UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

TODD C. BANK,

Petitioner-Appellant,

v.

AL JOHNSON'S SWEDISH RESTAURANT & BUTIK, INC.,

Registrant-Appellee.

Docket No. 19-1880

APPELLANT'S REPLY IN SUPPORT OF MOTION FOR SANCTIONS

TODD C. BANK,
ATTORNEY AT LAW, P.C.
119-40 Union Turnpike
Fourth Floor
Kew Gardens, New York 11415
(718) 520-7125
tbank@toddbanklaw.com
By: Todd C. Bank

Counsel to Petitioner-Appellant

INTRODUCTION

Appellant, Todd C. Bank ("Bank"), submits this reply in support of his motion ("Bank's Motion" or "Bank Mtn.," Doc. 33) for sanctions against Appellee, Al Johnson's Swedish Restaurant & Butik, Inc. (the "Restaurant"), and its counsel.

ARGUMENT

POINT I

APPELLEE'S MOTION IS FRIVOLOUS AND VEXATIOUS

Notwithstanding the Restaurant's characterization that "Bank filed his § 1927 motion for sanctions . . . to retaliate," Rest. Opp. (Doc. 35) at 2, and its obvious attempt to bias this Court against Bank on the basis that Bank had filed a cross-motion for sanctions in *McCabe v. Lifetime Entm't Servs., LLC*, 761 F. Appx. 38 (2d Cir. 2019), *cert. denied*, No. 18-1353, 2019 WL 4921303 (U.S. Oct. 7, 2019), *see* Rest. Opp. at 4-5, and that, "this pattern of conduct by Bank supports granting [the] Restaurant's Rule 38 Motion and denying Bank's retaliatory § 1927 Motion," *id.* at 5, this Court should sanction the Restaurant because its motion was clearly frivolous and vexatious, as are its defenses of that motion (whether two cross-motions constitute a "pattern" is questionable in any event).

The Restaurant states: "[t]hat [its] Rule 38 Motion is based on Federal Circuit case law is enough to dismiss Bank's retaliatory § 1927 Motion." Rest. Opp. at 3. However, whereas the Restaurant cited such case law for the *standards* that govern a

sanctions motion, those standards do not even arguably support the Restaurant's request for sanctions.

The Restaurant states: "[o]n its face, § 1927 only applies to actions that result in unreasonable and vexatious multiplication of proceedings," Rest. Opp. at 3 (citation and quotation marks omitted), and that, "[b]y no means will [the] Restaurant's Rule 38 Motion result in an unreasonable or vexatious multiplication of the proceedings." Obviously, that does not make sense, as Bank was forced to respond to the Restaurant's motion and this Court must rule on it. Furthermore, the Restaurant does not address the inherent authority of this Court to impose sanctions.

The Restaurant cites a case that "declin[ed] to impose § 1927 sanctions against a party that filed an un-meritorious motion for sanctions." Rest. Opp. at 4. However, the Restaurant's motion, although non-meritorious, is far from merely that.

The Restaurant states: "Bank's Declaration filed in support of the § 1927 Motion also misrepresents the telephone conversation between Bank and counsel for [the] Restaurant." *Id.* at 5, n.1. As previously set forth, the Restaurant's counsel is simply dishonest. *See* Bank's declaration in support of Bank's Motion and Bank's accompanying declaration hereto.

The Restaurant states: "[t]he 'numerous persons' language is directly quoted from Bank's 2018 Petition (Appx15), the dismissal of which Bank is appealing. There is no deception here; the language comes directly from Bank's 2018 Petition and his

alleged basis for standing." Rest. Opp. at 6. However, the Restaurant misleadingly referred to "numerous persons" in an unrelated matter, *see* Bank Mtn. at 7-8, and, furthermore, did so for the obvious purpose of yet again trying to bias this Court, rather than relying upon the facts before this Court, in order to obtain sanctions. *See* Bank's Motion at 6-7.

The Restaurant states: "Bank claims that 'in *Doyle* [*v. Al Johnson's Swedish Restaurant & Butik, Inc.*, 101 U.S.P.Q.2d 1780 (T.T.A.B. 2012)], the Board, in referring to Rule 11, did so in relation to standing.' Bank's § 1927 Motion at 3. This is untrue[.]" Rest. Opp. at 6. The Restaurant is correct, as Bank misread the full quotation from *Doyle*. It remains, however, *Doyle*, like the Board in the present case (which relied on *Doyle*), misunderstood certain principles concerning functionality. *See* Bank's Principal Brief ("Bank Pr. Br.," Doc. 21), Point II.

