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## APPENDIX

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## TABLE OF CONTENTS

|   | Page |
|---|------|
| APPENDIX A: Opinion of the United States<br>Court of Appeals for the Fifth Circuit,<br><i>Uptown Grill, L.L.C. v. Camellia Grill<br/>Holdings, Inc.</i> , 46 F.4th 374 (5th Cir. 2022)<br>(Aug. 23, 2022) .....                                       | 1a   |
| APPENDIX B: Order and Reasons of the United<br>States District Court of the Eastern<br>District of Louisiana, <i>Uptown Grill, LLC v.<br/>Shwartz</i> , No. CV 13-6560, 2021 WL 269710<br>(E.D. La. Jan. 27, 2021) .....                              | 33a  |
| APPENDIX C: Opinion of the United States<br>Court of Appeals for the Fifth Circuit,<br><i>Uptown Grill, L.L.C. v. Camellia Grill<br/>Holdings, Inc.</i> , 920 F.3d 243 (5th Cir. 2019)<br>(Mar. 29, 2019) .....                                       | 86a  |
| APPENDIX D: Order and Reasons of the United<br>States District Court of the Eastern<br>District of Louisiana, <i>Uptown Grill, LLC<br/>v. Shwartz</i> , No. CV 13-6560, 2017 WL<br>2312882 (E.D. La. May 26, 2017) .....                              | 106a |
| APPENDIX E: Excerpted Oral Ruling of the<br>United States District Court of the<br>Eastern District of Louisiana Denying<br>the Parties' Stipulation, <i>Uptown Grill, LLC<br/>v. Shwartz</i> , No. CV 13-6560, (Jan. 31, 2017),<br>ECF No. 300 ..... | 141a |
| APPENDIX F: Opinion of the United States.<br>Court of Appeals for the Fifth Circuit,<br><i>Uptown Grill, L.L.C. v. Shwartz</i> , 817 F.3d<br>251 (5th Cir. 2016)(Mar. 23, 2016) .....   | 154a |

|  |      |
|--|------|
| APPENDIX G: Order and Reasons of the United States District Court of the Eastern District of Louisiana, <i>Uptown Grill, L.L.C. v. Shwartz</i> , 116 F. Supp. 3d 713 (E.D. La. 2015)( Jul. 9, 2015).....                                   | 172a |
| APPENDIX H: Judgment of the Civil District Court for the Parish of Orleans of the State of Louisiana Granting Camilla Grill Holding, Inc.’s Motion for Summary Judgment (Jan. 22, 2009) .....  | 200a |
| APPENDIX I: Order of the Fourth Circuit Court of Appeal of the State of Louisiana Denying Grill Holdings, L.L.C.’s Writ (May 14, 2009).....  | 202a |
| APPENDIX J: Judgment and Reasons of the Civil District Court for the Parish of Orleans of the State of Louisiana Granting Camilla Grill Holding, Inc.’s Motion for Summary Judgment Terminating the License Agreement (May 25, 2012) ..... | 214a |
| APPENDIX K: Order of the Fourth Circuit Court of Appeal of the State of Louisiana Affirming Summary Judgment in Favor of Camilla Grill Holdings, Inc. and Reversing and Amending the Effective Date of Termination (May 8, 2013) .....     | 219a |
| APPENDIX L: Order of the Supreme Court of the State of Louisiana Denying Grill Holdings, L.L.C.’s Writ (Nov. 5, 2013) .....  | 242a |

|   |      |
|---|------|
| APPENDIX M: Complaint for Declaratory<br>Relief Filed by Uptown Grill, L.L.C. in the<br>United States District Court of the Eastern<br>District of Louisiana, No. CV 13-6560,<br>(Dec. 12, 2013), ECF. No. 1..... | 244a |
| APPENDIX N: License Agreement.....  | 255a |
| APPENDIX O: Bill Of Sale.....   | 287a |

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**APPENDIX A**

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**IN THE UNITED STATES COURT OF  
APPEALS FOR THE FIFTH CIRCUIT**

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No. 21-30639

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United States Court of Appeals  
Fifth Circuit

**FILED**

August 23, 2022

Lyle W. Cayce  
Clerk

Uptown Grill, L.L.C.,

*Plaintiff—Appellee / Cross-Appellant*

*versus*

Camellia Grill Holdings, Inc.;

*Defendant—Appellant / Cross-Appellee*

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Camellia Grill Holdings, Inc.,

*Plaintiff—Appellant / Cross-Appellee*

*versus*

Grill Holdings, L.L.C.; Chartres Grill, L.L.C., doing  
business as Grill; Uptown Grill of Destin, L.L.C.;

Rano, L.L.C.; Hicham Khodr; K & L Investments,  
L.L.C.; Robert's Gumbo Shop, L.L.C.

*Defendants—Appellees / Cross-Appellants*

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Camellia Grill Holdings, Inc.,

*Plaintiff—Appellant / Cross-Appellee*

*versus*

Charters Grill, L.L.C., doing business as Grill; Rano,  
L.L.C.; Hicham Khodr; Uptown Grill, L.L.C.; Uptown  
Grill of Destin, L.L.C.; K & L Investments, L.L.C.;  
Robert's Gumbo Shop, L.L.C.; Grill Holdings, L.L.C.,

*Defendants—Appellees / Cross-Appellants*

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Appeal from the United States District Court  
for the Eastern District of Louisiana  
USDC No. 2:13-CV-6560 USDC No. 2:14-CV-810  
USDC No. 2:14-CV-837

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Before Higginbotham, Higginson, and Oldham,  
*Circuit Judges.*

Stephen A. Higginson, *Circuit Judge:*

This cross-appeal in a trademark dispute reaches us after years of litigation, including three prior appeals to this Court. We are now presented with appeals of three of the district court’s rulings: (1) a ruling denying a motion to dismiss; (2) a ruling entering a permanent injunction; and (3) a ruling denying a motion for Rule 11 and § 1927 sanctions. Across the board, we **AFFIRM**.

I.

A.

Michael Shwartz and his family owned and operated the Camellia Grill restaurant on Carrollton Avenue in New Orleans for decades. *See Uptown Grill, L.L.C. v. Shwartz*, 817 F.3d 251, 254 (5th Cir. 2016) (hereinafter “*Uptown Grill I*”); *see also Uptown Grill, L.L.C. v. Camellia Grill Holdings, Inc.*, 920 F.3d 243, 245 (5th Cir. 2019) (hereinafter “*Uptown Grill II*”). In 1999, Shwartz formed Camellia Grill Holdings, Inc. (“CGH”) for the purpose of owning federally-registered Camellia Grill trademarks. *Uptown Grill I*, 817 F.3d at 254.

In 2006, Shwartz agreed to sell the Carrollton restaurant to Hicham Khodr. *Id.* The sale involved three contracts between entities owned by Shwartz and entities owned by Khodr,<sup>1</sup> all executed in August 2006:

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<sup>1</sup> For ease of reference, in this opinion the Hicham Khodr-affiliated entities (Uptown Grill, L.L.C., RANO, L.L.C., The Grill Holdings, L.L.C., and Chartres Grill, L.L.C.) are sometimes

1. In the Cash Sale, executed August 11, 2006, Shwartz sold the immovable property located at the Carrollton Avenue location (“Carrollton restaurant”) to an entity owned by Khodr for \$490,000.
2. In the Bill of Sale, also executed August 11, 2006, Shwartz (through Camellia Grill, Inc. and CGH) sold ownership of “tangible personal property” and certain specific property, including “[a]ll furniture, fixtures and equipment, cooking equipment, kitchen equipment, counters, stools, tables, benches, appliances, recipes, trademarks, names, logos, likenesses, etc., and all other personal and/or movable property . . . located within or upon the property” to Uptown Grill, L.L.C. (owned by Khodr) for \$10,000.
3. In the License Agreement, executed August 27, 2006, CGH (Shwartz) alone licensed to Grill Holdings, LLC (Khodr) the right to use certain defined “Marks,” including “[a]ll ‘Camellia Grill’ marks on file with the United States Patent and Trademark Office” and “[a]ll ‘trade dress’ associated with the ‘Camellia Grill’ Restaurant,” for

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referred to generally as the “Khodr Parties,” and the Michael Shwartz-affiliated entities (Shwartz himself, Camellia Grill Holdings and Camellia Grill, Inc.) are sometimes referred to as the “Shwartz Parties,” except where necessary to distinguish between particular entities.



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\$1,000,000 plus royalties. The License Agreement also contained a provision stating that “[u]pon termination of this Agreement, Licensee shall avoid any action or the continuance of any condition which might suggest to the public that Licensee has any right to the Marks, or that Licensee continues to be associated with Licensor” and that, also upon termination, “all rights and privileges granted to Licensee hereunder will immediately cease and will revert to Licensor. Licensee will discontinue use of all Marks.”

The Bill of Sale and the License Agreement have been the subjects of extensive state and federal court litigation, as described below. The Carrollton restaurant is the only Camellia Grill-style restaurant currently in operation; however, Hicham Khodr operated a Camellia Grill-style restaurant from 2010 to 2017 on Chartres Street in the French Quarter.

B.

In 2008, The Grill Holdings, L.L.C. (Khodr) filed suit in the Civil District Court for the Parish of Orleans seeking a declaratory judgment as to whether CGH (Shwartz) had the right to audit their books and records under the License Agreement. The state district court ruled in CGH’s favor on summary judgment, and the Louisiana Fourth Circuit Court of Appeal denied writ.

In 2011, it was CGH that filed suit in the Civil District Court for the Parish of Orleans, arguing that The Grill Holdings had breached the terms of the License Agreement, and asking for the License Agreement's termination. The Civil District Court granted summary judgment in favor of CGH, declaring the License Agreement to be terminated effective May 25, 2012, "restoring all rights to the licenses marks to the mover," CGH. On appeal, the Louisiana Fourth Circuit affirmed the district court's holding that The Grill Holdings had breached the License Agreement (though the appeals court amended the effective date of termination of the License Agreement to be June 1, 2011). *See The Grill Holdings, L.L.C. v. Camellia Grill Holdings, Inc.*, 120 So. 3d 294 (La. Ct. App. 2013). The Louisiana Supreme Court denied writ.

Of note, neither party asserts that the state courts ever interpreted the Bill of Sale.

