MEMORANDUM OF LAW IN SUPPORT OF  
PLAINTIFFS' MOTION FOR RECONSIDERATION AND TO ALTER THE JUDGMENT**

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## I. STATEMENT OF FACTS

In an Opinion and Order issued on July 6, 2012, the Court granted Plaintiffs' motion for summary judgment of non-infringement with regard to the Instant Heart Attack Sandwich ("IHAS"), entered a concurrent use order pursuant to its equitable powers permitting the Deli to use the IHAS mark in a limited fashion, denied the Deli's motion for a declaratory judgment that it may use the IHAS mark to the exclusion of HAG from the tri-state area, and entered a concurrent use order based on HAG's consent allowing the Deli to use the Triple Bypass Sandwich ("TBS") mark in a limited fashion. (D.E. 78)

Balancing the *Polaroid* factors, the Court found that there was no likelihood of confusion based on the Deli's current usage of the IHAS mark. (Opinion at 14.) The Court expressly decline to resolve the questions of whether or not the Deli may offer its sandwich outside of Manhattan without giving rise to consumer confusion, or if HAG would cause consumer confusion by expanding to New York. (Opinion at 29.) The Court strongly encouraged the parties to try to resolve their differences cooperatively in the future. (Opinion at 35.) The Judgment was entered by the Clerk of Court on July 13, 2012. (Chuang Aff. Ex. A; D.E. 79.)

The Deli wanted to register its marks based on the Court's findings, but was concerned that the concurrent use order regarding the IHAS might be construed as limiting the Deli to those rights instead of providing a minimum set of rights. As it did in response to HAG's initial cease and desist letter, the Deli reached out to HAG in an attempt to avoid litigation and to reach a consensus on a motion to alter or amend the judgment, as the judgment might also be misconstrued as a limitation of the Defendants' rights as well. (Chuang Aff. Ex. B at 2.)

HAG's response to the Deli's conciliatory efforts was a provocative threat to re-litigate the entire case, to re-take extensive discovery, to spend \$80,000.00 in legal fees challenging any registration of the Deli's marks, to take eight time-consuming depositions, and to challenge the Court's specific factual findings of fact and law. (Email From Robert C. Kain (July 28, 2012); Chuang Aff. Ex. B.) HAG stated that it would challenge any registration of the TBS mark pursuant to the Court's concurrent use order, which was entered on HAG's recommendation and with the parties' consent. (Id.) HAG also alleged that the Court's thirty-six page Opinion and Order only made a "narrow ruling based on common law equitable principles—not federal trademark law." (Id.) HAG seems to hang its hat on the Court's reference to its equitable authority in issuing a concurrent use order regarding the IHAS mark. (Judgment at 2.)

The dispute giving rise to this action arose from the Deli's desire to register the IHAS and TBS marks. In the Opinion, the Court found that the parties' marks can coexist without consumer confusion subject to certain limitations. The USPTO is authorized to grant concurrent use registrations in precisely these circumstances. 15 U.S.C. § 1052(d). Nevertheless, HAG argues "that DELI's efforts to continue to seek federal trademark rights which, by the simple fact of registration, gives DELI some 'federal' rights in some part of the U.S. will be resisted completely by HAG." (Chuang Decl. Ex. B.) It is fair to say that HAG is still trying to bully the Deli into giving up its rights.

The Deli moves for reconsideration pursuant to FRCP Rule 59(e) in order to strike the concurrent use order regarding the IHAS, and to state that the Court's concurrent use order regarding the Triple Bypass Sandwich mark was based on HAG's suggestion and consent, not the Court's equitable powers. As set forth below, striking the concurrent use

order regarding the IHAS would not grant the Deli any more rights than it already has under the Judgment, which only held that its current use of that mark is not infringing. Doing so would clarify that the Opinion and Order was based on federal trademark law and thereby remove a basis for HAG to collaterally attack the Judgment.

## II. ARGUMENT

A motion for reconsideration under Fed. R. Civ. P. Rule 59(e) is narrowly construed and strictly applied in order to discourage litigants from making repetitive arguments based on issues that have been thoroughly considered by the court. Range Road Music, Inc. v. Music Sales, Corp., 90 F.Supp.2d 390, 391-92 (S.D.N.Y. 2000). Such a motion must point to controlling decisions or data that the court overlooked, Shrader v. CSX Transp., Inc., 70 F.3d 255, 257 (2d Cir. 1995), or if it is necessary to prevent an obvious injustice. Woodworth v. Erie Insurance Company, 2006 WL 2309588, at \*1 (S.D.N.Y. Aug. 7, 2006).