The Restaurant acknowledges that, "[w]hile the binding cases may not be 'preclusive' in the sense that they contain identical facts, they are controlling," Rest. Opp. at 7, and adds that, "[t]he Rule 38 Motion argues that Bank's appeal is frivolous because he ignores and/or misrepresents the controlling legal authority, including the following: *Ashcroft v. Iqbal*, 556 U.S. 662 (2009); *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007); *Matal v. Tam*, 137 S. Ct. 1744 (2017); and *Ritchie v. Simpson*, 170 F.3d 1092 (Fed. Cir. 1999)." *Id.* However, none of these cases precludes Bank's claims. Indeed, it is the Restaurant that misleadingly relied upon *Iqbal* and *Twombly*,

see Bank's opposition to the Restaurant's motion ("Bank Opp.," Doc. 32) at 2-3, and upon *Ritchie*. *See* Bank's Reply Br. at 6-7. The Restaurant also incorrectly stated the effect of *Tam*. *See* Bank Pr. Br. at 7; Bank Opp. at 5-9.

Bank, in his opposition, acknowledged that he "should have stated [in his Reply Brief (Doc. 26) at 1, n.1], that . . . the issue[s] of standing *and whether Bank stated a claim* (or, asserted a valid legal theory) are the issues on this appeal.'" Bank Opp. at 4 (emphasis in original). The Restaurant, in its reply ("Rest. Reply," Doc. 34) in support of its motion, pounces on Bank's acknowledgment in a purely deceptive manner, stating that, "Bank's Sanction's Response contradicts his previous statements about the issues on appeal and includes a new misstatement about the Board's March 2019 Order," Rest. Reply at 2, and that, "Bank attempts to revise the clear language in his Reply that used the word 'only' as well as his original misstatement." *Id.* at 3.The Restaurant does not explain, of course, how Bank's acknowledgment constituted a "revis[ion]" or a "new misstatement."

The Restaurant next contends that, "Bank now argues, for the first time, that the 'Board did not find that Bank failed to plead a *sufficient level of detail* in alleging functionality,'" *id.*, quoting Bank Opp. at 2 (emphasis by Bank and included by the Restaurant), and then states: "[t]his misdescription of the Board's March 2019 Order reinforces the frivolity of Bank's appeal. The Board dismissed Bank's 2018 Petition for failing to allege *sufficient facts* to support a valid claim of functionality." *Id.*

(emphasis added). On the contrary, that which the Restaurant claims Bank to have "now argue[d] for the first time" was merely an *accurate description* of Bank's arguments in Point II of his Principal Brief, *i.e.*, his arguments concerning functionality. Indeed, just as Bank explained that, "the Board rejected Bank's *legal theory* . . .; and, Bank fully addressed the validity of his *legal theory*," Bank Opp. at 2, citing Bank Pr. Br. at Point II, the Restaurant acknowledges that, "[t]he Board dismissed Bank's pleading as implausible and *rejected Bank's 'legal theory[.]'*" Rest. Reply at 4 (emphases added) (the Restaurant's adds that the Board rejected that theory "because [it] contradicts the Supreme Court cases that define functionality," Rest. Reply at 4, and "is no more than a disagreement with the Supreme Court's definition of functionality," *id.* at 5, but Bank explained why the Board was wrong, *see* Bank Pr. Br. at Point II)).

The Restaurant begins its next paragraph with the correct statement that, "[t]he Board's March 2019 Order explains what *types of facts* are required to support a valid claim for functionality." Rest. Reply at 3 (emphasis added). The Restaurant then correctly reiterates the Board's findings, each of which was based, again, not on the *level of detail* that Bank alleged, but on the *type of facts* that he alleged. *See id.* at 4.

The Restaurant's claim that Bank should be sanctioned because he has sought, with respect to functionality, to "'relitigate'" *Doyle*," Rest. Reply at 5, quoting *Finch v. Hughes Aircraft Co.*, 926 F.2d 1574, 1579 (Fed. Cir. 1991), is grossly dishonest, as

there is, of course, no rule or case law that even suggests that a person is precluded, in the absence of contrary binding precedents of this Court or the Supreme Court, from 'relitigating' a Board's ruling before this Court. Thus, the Restaurant's contention that, "by failing to distinguish his dismissed 2011 Petition from his dismissed 2018 Petition, Bank does not make a good-faith argument to reverse the Board's March 2019 Order," Rest. Reply at 5, rests on the false assumption that Bank was obligated to distinguish the *Doyle* petition, even though it is axiomatic that this Court is not bound by Board decisions.