### C.

While the state court litigation was on appeal, the federal litigation began when CGH filed a complaint in the Eastern District of Louisiana on July 23, 2013 against Grill Holdings (Khodr) and the City of New Orleans seeking to remedy trademark infringement by preventing the city from designating the Carrollton Avenue location as a historic landmark. *Uptown Grill I*, 817 F.3d at 255. The district court denied CGH's motion for a preliminary injunction, *see Camellia Grill Holdings, Inc. v. New*

*Orleans City*, 2013 WL 4431344 (E.D. La. 2013), and thereafter granted CGH's motion for voluntary dismissal. *Uptown Grill I*, 817 F.3d at 255. While the motion for voluntary dismissal was pending, Uptown Grill (Khodr) filed a Complaint for Declaratory Relief against Shwartz, CGH, and Camellia Grill, to determine the parties' respective rights to the ownership and use of the trademarks as to the Carrollton restaurant.<sup>2</sup> *Uptown Grill I*, 817 F.3d at 255.

After CGH's motion for voluntary dismissal was granted, CGH filed in the first state court litigation supplementary pleadings asserting trademark infringement because of continued use of the trademarks even though the License Agreement had been terminated. Grill Holdings removed that case to federal district court, and CGH's motion to remand to state court was denied. The cases were consolidated in the district court. Both parties filed motions for summary judgment. The district court concluded that the Bill of Sale transferred ownership of the trademarks within or upon the Carrollton restaurant to Uptown Grill and then *sua sponte* held that the Bill of Sale in fact transferred *all* of Shwartz's rights in Camellia Grill trademarks to Uptown Grill and that the License Agreement had no effect.

The Shwartz parties appealed, and this Court affirmed the district court's first holding but reversed

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<sup>2</sup> Shwartz characterizes Uptown Grill's suit as a "direct response" to a cease-and-desist letter sent by CGH.

and remanded on its second. *See generally Uptown Grill I*, 817 F.3d 251. In reaching its holding, we considered whether the doctrine of laches barred the suit. *Id.* at 256-57. We ultimately concluded that it did not, explaining:

The Shwartz parties argue that because Uptown Grill did not assert rights to the trademarks included in the Bill of Sale during the first five years of their litigation, it should be equitably barred by the doctrine of laches from seeking declaratory relief. To establish laches, the Shwartz parties must prove that Uptown Grill delayed in asserting the rights at issue; that the delay is inexcusable; and that the Shwartz parties have suffered undue prejudice as a result of the delay. The Shwartz parties have not met their burden. Uptown Grill was not a party to any litigation where ownership of the trademarks was at issue until it filed its action for declaratory judgment on December 3, 2013, in response, as previously noted, to CGH's motions in state court attacking use of the trademarks. Uptown Grill did not unreasonably delay in asserting whatever rights in the trademarks the Bill of Sale transferred. In addition, even if the earlier litigation between Camellia Grill, Inc., CGH, and/or any of Khodr's entities could somehow be imputed to

Uptown Grill, the License Agreement, not the Bill of Sale, was at issue in those cases. Accordingly, Uptown Grill may not be punished for failing to assert the Bill of Sale in prior litigation, and laches is inapplicable.

*Id.* (citation omitted). We then went on to analyze the Bill of Sale, expressly “declin[ing] the Shwartz parties’ invitation to consider parol evidence such as the License Agreement” and concluding that the Bill of Sale “clearly and unambiguously transfers to Uptown Grill the trademarks within or upon the Carrollton Avenue location.” *Id.* at 258.

We were less convinced by the district court’s *sua sponte* conclusion that Uptown Grill owned *all* of the Camellia Grill trademarks. *Id.* at 258-59. We could not conclude, based on the record, that “the district court’s understanding concerning the scope of the parties’ agreements was ‘tested adversarially.’” *Id.* at 259 (citation omitted). We observed:

For years, throughout an audit and litigation up to the Louisiana Supreme Court, the parties here consistently treated the License Agreement as valid and binding. While Uptown Grill was never formally involved in the disputes, it is an “affiliate” of Grill Holdings pursuant to Section 4.10 of the License Agreement and, under that provision, is included in the term “Licensee.” The “Licensee”

under the Agreement is required to cause any “licensee” to abide by the Agreement’s provisions, Section 6.4, and the Licensee agrees, in Section 5, that “all of the Licensor’s right, title and interest in and to the Marks shall remain the property of the Licensor.” The parties have never litigated the proposition that because of the Bill of Sale, the License Agreement did not cover the use of Camellia Grill marks apart from the Carrollton Avenue location. Indeed, they litigated the scope of the License Agreement to the Louisiana Supreme Court, the Khodr parties lost, and as a result they paid CGH’s attorneys’ fees and ceased using the marks at the French Quarter location.

During this federal court litigation, and wholly consistent with the parties’ prior acts and practice, Uptown Grill has only sought a recognition of its right to use the marks at the Carrollton Avenue location. Numerous indications of this limited request for relief appear in Uptown Grill’s pleadings. Further, Section 10.3 of the License Agreement provides that “Licensee will not attack the title or any rights of Licensor in and to the Marks, attack the validity of [the License Agreement], or do anything either by omission or commission which might impair, violate or infringe

the Marks.” In practice, Uptown Grill’s actions demonstrate that it has abided by this provision as an “affiliate” of the Licensee, Grill Holdings.

In sum, while CGH may well be bound by a mis-drafted Bill of Sale, the court must consider whether Uptown Grill should be bound by its pleadings, representations in court, and practice with respect to a License Agreement for which its affiliate, Grill Holdings, paid a million dollars. At least, the court must take all facts and circumstances of the parties’ contractual relations, litigation tactics, and applicable trademark law into consideration before reinstating relief plainly beyond the plaintiffs’ pleadings.

*Id.* at 259-60 (footnote omitted). Accordingly, the case was remanded to the district court.

Back in the district court, the parties again moved for summary judgment. The district court ultimately ruled, as relevant here, that (1) the Bill of Sale did assign all Camellia Grill trademark rights to the Khodr parties, as well as trade dress rights associated with the Carrollton restaurant; (2) the Schwartz parties could not sustain a trade dress infringement claim on the merits; (3) with respect to the breach of contract claims, the parties were bound by the License Agreement but the Schwartz parties could not prove breach of contract as to the trade

dress; and (4) operation of the Chartres restaurant during two time periods was a breach of the License Agreement (the court held a bench trial on this point), but no compensable damages were shown by the Schwartz parties, so an injunction was the only available remedy. *See Uptown Grill II*, 920 F.3d at 246-47. The Schwartz parties appealed, again,<sup>3</sup> to this Court.

In our *Uptown Grill II* opinion, we first examined whether Schwartz retained any interest in the trademarks after the Bill of Sale, ultimately concluding that he did not. 920 F.3d at 247. We wrote: “[w]ithout looking outside the four corners of the Bill of Sale, and given the technical understanding of the term ‘trademark,’ the contract unambiguously transfers ‘all of [Schwartz’s] right, title, and interest’ in the Camellia Grill trademarks.” *Id.* at 249 (second alteration in original).

We then rejected Schwartz’s arguments that the License Agreement allowed him to retain interest. First, we noted that “we cannot look to the later-executed License Agreement to create ambiguity regarding the technical terms used in the Bill of Sale. Given the dictates of trademark law and the technical understanding of trademarks, the Bill of Sale’s assignment of the Camellia Grill trademark rights —

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<sup>3</sup> In fact, this Court had already seen another appeal, in *Shwartz v. Khodr*, 733 Fed. App’x 215 (5th Cir. 2018). That appeal, in which Shwartz brought fraud claims against Khodr, was dismissed for lack of standing and is not relevant to this appeal.



all of them — is unambiguous.” *Id.* We further explained:

Shwartz argues that finding the Bill of Sale to have assigned all trademark rights to Khodr is in direct tension with the License Agreement. If Shwartz sold all trademark rights to Khodr in the Bill of Sale, then Shwartz could not turn around and license these rights in the License Agreement. There would be no reason for Khodr to pay \$1 million to license rights he already owned, or to agree to a contract provision acknowledging that Shwartz retained ownership.

The district court continued to enforce the License Agreement “to the extent permissible under the law” given that all parties have always treated it as valid. The parties appear to have made a mutual mistake as to a material, basic assumption upon which the License Agreement was made: that Shwartz had rights to license. Under Louisiana law, this would render the License Agreement “relatively null.” LA. CIV. CODE ANN. art. 2031. Such a contract may be enforced. *Id.* And relative nullity “may be invoked only by those persons for whose interest the ground for nullity [such as mutual mistake] was established, and may not be declared by the court on its own initiative.” *Id.* Because Khodr is not attempting to

nullify the License Agreement, we will enforce it as far as possible.

However, as this court previously held, the License Agreement does not supersede or modify the Bill of Sale. [*Uptown Grill I*], 817 F.3d at 258 n.2. Therefore, Shwartz cannot sustain his claims of trademark ownership on the basis of the License Agreement.

*Id.* at 250. We also concluded that the Bill of Sale assigned all of the Camellia Grill trade dress rights to the Khodr parties. *Id.* at 250-51. Because the Bill of Sale assigned all Camellia Grill-associated trademark and trade dress rights to the Khodr parties, we then held that the Shwartz parties' Lanham Act infringement claims "must fail," thereby affirming the district court's conclusion that "infringement damages are unwarranted." *Id.* at 251.

Finally, we considered "whether the License Agreement afforded Shwartz any enforceable contract rights." *Id.* On this question, we first examined the district court's holding that the Shwartz parties could not bring a breach of contract claim based on trade dress because the elements of the putative trade dress were not defined in the License Agreement. We disagreed, offering the following definition of trade dress:

"Trade dress" is a technical term that can be given its technical meaning. *See* LA. CIV. CODE ANN. art. 2047.

Therefore, the elements of a claimed trade dress need not necessarily be articulated in a contract for a party to enforce his rights under the contract. Instead, we interpret “trade dress” to mean “the total image and overall appearance of a product [that] may include features such as the size, shape, color, color combinations, textures, graphics, and even sales techniques that characterize a particular product.” *Test Masters Educ. Servs., Inc.*, 791 F.3d at 565 (quotation omitted).