### A. Concurrent Use Orders Should Not Issue If Not Necessary To Prevent Confusion

The Deli respectfully submits that the Court should not have entered a concurrent use order regarding the IHAS mark. In light of the Court's holding that there was no likelihood of confusion at this time with any of the HAG marks, the concurrent use order was not necessary to avoid consumer confusion. The Lanham Act allows for concurrent use orders only for registrations that would otherwise cause confusion. 15 U.S.C. § 1052(d). Though not controlling authority, another district court has interpreted the statute in this manner and refused to issue a concurrent use order absent a likelihood of confusion or plans to bridge the gap. Omicron Capital, LLC. V. Omicron Capital, LLC., 433 F. Supp. 2d 382, 395 (S.D.N.Y. 2006). In this case, the Court has concluded that there was no evidence that either party would bridge the gap. (Opinion at 18-19.) Furthermore, the Trademark Manual

Of Examination Procedure regarding concurrent use registrations refer to a “conflicting mark.” TMEP § 1207.04(a). The Deli respectfully submits that the Omicron Capital decision and the TMEP are persuasive interpretations of the Lanham Act, and that the concurrent use order regarding the IHAS mark should not have been issued given the lack of consumer confusion at the current time.

B. The Deli Did Not Consent to a Concurrent Use Order In The Absence of Confusion

The Deli did not agree to a concurrent use order regarding the IHAS mark in the absence of a likelihood of confusion with the HAG marks. The Deli requested a concurrent use order only if there is a likelihood of confusion, and expressly stated that a concurrent use order would not be proper in the absence thereof. (Pls. Memo. In Supp. of Summary Judgment at 17; D.E. 63; Chuang Decl. Ex. C.) HAG’s counterclaims were already dismissed. (Opinion at 36.) Thus, the concurrent use order in the absence of consumer confusion was not requested by either party.

C. An Obvious Injustice Would Result If The Concurrent Use Order Is Kept

An obvious injustice would result if the Deli is deprived of the benefits of the Court’s finding of non-infringement at the current time. HAG wants to have its cake and eat it, too, by limiting the Deli to New York even if HAG expands to New York. It would be manifestly unfair to the Deli if HAG were able to use the concurrent use order as a basis to re-litigate issues already decided in this case.

The Court assumed that it was unlikely to be further litigation in light of the Court’s orders. (Opinion at 34.) However, counsel for HAG has claimed that the Court only:

made a narrow ruling based on common law equitable principles – not federal trademark law. The Court explicitly ruled that HAG can re-litigate the same issues under federal law principles in the USPTO now, and more importantly, in the future – when

HAG enters the Manhattan marketplace. At some point in the future, HAG will open an establishment in Times Square and HAG will be prepared to re-litigate the same issues raised in the present case.

(Chuang Aff. Ex. B.)

The Court held that there was no infringement at this time, based on the consideration of the Polaroid factors. Though the Court left the door open for either party to seek further proceedings in the USPTO or another court if the circumstances changed (Opinion at 29), the Court did not rule that HAG could re-litigate the issues already decided, such as subject matter jurisdiction or priority of use. The issuance of the IHAS concurrent use order based on the Court's equitable authority has provided HAG with a basis to attack the Court's decision collaterally. Striking the concurrent use order would give finality to the Court's orders without altering the relationship between the parties.

The Court has effectively set a carefully-balanced compromise between the parties. The Court held that there was no infringement at this time, but did not rule on whether or not confusion would ensue if circumstances changed in the absence of a concrete controversy. (Opinion at 29.) The concurrent use order regarding the IHAS mark was therefore a minimum set of rights, or, in HAG's words, "a floor for 'minimum rights'..." (Chuang Aff. Ex. B at 1.) The Deli's use is limited to Manhattan, and HAG is located only in Las Vegas, and any change could constitute infringement.

The concurrent use order is not necessary to effect this compromise. Even without the concurrent use order, the Deli could still continue its current use of the IHAS mark without fear of infringement, and the Deli could still bring a lawsuit against HAG were it to move into New York. Likewise, HAG remains free to stop the Deli from extending its use of the IHAS mark, or to bring suit seeking further rights should HAG change its use of its own

marks. HAG would also be free to challenge any registration the Deli may seek at the USPTO. However, striking the concurrent use order would ensure that the Court's findings on the present lack of infringement would not be merely dismissed as a "narrow ruling based on common law equitable principles" but rather as findings based on extensive discovery, detailed analysis, and the application of federal trademark law. (Opinion at 6.)

In conclusion, striking the concurrent use order regarding the IHAS mark would allow the Deli to rely on the Court's finding, and would prevent an injustice by depriving HAG of a reason to dismiss the bulk of the Court's thirty-six page Opinion as mere dicta.

D. HAG Recommended And Consented To The TBS Concurrent Use Order

HAG consented to a limited use of the TBS mark by the Deli, which the Deli accepted. (Opinion at 31-32.) The Judgment should be amended to reflect that the concurrent use order regarding the TBS mark was entered pursuant to the parties' agreement and not through an exercise of the Court's equitable authority. This would make clear that the Court did not rely upon any common law equitable principles in issuing the order, and would prevent HAG from re-litigating the mark on that basis.

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### III. CONCLUSION

For the reasons set forth above, the Deli respectfully submits that the Court should strike the concurrent use order regarding the IHAS mark, and should also amend the Judgment to make clear that the concurrent use order regarding the TBS mark was the result of an agreement between the parties, not an exercise of the Court's equitable powers.

Respectfully submitted.

Dated: New York, NY  
August 9, 2012

  
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