Finch, of course, does not even arguably support sanctions against Bank. There, this Court found that an attorney had sought to litigate claims that were precluded by *res judicata*, *see Finch*, 926 F.2d at 1577, and were duplicative of another pending action, *see id.*, and that the attorney "[had] not oppose[d] the [district court's] dismissal [of the claims] and therefore waived his right to appeal," *id.*, at 1580, but, "argue[d], for the first time [on appeal], that this dismissal was improper," *id.*, at 1577, even though "[i]t is well-settled that, absent exceptional circumstances, a party cannot raise on appeal legal issues not raised and considered in the trial forum." *Id.* This Court further explained:

> *Not one word is offered in [the attorney's] reply brief* in defense of his opening brief. Nor did he make a credible defense of the statements in his briefs or the basis of his appeal when *explicitly invited to do so at oral argument before the court.* [The attorney]'s *failure to explain and defend* his reasons for appealing and his post-filing conduct,

> *even when asked to do so*, further confirms our view that his frivolous appeal and misconduct before us merit sanctions.

Id. at 1582 (emphases added).

The Restaurant states: "Bank's insistence that he can plead offense as his *only* injury *after* [*Tam*] ruled that offense is no longer a basis to challenge trademark registration . . . confirms the frivolity of Bank's appeal." Rest. Opp. at 6 (emphases by the Restaurant). The Restaurant is simply wrong in contending that *Tam* precludes offensiveness as the basis for standing. *See* Bank Pr. Br. at 7; Bank Opp. at 5-9.

The Restaurant further states: "*Ritchie* . . . limits its finding of *standing* based the [sic] alleged offensiveness of a trademark '[u]ntil such time as the constitutionality of these Lanham Act provisions is challenged[.]'" Rest. Opp. at 6, quoting *Ritchie*, 170 F.3d at 1099 (emphasis added). Yet again, the Restaurant incorrectly states that this dicta in *Ritchie* was about standing. Both the majority and dissenting opinions recognized that the opposer's standing was based upon 15 U.S.C. § 1063, *see Ritchie*, 170 F.3d at 1095, 1097-1098, and *id.* at 1099 (Newman, *J.*, dissenting), whereas Judge Newman began the discussion as follows: "I do not fully explore, on the incomplete record and argument presented, the constitutional issues implicit in the majority's interpretation of the trademark statute. I mention them to illustrate the complexity of the issues implicit in this interpretation, for the *'immoral' and 'scandalous' terms* of *§ 2(a) of the Lanham Act* [(15 U.S.C. § 1052(a))] have stirred much commentary as a matter of the First Amendment and commercial speech," *id.* at 1103 (Newman, *J.*,

dissenting) (emphases added), adding: "[t]he panel majority protests that the question before us is *not* whether these marks constitute immoral or scandalous matter," *id.* (Newman, *J.*, dissenting) (emphasis added), *i.e.*, that the question was not about the *merits*, "but the narrower question of whether [the challenger] has *standing*. I agree." *Id.* (Newman, *J.*, dissenting) (emphasis added). Accordingly, the majority observed: "the Constitutional issue has not been raised or considered below, nor has it been briefed or argued before this court. Congress has chosen to draw a line making certain offensive trademarks *non-registrable* under federal law," *id.* at 1099 (emphasis added); and, whether a trademark is *non-registrable* pertains to the *substance* of the mark, which is what determines the *merits* of a challenge to it as opposed to one's *standing* to challenge it. Thus, in concluding that, "[u]ntil such time as the constitutionality of *these* Lanham Act provisions [(*i.e.*, § 2(a) of the Lanham Act (15 U.S.C. § 1052(a)))] is challenged and found wanting, our job is to apply the law as it is written," *id.*, the majority was referring to the *substantive* issue regarding offensiveness, not the hypothetical issue of whether, in the event that Section 2(a) were ruled un-Constitutional, offensiveness would cease to be an available basis of *standing*. Even the dissenting opinion, upon noting that, "at the threshold of judicial and administrative process the *standing* aspect raises cogent questions when, as here, an uninvolved, undamaged person becomes authorized to challenge the right to federal trademark benefits based on his disapproval of the morals of the trademark applicant," *id.* at 1103

(Newman, *J.*, dissenting) (emphasis added), proceeded to discuss *substantive* First Amendment issues. *See id.* at 1103-1104 (Newman, *J.*, dissenting).