*Id.* at 251. We then quoted the eight elements identified by the district court as alleged elements of trade dress<sup>4</sup> and “reverse[d] the district court’s denial of summary judgment on the trade-dress breach of contract claim and remand[ed] for proceedings to determine if Khodr breached the License Agreement by using the above-detailed alleged trade dress at the Chartres restaurant.” *Id.* We also affirmed the district court’s ruling that there were no compensable

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<sup>4</sup> These were:

(1) the “straw popping” routine, (2) U-shaped counters, (3) audible order calling routing, (4) pink and green wall scheme, (5) separate pie cases on the rear wall at both ends cooking line, (6) stainless steel stemmed stools with green cushions, (7) individual counter checks handed to each customer, [and] (8) fluted metal design under the counters and above the cooking line.

*Id.* (alteration in original).

damages based on the use of trademarks and rejected the Schwartz parties' argument that the district court abused its discretion when determining the scope of the injunction by not including in it Hicham Khodr the person (as opposed to his wholly-owned entities). *Id.* at 251-52. Accordingly, the district court's injunction — prohibiting Chartres Grill, The Grill Holdings, and Uptown Grill from using the trademarks at any location other than the Carrollton restaurant — was upheld. *Id.*

Again, the case was remanded. The parties filed more motions. First, the Schwartz parties moved for summary judgment, asking the district court to find that the Khodr parties breached the License Agreement by using Camellia Grill trade dress at the Chartres restaurant after the termination of the License Agreement; next, the Khodr parties filed a motion for partial summary judgement on the trade dress injunction, arguing that the Schwartz parties lacked standing because the Khodr parties were not currently using any trade dress outside of the Carrollton restaurant; then, the Schwartz parties filed a motion to dismiss for lack of jurisdiction under the *Rooker-Feldman* doctrine; and, finally, the Khodr parties filed a motion for sanctions against the Schwartz parties for “abusive and harassing” conduct.

In January 2021, the district court issued an Order and Reasons that (1) denied the Schwartz parties' motion to dismiss for lack of jurisdiction; (2) denied the Khodr parties' motion for sanctions; (3) determined that the Khodr parties had breached the

License Agreement's post-termination provisions; and (4) decided that the trade dress elements should be limited to that which is protectable under the Lanham Act and that, because the parties had submitted insufficient evidence to determine the scope of the trade dress, a trial would be held on the issue. *See Uptown Grill, LLC v. Schwartz*, No. 13-6560, 2021 WL 269710 (E.D. La. Jan. 27, 2021).

The Schwartz parties then filed a motion to alter or amend the district court's Order and Reasons. The motion argued that requiring the Schwartz parties to "litigate the Lanham Act in enforcing remedies in a breach of contract claim is an error of law and manifest injustice," because it would "result in significant unnecessary litigation and expense to the Court and the parties in relitigating an inapplicable trade dress infringement issue." Instead, the Schwartz parties asked the district court to enter an injunction based on the language of the License Agreement that would enjoin the Khodr parties from "employing any action or the continuance of any condition which might suggest to the public that Khodr has any right to the Camellia Grill trade dress, or that Khodr continues to be associated with Camellia Grill Holdings beyond the Carrollton Avenue location." The Khodr parties opposed any modification.

The district court subsequently amended its original Order and Reasons to grant the Schwartz parties' request for an injunction instead of a bench trial; however, the court did not issue an injunction based on the language of the License Agreement, but

rather one based on the eight alleged elements of trade dress identified by us in *Uptown Grill II*. The district court stated that “[t]he enjoined parties’ utilization of all or most of the above Camellia Grill trade dress elements at any single location will constitute a violation of this injunction.” *See Uptown Grill, LLC v. Shwartz*, No. 13-6560, 2021 WL 3772065 (E.D. La. Aug. 25, 2021).

Again, the parties appealed to this Court. First the Shwartz parties appealed, arguing that the district court erred in denying the *Rooker-Feldman* motion to dismiss and in the scope of its permanent injunction. Next, the Khodr parties cross-appealed, arguing that the district court erred in denying the motion for sanctions.

## II.

We begin by deciding whether the district court erred in denying the Shwartz parties’ motion to dismiss for lack of subject matter jurisdiction based on the *Rooker-Feldman* doctrine. In denying the motion, the district court made two alternative holdings: (1) that the motion to dismiss should be analyzed under Federal Rule of Civil Procedure 60(b)(4) rather than Rule 12 and, as such, did not warrant disturbing the court’s final order;<sup>5</sup> and (2)

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<sup>5</sup> On appeal, the parties continue to dispute whether the motion should have been properly analyzed under Federal Rules of Civil Procedure 12(b)(1) and 12(h)(3), rather than Rule 60(b)(4). Under Rule 12(b)(1), a party may move to dismiss for lack of subject-matter jurisdiction; under Rule 12(h)(3), “[i]f the court determines at any time that it lacks subject-matter jurisdiction,

that, even assuming that the motion should be analyzed under Rule 12(b)(1) and 12(h)(3), it would nevertheless fail to satisfy the *Rooker-Feldman* doctrine. Because we uphold the district court's conclusion that *Rooker-Feldman* does not apply, we do not reach the procedural question.

A.

“Reduced to its essence, the *Rooker-Feldman* doctrine holds that inferior federal courts do not have the power to modify or reverse state court judgments’ except when authorized by Congress.” *Truong v. Bank of Am., N.A.*, 717 F.3d 377, 382 (5th Cir. 2013) (quoting *Union Planters Bank Nat’l Ass’n v. Salih*, 369 F.3d 457, 462 (5th Cir. 2004)). The doctrine<sup>6</sup> is jurisdictional. *Id.* at 381. It is confined to “cases brought by state-court losers complaining of injuries caused by state-court judgments rendered before the district court proceedings commenced and inviting district court review and rejection of those judgments.” *Exxon Mobil Corp. v. Saudi Basic Indus.*

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the court must dismiss the action.” FED. R. CIV. P. 12(b)(1); 12(h)(3). Under Rule 60(b)(4), “[o]n motion and just terms, the court may relieve a party. . . from a final judgment, order, or proceeding for the following reasons: . . . (4) the judgment is void.” FED. R. CIV. P. 60(b)(4). Because (as discussed below) we do not find that the court was deprived of subject-matter jurisdiction, we do not reach the issue of which rule applies. Under either rule, the motion fails.

<sup>6</sup> The *Rooker-Feldman* doctrine derives from two Supreme Court cases, *Rooker v. Fidelity Trust Co.*, 263 U.S. 413 (1923) and *District of Columbia Court of Appeals v. Feldman*, 460 U.S. 462 (1983).

*Corp.*, 544 U.S. 280, 284 (2005).<sup>7</sup> “[I]n addition to the precise claims presented to the state court, *Rooker-Feldman* prohibits federal court review of claims that are ‘inextricably intertwined’ with a state court decision.” *Burciaga v. Deutsche Bank Nat’l Trust Co.*, 871 F.3d 380, 384-85 (5th Cir. 2017) (citation omitted). However, “in light of the narrow ground *Rooker-Feldman* occupies,” the doctrine “does not prohibit a plaintiff from presenting some independent claim, albeit one that denies a legal conclusion that a state court has reached in a case to which [the plaintiff] was a party.” *Truong*, 717 F.3d at 382 (2013) (cleaned up). We review “the district court’s determination that *Rooker-Feldman* does not apply de novo.” *Burciaga*, 871 F.3d at 384.

The district court concluded that *Rooker-Feldman* does not apply to this case because (1) the case was not brought by a state-court loser and (2) the case does not constitute a complaint of an injury caused by a claim “inextricably intertwined” with a state court decision. We agree with the second reason, and so need not address the first.

## B.

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<sup>7</sup> See also *Houston v. Venneta Queen*, 606 Fed. App’x 725, 730 (5th Cir. 2015) (unpublished) (citing *Exxon*, 544 U.S. at 284, to list four elements of the doctrine: “(1) a state-court loser; (2) alleging harm caused by a state-court judgment; (3) that was rendered before the district court proceedings began; and (4) the federal suit requests review and reversal of the state-court judgment”).



“The second hallmark of the *Rooker-Feldman* inquiry is the source of the federal plaintiff’s alleged injury.” *Truong*, 717 F.3d at 382. “[I]f a federal plaintiff asserts as a legal wrong an allegedly erroneous decision by a state court, and seeks relief from a state court judgment based on that decision, *Rooker-Feldman* bars subject matter jurisdiction in federal court.” *Id.* at 382- 83 (quoting *Noel v. Hall*, 341 F.3d 1148, 1164 (9th Cir. 2003)); *see also Morris v. Am. Home Mortg. Servicing, Inc.*, 443 Fed. App’x 22, 24 (5th Cir. 2011) (unpublished) (holding claims barred by *Rooker-Feldman* where “crucially, the only relief [the plaintiff] sought was the setting aside of the state foreclosure judgment. This demonstrates that his injuries arose from the state court judgments”).

The Shwartz parties argue that the conclusions of this Court and the district court run counter to the state courts’ holding that assigned all trademark rights to Shwartz based on the License Agreement.<sup>8</sup>

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<sup>8</sup> In 2013, the Louisiana Fourth Circuit Court of Appeal held that:

Because we find that the License Agreement is clear and explicit and thus should not be subject to any further interpretation by the court, and because Grill Holdings was in default of the License Agreement and failed to cure the breaches within the periods set forth in the agreement, we find that the trial court properly granted Camellia Grill’s motion for summary judgment.

*Grill Holdings, L.L.C. v. Camellia Grill Holdings, Inc.*, 120 So. 3d 294, 302 (La. Ct. App. 2013).

However, *Rooker-Feldman* “does not prohibit a plaintiff from presenting some independent claim, albeit one that denies a legal conclusion that a state court has reached in a case to which he was a party.” *Truong*, 717 F.3d at 382 (cleaned up); *see also Weaver v. Tex. Capital Bank N.A.*, 660 F.3d 900, 904 (5th Cir. 2011) (“[T]he *Rooker-Feldman* doctrine generally applies only where a plaintiff seeks relief that directly attacks the validity of an existing state court judgment.”).

Here, the claims are independent. The litigation in federal court has been centered on the Bill of Sale, which neither party argues was interpreted by the state courts. In 2016, when examining the laches issue, we held that “even if the earlier litigation between Camellia Grill, Inc., CGH, and/or any of Khodr’s entities could somehow be imputed to Uptown Grill, the License Agreement, not the Bill of Sale, was at issue in those cases.” *Uptown Grill I*, 817 F.3d at 256.<sup>9</sup> We went on to conclude that the Bill of Sale transferred to Uptown Grill the trademarks within or upon the Carrollton Avenue

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<sup>9</sup> In response, Shwartz argues that: “It is true that the state courts did not litigate a dispute regarding CGH’s ownership because ***it was not contested at any point by the Khodr Parties.*** In the five-year time frame in which the state court cases were being litigated, the Khodr Parties ***never once*** attempted to contest either the 2009 or 2013 state court opinions holding that CGH owned the Camellia Grill intellectual property.” To the extent this argument is based on laches, however, we already addressed that argument in 2016 and concluded that it did not bar the present suit. *See Uptown Grill I*, 817 F.3d at 256-57.

location, and we “decline[d] the Schwartz parties’ invitation to consider parol evidence such as the License Agreement in interpreting the Bill of Sale.” *Id.* at 258 (footnote omitted). We also “reject[ed] the Schwartz parties’ argument that the License Agreement supersedes the Bill of Sale, thereby preserving CGH’s ownership of the trademarks.” *Id.* at 258 n.2. We addressed the License Agreement again in *Uptown II*, noting that it could be enforced as a “relative nullity” but reiterating that, “as this court previously held, the License Agreement does not supersede or modify the Bill of Sale.” 920 F.3d at 250. Accordingly, we hold that this federal litigation did not directly attack the state court judgments nor invited district court rejection of those judgments. Thus, *Rooker-Feldman* does not apply.

### III.

We turn next to the injunction entered by the district court. Generally, we review a trial court’s grant or denial of a permanent injunction for abuse of discretion. *Scott v. Schedler*, 826 F.3d 207, 211 (5th Cir. 2016). The Court reviews the district court’s findings of fact under the clearly erroneous standard and its conclusions of law under the de novo standard. *Id.*

The injunction provides:

In crafting this injunction, the Court looks specifically to the definition of “trade dress” utilized by the Fifth Circuit

in its May 29, 2019 opinion. “Trade dress” is defined as “the total image and overall appearance of a product [that] may include features such as the size, shape, color, color combinations, textures, graphics, and even sales techniques that characterize a particular product.” The alleged elements of trade dress include: (1) the pink and green interior paint scheme, (2) the “U-Shaped” double horseshoe counter design, (3) the stainless steel stemmed stools with green stool cushions, (4) the fluted metal design under the customer side of the counter and above the cooking line, (5) the visible pie cases attached to the rear wall at both ends of the cooking line, (6) the “straw popping” routine, (7) audible order calling routine, and (8) the individual counter checks handed to each customer. The enjoined parties’ utilization of all or most of the above Camellia Grill trade dress elements at any single location will constitute a violation of this injunction.

The Shwartz parties now argue that the injunction should have been broader in scope — that it should be based on the language of the License Agreement, enjoining the Khodr parties from employing *any* action or the continuance of *any* condition which might suggest to the public that Khodr had the right to the Camellia Grill trade dress or that Khodr continued to be associated with

Camellia Grill Holdings beyond the Carrollton restaurant. The Khodr parties, on the other hand, either maintain that the injunction is proper or suggest interpretation of it to require infringement of *all* eight features in combination.

On appeal, the Schwartz parties raise two primary issues with the district court's permanent injunction: (1) that the injunction should prohibit the Khodr parties from using any single element; and (2) that the injunction should include the element of wait staff attire. We find no abuse of discretion on the part of the district court's denial of these two arguments.

As for the first issue, the Schwartz parties primarily urge that the injunction must prohibit the use of *any* of the eight elements of trade dress. Yet we see no abuse of discretion where the district court adhered to our recitation of these eight elements, albeit adding the less precise language "all or most." *See Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 632 (6th Cir. 2002) ("If [Abercrombie's] trade dress really comprises all nine elements acting in concert to create its overall look, an injunction to prohibit marketing a line of clothing bearing a confusingly similar overall look would probably do the company little good, as American could easily drop a few items from its line . . . and thereby begin marketing a dissimilar line of products."). Unlike other cases in which injunctions referencing trade dress have been reversed for vagueness, the injunction set forth by the district court here has much more detail than a general

prohibition from employing “confusingly similar” trade dress. *See, e.g., John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 984-85 (11th Cir. 1983) (where district court had entered an injunction ordering defendant not to use trade dress which was “confusingly similar to the trade dress or overall appearance of plaintiff’s Memory Stub check products or is likely to cause confusion therewith...”, remand for “entry of an order which specifically described the acts which are prohibited by the permanent injunction”); *Sterling Drug, Inc. v. Bayer AG*, 14 F.3d 733, 748 (2d Cir. 1994) (trademark case where the injunction prohibited defendant from “violating any of Sterling’s rights in the trademark and trade name...under the Lanham Trademark Act,” it would be “too onerous a burden” for defendant to “guess—on pain of contempt—at what conduct the Lanham Act proscribes.”); *Boost Oxygen, LLC v. Oxygen Plus, Inc.*, 477 F. Supp. 3d 871, 885 (D. Minn. 2020), *aff’d*, 843 Fed. Appx. 322 (Fed. Cir. 2021) (consent judgment enjoining defendant from using a trade dress that was “confusingly similar” to plaintiff’s trade dress was impermissibly vague and added nothing to what the law already requires—thus, it could not support a finding of contempt); *cf. Fleet Feet, Inc. v. Nike, Inc.*, 986 F.3d 458, 463-64 (4th Cir. 2021) (describing “confusingly similar” language as “common in trademark case injunctions” where “[s]uch language does no more than warn the alleged infringer against ‘making an insignificant change in the mark to avoid the injunction and then using the altered mark in a

confusingly similar manner.” (quoting *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 609 (6th Cir. 1991)).<sup>10</sup>

The Shwartz parties’ second argument, that wait staff attire should have been included in the elements of trade dress, is complicated by the long procedural history of this case. The elements appear to have first been collected when the district court ruled, in May of 2017, that those eight elements had been identified to a sufficient extent such that the Khodr parties were on notice of them. Then, as observed above, the eight elements were picked up and quoted by us (in 2019) in *Uptown Grill II*; the case was then remanded “for proceedings to determine if Khodr breached the License Agreement by using the *above-detailed* alleged trade dress at the Chartres restaurant.” *Uptown Grill II*, 920 F.3d at 251 (emphasis added). There was no room on remand for reconsideration of the alleged elements that constituted trade dress. Thus, the district court did not abuse its discretion by leaving wait staff attire out of the injunction.

#### IV.

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<sup>10</sup> To the extent that the Shwartz parties separately complain of the “all or most” language of the injunction as too vague to notify the enjoined parties of the conduct the injunction prohibits, this argument is insufficiently briefed. They cite no case law, nor even give reference to Federal Rule of Civil Procedure 65(d), and instead only predict further litigation. This approach may be because the Shwartz parties themselves declined a trial on the trade dress definition in the district court.

Finally, we turn to the Khodr parties' cross-appeal.<sup>11</sup> Federal Rule of Civil Procedure 11(c)(2) requires that a motion for sanctions "must be served" on the opposing party and "must not be filed or be presented to the court if the challenged paper, claim, defense, contention, or denial is withdrawn or appropriately corrected within 21 days after service or within another time the court sets." This "safe harbor" provision in Rule 11 is a mandatory prerequisite for a Rule 11 motion. *See Elliott v. Tilton*, 64 F.3d 213, 216 (5th Cir. 1995). Here, after the Khodr parties filed a motion for sanctions arguing that the Shwartz parties should be sanctioned for filing the *Rooker- Feldman* motion to dismiss, the district court denied the motion for failing to satisfy Rule 11's safe harbor provision. The court explained:

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<sup>11</sup> The Shwartz parties argue that we should disregard the cross-appeal as improperly filed. We decline to do so. Though the cross-appeal was not properly docketed initially, the text of the notice does "clearly evince[] the party's intent to appeal," *Mosley v. Dozby*, 813 F.2d 659, 660 (5th Cir. 1987) (citation omitted), and it identifies both the parties and the Order and Reasons, entered by the district court, that denied the motion for sanctions. Thus, this case is distinguishable from other cases cited to by the Shwartz parties in which appeals were denied. *See Shipp v. General Motors Corp.*, 750 F.2d 418, 428 (5th Cir. 1985) (in which the party "never filed a notice of cross-appeal"); *C.A. May Marines Supply Co. v. Brunswick Corp.*, 649 F.2d 1049, 1055-56 (5th Cir. 1981) (in which the notice of appeal expressly mentioned only one part of an order as being appealed, and the appellant then attempted to challenge the other part of the order as well on appeal).



[T]he final Motion for Sanctions that Khodr filed with this Court contained substantial deviations from the draft version Khodr served upon Shwartz. These alterations include the addition of argument and case law under 28 U.S.C. § 1927, the addition of argument and case law relating to “legally indefensible” filings, and a change in the relief requested. Accordingly, even if the pleading need not be identical, this Court finds substantial differences between Khodr’s served and filed motions, thereby rendering Khodr’s Motion procedurally deficient. Accordingly, Khodr’s Motion for Rule 11 Sanctions is denied.

The Khodr parties appealed, arguing that it was error for the district court to deny sanctions.

We review a district court’s interpretation of a Federal Rule of Civil Procedure *de novo*, as an issue of law. *See Basha v. Mitsubishi Motor Credit of Am., Inc.*, 336 F.3d 451, 453 (5th Cir. 2003); *Coleman v. United States*, 912 F.3d 824, 828 (5th Cir. 2019). Several district courts in the Fifth Circuit have held, as the district court in this case did, that the motion served and the motion filed must be identical to comply with Rule 11.<sup>12</sup> However, we have yet to address the issue of identity.

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<sup>12</sup> *See, e.g., Thabico Co. v. Kiewit Offshore Servs., Ltd.*, No. 2:16-CV-427, 2017 WL 3387185, at \*5 (S.D. Tex. Aug. 7, 2017) (Ramos, J.) (“Rule 11(c)’s safe harbor provisions are strictly

The closest we have come to interpreting the safe harbor provision of Rule 11 was in *In re Pratt*, 524 F.3d 580 (5th Cir. 2008).<sup>13</sup> In that case, the party moving for sanctions had served warning letters instead of copies of the motion for sanctions. *Id.* at 586. This Court noted that the Fourth, Eighth, Ninth, and Tenth Circuits had all concluded that informal notice was not sufficient to comply with Rule 11, though the Seventh Circuit allowed warning letters. *Id.* at 587-88. We then held:

We are not persuaded that informal service is sufficient to satisfy the service requirement of Rule 9011 [T]he plain language of Rule 9011 mandates that the movant serve the respondent with a copy of the *motion* before filing it with the court. There is no indication in Rule 9011 (or Rule 11) or in the advisory notes to support Cadle’s contention that a motion for sanctions may be filed with the court without serving the respondent with a copy at least twenty-one days in advance. Moreover, we have continually held that strict compliance with Rule 11 is mandatory. We may not disregard the plain language of the statute and our

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construed and require Kiewit to have served its motion for sanctions in identical form at least 21 days prior to presenting it to the Court for a ruling.”).