The dissent concluded: "[t]hese [substantive First Amendment] concerns *emphasize the potential for abuse* in this court's *now removing the requirement that an opposer must have a real interest*, a personal interest beyond that of the general public, *in order to have standing to oppose a trademark registration. Moral indignation is not such an interest*; the trademark tribunals do not serve the busybody and moral cop." *Id.* at 1104 (Newman, *J.*, dissenting) (emphases added). This conclusion reflects that, in *Ritchie*, the basis of the challenger's standing was the *same* as the basis of the merits of his challenge, such that, if he were to prevail on the merits, the dissent's concerns might be realized. However, nowhere did *Ritchie* suggest that the basis of a challenger's standing *must* coincide with the merits.

The Restaurant states: "Bank ignores the fact that his arguments would render *Tam* meaningless because anyone alleging only offense as an injury could continue to challenge trademark registration." Rest. Reply at 6. It is simply not credible that the Restaurant does not understand that *Tam* would retain all of its meaning, which is that, *regardless* of the basis of a challenger's *standing*, a trademark may not be invalidated on the basis that it is offensive. Thus, if Bank had challenged the Restaurant's mark as *offensive* rather than as *functional*, that challenge would have been rejected under *Tam* *regardless* of the basis that Bank had asserted for his standing.

The Restaurant attacks Bank's reliance upon *Loeffler v. Staten Island Univ. Hosp.*, 582 F.3d 268 (2d Cir. 2009), *see* Rest. Reply at 7, but ignores the *reason* that Bank addressed it, *i.e.*, to explain that "the basis of one's standing under provisions that are similar in breadth to the one at issue here [(*i.e.*, 15 U.S.C. § 1064)] need not be a harm that the cause of action, *i.e.*, the *substantive statutory provision that was violated* (and which concerns the *merits* of the claim) was intended to prevent." Bank Opp. at 10 (emphases in original). Under 15 U.S.C. § 1064, it is the *registration* of a mark that must cause the harm that is the basis of a challenger's standing. *See* Bank's Reply Brief (Doc. 26) at 7; Bank Opp. at 9. Thus, the Restaurant's contention that, "Bank is required to plead an *injury* that can be addressed under the Lanham Act," Rest. Reply at 7 (emphasis added), yet again conflates standing with the merits.

The Restaurant states: [n]o court has ever interpreted [15 U.S.C. § 1064] to allow *any* injury allegedly caused by the registration to provide a basis for standing." *Id.* at 8. Of course, the Restaurant has not cited any authority of either this Court or the Supreme Court that holds that Section 1064 means other than what it plainly says. Moreover, this Court, in *Ritchie*, set forth the criteria that determine whether a challenger has sufficiently alleged offensiveness as the basis for his standing. *See* Bank Opp. at 5-9. Thus, the Restaurant's statement that, "[t]his is a frivolous argument that would allow anyone that dislikes the look of a trademark to allege offense as his only injury when filing a proceeding with the Board," Rest. Reply at 8, and that, "Bank's

illogical interpretation of the statute would allow for endless harassment of trademark owners in a manner inconsistent with the Federal Circuit's requirement that parties challenging trademark registration have a 'legitimate personal interest' or 'stake' in the outcome of the Board proceeding," *id.*, quoting *Ritchie*, 170 F.3d at 1095, *ignores Ritchie* (of course, the Restaurant did not show that, following *Ritchie*, there was such "endless harassment of trademark owners" in any event).

CONCLUSION

Appellant's motion for sanctions should be granted, in connection with which Appellant should be awarded legal fees.

Dated: November 29, 2019

TODD C. BANK,
ATTORNEY AT LAW, P.C.
119-40 Union Turnpike
Fourth Floor
Kew Gardens, New York 11415
(718) 520-7125
tbank@toddbanklaw.com
By: Todd C. Bank

Counsel to Petitioner-Appellant

CERTIFICATE OF COMPLIANCE WITH RULE 32(a)

1. This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B) because this brief contains 2,578 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii).

2. This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using 14-point Times New Roman.

Dated: November 29, 2019

TODD C. BANK

FORM 9. Certificate of Interest **Form 9**
Rev. 10/17

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Bank v. Al Johnson's Swednsh Rest.