<sup>13</sup> Though the rule at issue in *In re Pratt* was Federal Rule of Bankruptcy Procedure 9011, the Court referred to Rule 11 jurisprudence because the rules are “substantially identical.” *In re Pratt*, 524 F.3d at 586.

prior precedent without evidence of congressional intent to allow “substantial compliance” through informal service.

*Id.* at 588 (footnote omitted). Thus, though *In re Pratt* did not specifically address the facts of this case, it did favorably discuss strict compliance with Rule 11.<sup>14</sup>

We hold today that the Rule 11 safe harbor provision requires identity. Here, as the district court found, the served motion and the filed motion contained substantial differences. The motions were thus not identical, and the district court properly denied the motion and declined to enter sanctions.<sup>15</sup>

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<sup>14</sup> The parties do not cite any other Fifth Circuit caselaw directly addressing the issue before us today. However, they do cite two unpublished cases that addressed somewhat similar issues. In *Askins v. Hagopian*, 713 Fed. App’x 380, 381 (5th Cir. 2018), this Court held that neither an email stating that the lawsuit was frivolous nor a copy of the Rule 11 motion given the same day instead of 21 days in advance complied with the safe harbor provision. In *Margetis v. Furgeson*, 666 Fed. App’x 328, 331-32 (5th Cir. 2016), this Court rejected a safe harbor argument based on the fact that the magistrate judge had recommended dismissal of the complaint during the 21 days, explaining plaintiffs “could have formally or informally disavowed their claims during the 21-day-period after Defendants served their motion,” since the district court did not adopt the recommendation for several months.

<sup>15</sup> The Khodr parties also briefly argue that the district court should have granted sanctions and awarded fees and costs under 28 U.S.C. § 1927. The district court did not separately address the § 1927 request, other than to note that it was not made in the draft motion. The Khodr parties argue that this was error, as § 1927 does not contain a safe harbor requirement. *See* 28 U.S.C. § 1927 (“Any attorney. . . who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the

## V.

For the foregoing reasons, we **AFFIRM**.

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court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct."). Yet we have explained that the imposition of § 1927 sanctions is a decision "committed to the sound discretion of the court imposing them; we review only for abuse of that discretion." *Travelers Ins. Co. v. St. Jude Hosp.*, 38 F.3d 1414, 1417 (5th Cir. 1994). Furthermore, § 1927 sanctions require a higher level of proof than Rule 11 sanctions. *See Bryant v. Military Dep't of Miss.*, 597 F.3d 678, 694 (5th Cir. 2010). The Khodr parties made their § 1927 sanction request in a brief and conclusory manner in a filing titled "Motion for Rule 11 Sanctions." The district court did not abuse its discretion by implicitly finding that the Shwartz parties did not vexatiously multiply proceedings. *See, e.g., Rossello-Gonzalez v. Acevedo-Vilai*, 483 F.3d 1, 7 (1st Cir. 2007).

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**APPENDIX B**

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**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA**

**[Filed: Jan. 27, 2021]**

**UPTOWN GRILL, LLC.                      CIVIL ACTION**

**VERSUS                                      NO: 13-6560**

**MICHAEL LOUIS                      SECTION: “H”(4)  
SHWARTZ, ET AL**

**ORDER AND REASONS**

Pending before the Court are four Motions: (1) Schwartz’s<sup>1</sup> Motion to Dismiss for Lack of Jurisdiction Under the *Rooker-Feldman* Doctrine (Doc. 442), (2) Khodr’s<sup>2</sup> Motion for Rule 11 Sanctions (Doc. 456), (3) Khodr’s Motion for Partial Summary Judgment on Trade Dress Injunction (Doc. 435), and (4) Schwartz’s Motion for Summary Judgment (Doc. 414). The Court

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<sup>1</sup> For ease of reference, Michael Schwartz and the Schwartz-owned entities (Camellia Grill Holdings, Inc.; and Camellia Grill, Inc.) are collectively referred to as “Schwartz.”

<sup>2</sup> Hicham Khodr and the Khodr-owned entities (Uptown Grill, L.L.C.; Uptown Grill of Destin, L.L.C., The Grill Holdings, L.L.C., RANO, L.L.C., K&L Investments, L.L.C., Robert’s Gumbo Shop, L.L.C., and Chartres Grill, L.L.C.) are collectively referred to as “Khodr.”

heard oral argument on all four Motions on November 18, 2020 and took the matter under advisement.

For the following reasons, Shwartz’s Motion to Dismiss for Lack of Jurisdiction Under the *Rooker-Feldman* Doctrine is DENIED, Khodr’s Motion for Rule 11 Sanctions is DENIED, Khodr’s Motion for Partial Summary Judgment on the Issue of Standing is DENIED, and Shwartz’s Motion for Summary Judgment is GRANTED IN PART and DENIED IN PART.

### **BACKGROUND**

This case arises from two transactions that took place in 2006: 1) the sale of the New Orleans-based Camellia Grill restaurant, and 2) the licensing of the rights to Camellia Grill intellectual property. After approximately twelve years of litigation—seven of which have been before this Court—the parties are still fighting over what rights they were afforded under those two initial documents—the Bill of Sale and the License Agreement. This Court has already stated that, “[a]t every turn, the parties have seemingly operated with the goal of extending, rather than ending, this litigation.”<sup>3</sup> Unfortunately, the Motions now before the Court exemplify this disturbing pattern.

Although this Court has outlined the parties’ long and litigious history many times before, the varying scope and subject matter of the pending

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<sup>3</sup> Doc. 294 at 2.

Motions again require a detailed recitation of the factual and procedural background.

### **I. Factual Background**

Michael Schwartz's family owned the Camellia Grill restaurant on Carrollton Street for decades ("the Carrollton restaurant"). The Camellia Grill was operated through Michael Schwartz's wholly owned company, Camellia Grill, Inc. Michael Schwartz later formed Camellia Grill Holdings, Inc. ("CGH"), vesting in it the ownership of Camellia Grill's federally registered trademarks.

In 2006, following Hurricane Katrina, Michael Schwartz and Hicham Khodr negotiated the sale of the Carrollton restaurant. In August of 2006, the parties, through various entities, executed three contracts: (1) the Cash Sale, (2) the Bill of Sale, and (3) the License Agreement. The August 11, 2006 Cash Sale transferred the immovable property located at 626 Carrollton Avenue (the home of the Camellia Grill) to RANO, L.L.C. for \$490,000. The August 11, 2006 Bill of Sale transferred all "right, title and interest in and to the . . . tangible property located within or upon" the Carrollton restaurant, including "appliances, recipes, trademarks, names, logos, likenesses, etc."<sup>4</sup> The Bill of Sale was executed by Michael Schwartz, Camellia Grill, Inc., and CGH in favor of Uptown Grill, L.L.C. ("Uptown Grill"), for the sum of \$10,000.00.

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<sup>4</sup> Doc. 442-6 at 1.

On August 27, 2006, CGH and Hicham Khodr's company, The Grill Holdings, L.L.C. ("The Grill Holdings"), executed the License Agreement, in which the parties acknowledged that CGH held the federally registered trademarks and granted The Grill Holdings exclusive license to use the trademarks for the sum of \$1,000,000.00, plus royalties. The License Agreement expressly retains ownership of the marks to the Licensor, CGH, but permits The Grill Holdings the right to use certain defined "marks." These marks include all trade dress associated with the Camellia Grill restaurant.

The License Agreement also mandates that each of its provisions is binding upon all sublicensees. Hicham Khodr, through The Grill Holdings, made many of the Khodr-owned entities sublicensees to the License Agreement and used those entities to operate the Carrollton restaurant and new Camellia Grill-style restaurants. Particularly relevant to this litigation is a Camellia Grill-style restaurant operated by the sublicensee Chartres Grill L.L.C. ("Chartres Grill"), which operated from 2010 to 2017 on Chartres Street in the French Quarter ("the Chartres restaurant"). To date, however, the Carrollton restaurant is the only Camellia Grill-style restaurant in operation.

## **II. Procedural History**



The parties' litigious history begins in 2008 and includes litigation in multiple courts. Only the details relevant to the pending Motions are outlined below.

### **A. State Court Litigation**

In 2008, The Grill Holdings filed suit in the Civil District Court for Orleans Parish seeking a declaratory judgment as to whether CGH had the right to audit The Grill Holdings' books and records under the License Agreement.<sup>5</sup> The state district court ruled in CGH's favor, and the Louisiana Fourth Circuit Court of Appeal denied The Grill Holdings' application for supervisory writ. In denying the writ, the Fourth Circuit found the language of the License Agreement clear and explicit and required The Grill Holdings to submit to the audit.<sup>6</sup>

In 2011, CGH again filed suit in the Civil District Court for the Parish of Orleans, arguing that The Grill Holdings had breached the terms of the License Agreement and asking for the Agreement's termination. On appeal, the Louisiana Fourth Circuit affirmed the district court's holding that The Grill Holdings had breached the License Agreement.<sup>7</sup> In so

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<sup>5</sup> Khodr contends that Shwartz initially filed suit against The Grill Holdings in the United States District Court for the Northern District of Mississippi, but Shwartz voluntarily dismissed that claim, acknowledging improper venue. Khodr then filed the 2008 state court action in anticipation of Shwartz's refiled suit. *See* Doc. 450 at 5.

<sup>6</sup> *See* Doc. 442-1.

<sup>7</sup> *The Grill Holdings, L.L.C. v. Camellia Grill Holdings, Inc.*, 120 So. 3d 294 (La. App. 4 Cir. 2013).

holding, the Fourth Circuit also affirmed the applicability of the post-termination provisions of the License Agreement.<sup>8</sup> The post-termination provisions require The Grill Holdings to “avoid any action or the continuance of any condition which might suggest to the public that Licensee has any right to the Marks, or that Licensee continues to be associated with Licensor” and provide that “all rights and privileges granted to Licensee hereunder will immediately -an and will revert to Licensor. Licensee will discontinue use of all Marks.”<sup>9</sup> The Louisiana Supreme Court denied The Grill Holdings’ application for writ.

Although Shwartz argues that the Louisiana courts’ findings preclude this Court’s consideration of the matters before it, Shwartz does not dispute the fact that only the License Agreement, not the Bill of Sale, was litigated in the state courts.

### **B. Federal Court Litigation**

In July of 2013, CGH filed its first federal action against Khodr in this Court.<sup>10</sup> In response to the Carrollton restaurant’s nomination as a historical landmark, CGH filed suit against The Grill Holdings and the City of New Orleans alleging trademark infringement and deprivation of property rights without due process and seeking a preliminary and permanent injunction prohibiting the historical

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<sup>8</sup> *Id.* at 301–02.

<sup>9</sup> *See* Doc 442-4 at 11.

<sup>10</sup> *See* *Camellia Grill Holdings, Inc. v. New Orleans City*, No. CIV.A. 13-5148, 2013 WL 4431344 (E.D. La. Aug. 16, 2013).

landmark designation.<sup>11</sup> CGH's requested preliminary injunction was denied, and CGH filed a Motion for Voluntary Dismissal, which this Court granted.<sup>12</sup>

On December 3, 2013, while the Motion for Voluntary Dismissal was pending, Uptown Grill filed a Complaint for Declaratory Relief, the lead action in this case, asking this Court to determine the parties' respective rights in the Camellia Grill trademarks within or upon the Carrollton restaurant. Shortly thereafter, Shwartz filed a "Supplemental and Amending Petition" in the closed state court matter against Hicham Khodr and various Khodr-owned entities, seeking damages for trademark infringement. Khodr removed the matter to this Court, and the actions were consolidated. Shwartz amended his complaint to assert claims for trade dress infringement, as well as breach of contract for Khodr's continued use of Camellia Grill intellectual property following the termination of the License Agreement.

On July 10, 2015, this Court granted Uptown Grill's Motion for Summary Judgment. Shwartz appealed and, on March 23, 2016, the Fifth Circuit affirmed this Court's decision in part. The Fifth Circuit affirmed that (1) this Court had subject matter

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<sup>11</sup> CGH feared that the building's landmark status would preclude CGH from "requir[ing] the removal of the façade mark at the termination of the license agreement." *Id.* at \*1.

<sup>12</sup> See *Camellia Grill Holdings, Inc. v. New Orleans City*, No. 13-5148, 2013 WL 6440505, at \*1 (E.D. La. Dec. 9, 2013).

jurisdiction, (2) laches did not apply to Uptown Grill's claims related to the Bill of Sale, (3) the License Agreement could not be used as parol evidence to modify the terms of the Bill of Sale, and that (4) the Bill of Sale "clearly and unambiguously transfers to Uptown Grill the trademarks within or upon the Carrollton Avenue location."<sup>13</sup> The Fifth Circuit did, however, reverse this Court's finding that Uptown Grill owned the Camellia Grill marks beyond the Carrollton location as the issue was not briefed by the parties. The Fifth Circuit therefore remanded the case back to this Court to determine the scope of relief considering Uptown Grill's representations and practice with respect to the License Agreement.<sup>14</sup>

On remand, this Court addressed multiple motions for summary judgment and held a trial to determine damages. Shwartz again appealed. On March 29, 2019, the Fifth Circuit affirmed this Court's finding that the Bill of Sale assigned all Camellia Grill trademark and trade dress rights to Khodr and that Shwartz's claims for infringement

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<sup>13</sup> See *Uptown Grill, L.L.C. v. Shwartz*, 817 F.3d 251, 258 (2016).

<sup>14</sup> *Id.* at 260. Following the Fifth Circuit's opinion, on June 8, 2016, Shwartz filed a complaint in the Northern District of Mississippi whereby Shwartz "attempt[ed] to recover for his claimed loss of the Camellia Grill trademarks, by alleging fraud and misrepresentation during the transfer of the Camellia Grill trademarks." *Shwartz v. Khodr*, 733 F. App'x 215, 216 (5th Cir. 2018). The Northern District of Mississippi transferred the case to this Court, which subsequently dismissed Shwartz's claims. The Fifth Circuit affirmed. *Id.*

under the Lanham Act must fail.<sup>15</sup> As for the License Agreement, the Fifth Circuit agreed that the License Agreement constituted a relative nullity under Louisiana law. A “relative nullity ‘may be invoked only by the person in whose interest the ground for nullity [such as mutual mistake] was established, and may not be declared by the court on its own initiative.’”<sup>16</sup> As Khodr was not asking that the License Agreement be nullified, the Fifth Circuit found that it should be enforced “as far as possible.”<sup>17</sup> The Fifth Circuit thus affirmed that Khodr’s use of Camellia Grill trademarks at the Chartres location constituted a breach of contract. As for Shwartz’s entitlement to relief, the Fifth Circuit affirmed that there were no compensable damages at issue and found that the scope of this Court’s injunction—enjoining the various Khodr entities from using the marks “at any location other than the Carrollton Location”<sup>18</sup>—was proper.

Although the Fifth Circuit agreed with this Court’s findings related to the Bill of Sale, Shwartz’s Lanham Act claim, and Shwartz’s trademark breach of contract claim, the circuit court reversed this Court’s holding on Shwartz’s trade dress breach of contract claim. This Court previously “held that Shwartz could not bring a breach of contract claim

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<sup>15</sup> *Uptown Grill, LLC v. Camellia Grill Holdings, Inc.*, 920 F.3d 243 (5th Cir. 2019).

<sup>16</sup> *Id.* at 250 (quoting LA. CIV. CODE art. 2031).

<sup>17</sup> *Id.*

<sup>18</sup> Doc. 358 at 3.

based on trade dress because the elements of [Camellia Grill's] putative trade dress were not defined in the License Agreement.”<sup>19</sup> On appeal, however, the Fifth Circuit found that “the elements of a claimed trade dress need not necessarily be articulated in a contract for a party to enforce his rights under the contract.”<sup>20</sup> Accordingly, the Fifth Circuit found that Khodr’s use of Camellia Grill trade dress could constitute a breach of the License Agreement. Noting that this Court had previously identified eight alleged elements of Camellia Grill trade dress, the Fifth Circuit “remanded for proceedings to determine if Khodr breached the License Agreement by using the above-detailed alleged trade dress at the Chartres restaurant.”<sup>21</sup>

### **A. The Motions Currently Before the Court**

The Fifth Circuit most recently remanded the action to determine whether Khodr breached the License Agreement by using Camellia Grill trade dress at the Chartres restaurant after the termination of the License Agreement. The Fifth Circuit clarified that, “[e]ven though we find all putative trade dress rights were assigned to Khodr in the Bill of Sale, we must still determine whether the License Agreement afforded Shwartz any enforceable

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<sup>19</sup> *Uptown Grill*, 920 F.3d at 251.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at 251.

contract rights.”<sup>22</sup> Having held that the License Agreement was an enforceable contract between the parties, the Fifth Circuit essentially asks this Court to determine if Khodr violated the post-termination provisions of the License Agreement requiring Khodr to “avoid any action or the continuance of any condition which might suggest to the public that [Khodr] has any rights to the Marks, or that [Khodr] continues to be associated with [Shwartz].”<sup>23</sup> Shwartz’s current Motion for Summary Judgment asks this Court to rule in his favor on this issue.

Following the filing of Shwartz’s Motion for Summary Judgment, Khodr filed a Motion for Partial Summary Judgment on Trade Dress Injunction. In the Motion, Khodr argues that Shwartz lacks standing to request injunctive relief as Khodr is not currently participating in any activity that would constitute a breach of the post-termination provisions of the License Agreement.

Most recently, on August 14, 2020, Shwartz filed a Motion to Dismiss for Lack of Jurisdiction under the *Rooker-Feldman* Doctrine. In the Motion, Shwartz contends that the state court judgments deprive this Court of jurisdiction, rendering void all decisions of both this Court and the Fifth Circuit related to Uptown Grill’s request for declaratory relief.

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<sup>22</sup> *Id.*

<sup>23</sup> Doc 442-4 at 11.

In response to Schwartz's unexpected and consequential Motion to Dismiss, Khodr filed a Motion for Rule 11 Sanctions, arguing that the Motion to Dismiss seeks to relitigate already-litigated issues and is an attempt to "avoid the consequences of seven years of litigation."<sup>24</sup> Khodr therefore requests that this Court levy sanctions against Schwartz for "abusive and harassing" conduct.

Provided the significance of Schwartz's Motion to Dismiss for Lack of Jurisdiction Under the *Rooker-Feldman* Doctrine, this Court will address the *Rooker-Feldman* Motion first alongside Khodr's affiliated Motion for Rule 11 Sanctions. The Court will then address Khodr's Motion for Partial Summary Judgment on Trade Dress Injunction and conclude with Schwartz's Motion for Summary Judgment on Trade Dress.

## **LEGAL STANDARD**

### **I. Motion to Dismiss**

A Rule 12(b)(1) motion challenges the subject matter jurisdiction of a federal district court. "A case is properly dismissed for lack of subject matter jurisdiction when the court lacks the statutory or constitutional power to adjudicate the case."<sup>25</sup> In ruling on a Rule 12(b)(1) motion to dismiss, the court may rely on (1) the complaint alone, presuming the allegations to be true, (2) the complaint supplemented

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<sup>24</sup> Doc 456-1 at 2.

<sup>25</sup> *Home Builders Ass'n of Miss., Inc. v. City of Madison*, 143 F.3d 1006, 1010 (5th Cir. 1998).



by undisputed facts, or (3) the complaint supplemented by undisputed facts and by the court's resolution of disputed facts.<sup>26</sup> The proponent of federal court jurisdiction bears the burden of establishing subject matter jurisdiction.<sup>27</sup>

## **I. Motion for Sanctions**

Federal Rule of Civil Procedure 11 establishes that “[b]y presenting to the court a pleading, written motion, or other paper . . . an attorney . . . certifies that[—]to the best of the person’s knowledge, information, and belief, formed after an inquiry reasonable under the circumstances[—]the factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery.”<sup>28</sup> “An attorney’s conduct is judged . . . with an objective, not a subjective, standard of reasonableness.”<sup>29</sup> “Reasonableness is reviewed according to the ‘snapshot’ rule, focusing upon the instant the attorney affixes his signature to the document.”<sup>30</sup> A court may impose appropriate

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<sup>26</sup> *Den Norske Stats Oljesels kap As v. Heere MacVof*, 241 F.3d 420, 424 (5th Cir. 2001).