Case No. 19-1880

CERTIFICATE OF INTEREST

Counsel for the:
☐ (petitioner) ■ (appellant) ☐ (respondent) ☐ (appellee) ☐ (amicus) ☐ (name of party)

certifies the following (use "None" if applicable; use extra sheets if necessary):

1. Full Name of Party Represented by me	2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:	3. Parent corporations and publicly held companies that own 10% or more of stock in the party
Todd C. Bank	Todd C. Bank	N/A

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court **(and who have not or will not enter an appearance in this case)** are:

Todd C. Bank
Todd C. Bank, Attorney at Law, P.C.

FORM 9. Certificate of Interest **Form 9**
Rev. 10/17

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. *See* Fed. Cir. R. 47. 4(a)(5) and 47.5(b). (The parties should attach continuation pages as necessary).

N/A

11/29/2019
Date

Signature of counsel

Please Note: All questions must be answered

Todd C. Bank
Printed name of counsel

cc: _____

Reset Fields

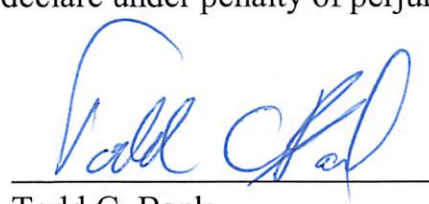
DECLARATION OF TODD C. BANK

1. Katrina G. Hull, counsel to the Restaurant, states, in her declaration, with respect to the telephone call of November 13, 2019: "if [Bank] did not like the answer that I provided, then he repeated the same question over and over. He often interrupted me before I could finish answering his question." Hull Decl., ¶ 9. That is simply not so; indeed, Ms. Hull simply refused to answer numerous questions.

2. Ms. Hull states: "I ended the call because I felt harassed by Attorney Bank and because the discussion was not productive." *Id.*, ¶ 10. On the contrary, not only was the discussion unproductive due to Ms. Hull's repeated attempts to avoid complying with Federal Circuit Rule 27(a)(5), but Ms. Hull, in an obvious attempt at intimidation, repeatedly referred, with no specifics whatsoever, to the Restaurant's motion for sanctions while refusing to address the points that I was trying to make regarding my motion.

3. Ms. Hull states: "[o]ther than to end the call after an hour and 15 minutes on the phone, I do not recall interrupting Attorney Bank during the call." Hull Decl., ¶ 11. This assertion is not even plausibly true.

Pursuant to 28 U.S.C. Section 1746, I declare under penalty of perjury that the foregoing is true and correct.



Todd C. Bank
Executed on November 29, 2019

CERTIFICATE OF SERVICE

I hereby certify that on November 18, 2019, a true and accurate copy of the foregoing was served, by the overnight delivery service of Federal Express, on the following:

Katrina. G. Hull
Markery Law, LLC
1200 G St, N.W., Suite 800
Washington, D.C. 20005

Dated: November 29, 2019

Todd C. Bank

TODD C. BANK, ATTORNEY AT LAW, P.C.
119-40 Union Turnpike, Fourth Floor
Kew Gardens, New York 11415
Telephone: (718) 520-7125
Facsimile: (856) 997-9193

www.toddbanklaw.com tbank@toddbanklaw.com

November 29, 2019

Clerk of Court
United States Court of Appeals
for the Federal Circuit
717 Madison Place NW
Washington, DC 20439
Room 401

via Federal Express
7771 1245 8390

Re: Todd C. Bank v. Al Johnson's Swedish Restaurant & Butik, Inc.
Docket No. 19-1880

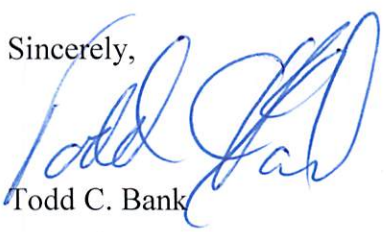
Dear Sir or Madam:

I am the appellant in the above-referenced appeal. Enclosed are the following:

1. Appellant's reply in support of Appellant's motion for sanctions; and
2. Appellant's reply in support of Appellant's motion for oral argument.

Thank you.

Sincerely,



Todd C. Bank

Enclosures

After printing this label:
1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.
Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com.FedEx will not be responsible for any claim in excess of $100 per package, whether the result of loss, damage, delay, non-delivery,misdelivery,or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim.Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental,consequential, or special is limited to the greater of $100 or the authorized declared value. Recovery cannot exceed actual documented loss.Maximum for items of extraordinary value is $1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our ServiceGuide. Written claims must be filed within strict time limits, see current FedEx Service Guide.