<sup>27</sup> *See Physicians Hosps. of Am. v. Sebelius*, 691 F.3d 649, 652 (5th Cir. 2012).

<sup>28</sup> FED. R. CIV. P. 11(b).

<sup>29</sup> *Snow Ingredients, Inc. v. SnoWizard, Inc.*, 833 F.3d 512, 528 (5th Cir. 2016).

<sup>30</sup> *Id.* (quoting *Smith v. Our Lady of the Lake Hosp., Inc.*, 960 F.2d 439, 444 (5th Cir. 1992)).

sanctions on an attorney or party that violates the Rule, but is not required to do so.<sup>31</sup>

## II. Motion for Summary Judgment

“The court shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.”<sup>32</sup> “As to materiality . . . [o]nly disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment.”<sup>33</sup> Nevertheless, a dispute about a material fact is “genuine” such that summary judgment is inappropriate “if the evidence is such that a reasonable jury could return a verdict for the nonmoving party.”<sup>34</sup>

In determining whether the movant is entitled to summary judgment, the Court views facts in the light most favorable to the non-movant and draws all reasonable inferences in his favor.<sup>35</sup> “If the moving party meets the initial burden of showing that there is no genuine issue of material fact, the burden shifts to the non-moving party to produce evidence or designate specific facts showing the existence of a

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<sup>31</sup> See FED. R. CIV. P. 11(b) (“[T]he court *may* impose an appropriate sanction . . .” (emphasis added)).

<sup>32</sup> FED. R. CIV. P. 56.

<sup>33</sup> *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

<sup>34</sup> *Id.* at 248.

<sup>35</sup> *Coleman v. Hous. Indep. Sch. Dist.*, 113 F.3d 528, 533 (5th Cir. 1997).

genuine issue for trial.”<sup>36</sup> Summary judgment is appropriate if the non-movant “fails to make a showing sufficient to establish the existence of an element essential to that party’s case.”<sup>37</sup>

“In response to a properly supported motion for summary judgment, the nonmovant must identify specific evidence in the record and articulate the manner in which that evidence supports that party’s claim, and such evidence must be sufficient to sustain a finding in favor of the nonmovant on all issues as to which the nonmovant would bear the burden of proof at trial.”<sup>38</sup> The Court does “not . . . in the absence of any proof, assume that the nonmoving party could or would prove the necessary facts.”<sup>39</sup> Additionally, “[t]he mere argued existence of a factual dispute will not defeat an otherwise properly supported motion.”<sup>40</sup>

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<sup>36</sup> Engstrom v. First Nat’l Bank, 47 F.3d 1459, 1462 (5th Cir. 1995).

<sup>37</sup> Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986).

<sup>38</sup> Johnson v. Deep E. Tex. Reg. Narcotics Trafficking Task Force, 379 F.3d 293, 301 (5th Cir. 2004) (internal citations omitted).

<sup>39</sup> Badon v. R J R Nabisco, Inc., 224 F.3d 382, 393–94 (5th Cir. 2000) (quoting Little v. Liquid Air Corp., 37 F.3d 1069, 1075 (5th Cir. 1994)).

<sup>40</sup> Boudreaux v. Banctec, Inc., 366 F. Supp. 2d 425, 430 (E.D. La. 2005).

## **LAW AND ANALYSIS**

### **I. Schwartz’s Motion to Dismiss for Lack of Jurisdiction Under the *Rooker-Feldman* Doctrine**

In Schwartz’s Motion to Dismiss (Doc. 442), Schwartz argues that this Court lacks subject matter jurisdiction to hear Uptown Grill’s claims under the *Rooker-Feldman* doctrine. Khodr not only disputes the doctrine’s application but also argues that the Court should disregard Schwartz’s Motion to Dismiss as untimely under Federal Rule of Civil Procedure 60. Accordingly, this Court will address the applicability of Rule 60 before addressing the merits of Schwartz’s Motion.

#### **A. Federal Rule of Civil Procedure 60**

Federal Rule of Civil Procedure 60 provides a mechanism by which a party may seek relief from a final judgment, order, or proceeding.<sup>41</sup> Khodr argues that Schwartz’s Motion to Dismiss should be analyzed under Rule 60 as the Motion primarily seeks to void this Court’s final orders and/or judgment granting Uptown Grill’s request for declaratory relief. Khodr further argues that because the Motion should be analyzed under Rule 60, not Federal Rule of Civil Procedure 12(h)(3),<sup>42</sup> Schwartz’s Motion to Dismiss is

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<sup>41</sup> FED. R. CIV. P. 60.

<sup>42</sup> Schwartz argues that the Motion to Dismiss is timely in accordance with Federal Rule of Civil Procedure 12(h)(3). Under Federal Rule of Civil Procedure 12(h)(3), “[i]f the court

untimely. Although this Court disagrees with Khodr’s analysis, this Court does find that Rule 60 applies and bars Schwartz’s collateral attack on this Court’s final rulings in favor of Uptown Grill.

As explained above, this case consists of two consolidated actions: Uptown Grill’s action for declaratory relief and Schwartz’s claims against Hicham Khodr and other Khodr-owned entities for trademark infringement, trade dress infringement, and breach of contract. In 2015, this Court entered a judgment in favor of Uptown Grill, declaring Uptown Grill to be the owner of all Camellia Grill trademarks and dismissing Schwartz’s claims.<sup>43</sup> On appeal, the Fifth Circuit affirmed that Uptown Grill owned the Camellia Grill marks at the Carrollton location but found that the issue of ownership beyond the Carrollton location had not been sufficiently litigated in this Court.<sup>44</sup> The Fifth Circuit accordingly remanded the case for “further proceedings . . . to determine the appropriateness of any further relief.”<sup>45</sup>

In this Court’s first Order and Reasons following remand from the Fifth Circuit, dated May 26, 2017, this Court found that Uptown Grill’s request for declaratory relief, the “lead action,” was resolved and that the Fifth Circuit’s ruling served only to “revive” *Schwartz’s claims* relative to the use of marks

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determines at any time that it lacks subject-matter jurisdiction, the court must dismiss the action.”

<sup>43</sup> See Doc. 206.

<sup>44</sup> *Uptown Grill*, 817 F.3d at 258–59.

<sup>45</sup> *Id.* at 260.

at locations other than Carrollton Avenue.<sup>46</sup> Schwartz's claims alone have been the subject of litigation since the Fifth Circuit's remand. Even if Uptown Grill's claims somehow persisted during that time, which this Court does not countenance, they were certainly finalized with the Fifth Circuit's 2019 opinion affirming this Court's rulings relating to the Bill of Sale. For all relevant purposes, therefore, Uptown Grill's claims have been fully and finally adjudicated.

In *Hall v. Hall*, the Supreme Court held that a single case in a consolidated action is independently appealable even if other cases within the action remain pending.<sup>47</sup> In reaching its holding, the *Hall* Court explained that “one or many or all of the phases of the several actions may be merged. But merger is never so complete in consolidation as to deprive any party of any substantial rights which he may have possessed had the actions proceeded separately.”<sup>48</sup> Applying *Hall*'s reasoning to the current matter, it is clear that analysis under Rule 60 is warranted. Despite consolidation, Uptown Grill has a substantial right to finality after its rights have been definitively adjudicated. Schwartz's current Motion to Dismiss, however, seeks to disturb that right by voiding all orders and judgments of this Court granting Uptown

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<sup>46</sup> See Doc. 294 at 5

<sup>47</sup> 138 S. Ct. 1118 (2018).

<sup>48</sup> *Id.* at 1130 (quoting 3 J. MOORE & J. FRIEDMAN, MOORE'S FEDERAL PRACTICE § 42.01, at 3050–51 (1938)).

Grill's claims for declaratory relief.<sup>49</sup> Accordingly, this Court holds that Rule 60 governs Schwartz's Motion to Dismiss.<sup>50</sup>

Federal Rule of Procedure Rule 60(b) provides the grounds upon which a party may seek relief from a final judgment. These grounds include:

- (1) mistake, inadvertence, surprise, or excusable neglect;
- (2) newly discovered evidence that, with reasonable diligence, could not have been discovered in time to move for a new trial under Rule 59(b);
- (3) fraud (whether previously called intrinsic or extrinsic), misrepresentation, or misconduct by an opposing party;
- (4) the judgment is void;
- (5) the judgment has been satisfied, released, or discharged; it is based on an earlier judgment that has been

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<sup>49</sup> See Doc. 442 at 1 (moving this Court to dismiss Uptown Grill's claims for lack of subject matter jurisdiction).

<sup>50</sup> Although this Court acknowledges the limited case law wherein courts have applied Rule 60 to pending, consolidated actions, this Court agrees with the logic of those cases where they are available. See e.g., *Kurzweil v. Philip Morris Cos., Inc.*, No. 94 CIV. 2373 (MBM), 1997 WL 167043, at \*3 (S.D.N.Y. Apr. 9, 1997) ("My September 1995 order dismissing plaintiffs' complaint for failure to state a claim was a final order terminating the litigation and finally determining the merits of the case, and judgment could have been entered immediately. The entry of the judgment was delayed only because [of ongoing proceedings in the consolidated case]. Plaintiffs' motion is addressed correctly to the September 1995 order and is timely filed under Rule 60(b).").

reversed or vacated; or applying it prospectively is no longer equitable;  
or

(6) any other reason that justifies relief.

Usually, “[a] motion under Rule 60(b) must be made within a reasonable time—and for reasons (1), (2), and (3) no more than a year after the entry of the judgment or order or the date of the proceeding.”<sup>51</sup> Motions under Rule 60(b)(4), however, do not follow the usual rules.

A judgment is void under Rule 60(b)(4) “only if the court that rendered it lacked jurisdiction of the subject matter, or of the parties, or it acted in a manner inconsistent with due process of law.”<sup>52</sup> As Shwartz’s Motion to Dismiss is challenging this Court’s subject matter jurisdiction, it is appropriately analyzed as a motion under Rule 60(b)(4). Unlike the rest of Rule 60(b), “Rule 60(b)(4) motions leave no margin for consideration of the district court’s discretion as the judgments themselves are by definition either legal nullities or not.”<sup>53</sup> Further, as “the mere passage of time cannot convert an absolutely void judgment into a valid one,” Rule 60(b)(4) motions are not subject to a time limit, and

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<sup>51</sup> FED. R. CIV. P. 60(c)(1).

<sup>52</sup> *Brumfield v. La. State Bd. of Educ.*, 806 F.3d 289, 298 (5th Cir. 2015) (quoting *Williams v. New Orleans Pub. Serv., Inc.*, 728 F.2d 730, 735 (5th Cir. 1984)).

<sup>53</sup> *Id.* at 296 (quoting *Carter v. Fenner*, 136 F.3d 1000, 1005 (5th Cir. 1998)).



the court must void the judgment if it finds that subject matter jurisdiction was lacking.<sup>54</sup>

The caveat to this rule, however, is that “[a] district court’s exercise of subject-matter jurisdiction, even if erroneous, is *res judicata* and is not subject to collateral attack through Rule 60(b)(4) if the party seeking to void the judgment had the opportunity previously to challenge jurisdiction and failed to do so.”<sup>55</sup> In *Picco v. Global Marine Drilling Co.*, the plaintiff filed a Rule 60(b)(4) motion arguing that the district court’s judgment was void because it was entered after the bankruptcy court entered an automatic stay and divested the district court of jurisdiction.<sup>56</sup> The district court granted the Rule 60(b)(4) motion, and the Fifth Circuit reversed. The Fifth Circuit reasoned that “the district court was fully aware of the automatic stay, and therefore implicitly concluded that its dismissal was consistent with its terms. Picco did not object or appeal to challenge the district court’s jurisdiction.”<sup>57</sup> The Fifth Circuit found that application of *res judicata* was proper in a case such as this where “the challenging party was before the court when the order in question was entered and had notice of it and had a full and

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<sup>54</sup> *Jackson v. FIE Corp.*, 302 F.3d 515, 523–24 (5th Cir. 2002).

<sup>55</sup> *United States v. Hansard*, No. 07-30090, 2007 WL 2141950, at \*1 (5th Cir. July 26, 2007) (citing *Ins. Corp. of Ireland, Ltd. v. Compagnie des Bauxites de Guinee*, 456 U.S. 694, 702 n.9 (1982); *Picco v. Global Marine Drilling Co.*, 900 F.2d 846, 850 (5th Cir. 1990)).

<sup>56</sup> *Picco*, 900 F.2d at 849–50.

<sup>57</sup> *Id.* at 850.

fair, unimpeded opportunity to challenge it, and the court's jurisdiction, by appeal.”<sup>58</sup>

This Court finds that the logic of *Picco* applies to this case. This Court litigated Uptown Grill's claims from 2013 to 2017. During that time, both this Court and the Fifth Circuit addressed the impact that the state courts' holdings had on this Court's interpretation of the Bill of Sale and the parties' intellectual property rights. At all times, this Court found that its jurisdiction was proper. Additionally, “Rule 60(b)(4) does not provide a license for litigants to sleep on their rights.”<sup>59</sup> Schwartz had a multitude of opportunities to raise *Rooker-Feldman* but failed to do so. In fact, Schwartz argued that federal question jurisdiction was improper in both this Court and the Fifth Circuit but did not raise *Rooker-Feldman*.<sup>60</sup> Now that Uptown Grill's claims have long been settled, this Court does not find reason to disturb its final ruling simply because Schwartz only recently discovered, seven years after these proceedings began, the potential applicability of *Rooker-Feldman*.<sup>61</sup> Accordingly, because res judicata applies to this

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<sup>58</sup> *Id.* See also *Brown v. Illinois Cent. R. Co.*, 480 F. App'x 753, 754 (5th Cir. 2010).

<sup>59</sup> *United Student Aid Funds, Inc. v. Espinosa*, 559 U.S. 260, 275 (2010).

<sup>60</sup> See *Uptown Grill*, 817 F.3d at 256.

<sup>61</sup> See also *In re Bell Family Tr.*, 575 F. App'x 229, 233 (5th Cir. 2014) (rejecting plaintiff's arguments that “she only ‘recently’ realized that ‘the court lacked jurisdiction in matters of ‘spendthrift’ trust and that there are no deadlines to file a Motion to redress lack of jurisdiction” when plaintiff had multiple opportunities to challenge jurisdiction).

Court's determination of its finding of jurisdiction<sup>62</sup> and because this case does not demonstrate "a clear usurpation of power" or "total want of jurisdiction" as to warrant the disturbing of a final order,<sup>63</sup> this Court finds that its prior rulings in favor of Uptown Grill should not be disturbed.

### **A. The *Rooker-Feldman* Doctrine**

Assuming *arguendo* that Shwartz's Motion is properly before the Court, Shwartz's Motion to Dismiss for Lack of Jurisdiction Under the *Rooker-Feldman* doctrine still fails on the merits. In *Rooker v. Fidelity Trust Co.*,<sup>64</sup> the Supreme Court stated that federal district courts lacked appellate authority to reverse or modify state court decisions, even if erroneous.<sup>65</sup> Six years later, in *District of Columbia*

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<sup>62</sup> See *Winograd v. Fowler*, 184 F.3d 816 at \*3 (5th Cir. 1999). In *Winograd*, the Fifth Circuit denied consideration of plaintiff's Rule 60(b)(4) motion to vacate the court's judgment for lack of jurisdiction under *Rooker-Feldman*. *Id.* at \*1. Although the district court did not address *Rooker-Feldman*'s application during the proceedings, the Fifth Circuit affirmed the district court's finding that res judicata barred consideration of the motion where the factual basis for *Rooker-Feldman* was evidenced on the face of the pleadings and the plaintiff had a "full and fair unimpeded opportunity to challenge it based upon subject matter jurisdiction." *Id.* at \*2.

<sup>63</sup> "[T]otal want of jurisdiction must be distinguished from an error in the exercise of jurisdiction, and . . . only rare instances of a clear usurpation of power will render a judgment void." *Espinosa*, 559 U.S. at 271 (quoting *United States v. Boch Oldsmobile, Inc.*, 909 F.2d 657, 661 (1st Cir. 1990)).

<sup>64</sup> 263 U.S. 413 (1923).

<sup>65</sup> See *Exxon Mobil Corp. v. Saudi Basic Indus. Corp.*, 544 U.S. 280, 284–85 (2005).

*Court of Appeals v. Feldman*,<sup>66</sup> the Supreme Court stated that federal courts cannot review state court judicial decisions and cannot address claims “inextricably intertwined” with the state court decisions.<sup>67</sup> Today, “the *Rooker–Feldman* doctrine holds that inferior federal courts do not have the power to modify or reverse state court judgments’ except when authorized by Congress.”<sup>68</sup>

In *Exxon Mobil Corp. v. Saudi Basic Indus. Corp.*, the Supreme Court addressed the *Rooker–Feldman* doctrine and emphasized that it occupies “narrow ground.”<sup>69</sup> The Supreme Court held that the doctrine only applies to: (1) cases brought by state court losers, (2) complaining of injuries caused by state court judgments, (3) rendered before the district court proceedings commenced, and (4) inviting district court review and rejection of those judgments.<sup>70</sup> The two hallmarks of the *Rooker–Feldman* inquiry are thus: (1) “what the federal court is being asked to review and reject,” and (2) “the source of the federal plaintiff’s alleged injury.”<sup>71</sup> If the federal court is being asked to review a decision from a state court judicial proceeding, and the state court judgment is the source of the injury, then the *Rooker–Feldman*

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<sup>66</sup> *D.C. Court of Appeals v. Feldman*, 460 U.S. 462 (1983).

<sup>67</sup> *See Exxon*, 544 U.S. at 285–86.

<sup>68</sup> *Truong v. Bank of Am., N.A.*, 717 F.3d 377, 382 (5th Cir. 2013) (quoting *Union Planters Bank Nat’l Ass’n v. Salih*, 369 F.3d 457, 462 (5th Cir. 2004)).

<sup>69</sup> *Exxon*, 544 U.S. at 284.

<sup>70</sup> *Id.*

<sup>71</sup> *Truong*, 717 F.3d at 382.

doctrine denies the federal court of subject matter jurisdiction.<sup>72</sup> Schwartz argues that all four elements of the *Rooker-Feldman* doctrine are satisfied here as the previous state court rulings are “inextricably intertwined” with Uptown Grill’s requested declaratory relief. This Court disagrees.

This Court finds that Schwartz cannot demonstrate even the first requirement of *Rooker-Feldman*—that the case be brought by a state court loser. *Rooker-Feldman* “has no application to a federal suit brought by a nonparty to the state suit.”<sup>73</sup> Here, the parties to the state court proceedings, the Grill Holdings and CGH, were the parties to the License Agreement.<sup>74</sup> Uptown Grill, a different Khodr-owned entity, brought the initial federal action for declaratory relief as the sole buyer in the Bill of Sale. As Uptown Grill was not a party to the state court proceedings, it cannot be the “state court loser” as required by *Rooker-Feldman*.

Swartz contends, however, that because Uptown Grill was a sublicensee to the License Agreement, Uptown Grill is a “successor in interest” to The Grill Holdings and thus stands in the shoes of The Grill Holdings for purposes of *Rooker-Feldman*. In *Lance v. Dennis*, the Supreme Court held that *Rooker-Feldman* does not bar suits by nonparties to the state action even if, under preclusion principles,

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<sup>72</sup> See *id.* at 382–83.

<sup>73</sup> *Exxon*, 544 U.S. at 287 (paraphrasing *Johnson v. De Grandy*, 512 U.S. 997, 1005–06 (1994)).

<sup>74</sup> See Docs. 442-1, 442-3, 442-4, 442-5.

they were in privity with the state court loser.<sup>75</sup> The Supreme Court in *Lance* did, however, acknowledge the possibility of a limited exception whereby “*Rooker-Feldman* may be applied against a party not named in an earlier state proceeding—*e.g.*, where an estate takes a *de facto* appeal in a district court of an earlier state decision involving the decedent.”<sup>76</sup> Although Schwartz is correct that courts have utilized the *Lance* exception to enforce *Rooker-Feldman* against successors in interest,<sup>77</sup> the facts of this case fit squarely within the holding of *Lance*, not the exception.

Uptown Grill is not a successor in interest to The Grill Holdings but rather a distinct juridical entity.<sup>78</sup> In fact, the relationship between these two

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<sup>75</sup> *Lance v. Dennis*, 546 U.S. 459, 466 (2006).

<sup>76</sup> *Id.* at 466 n.2.

<sup>77</sup> See *e.g.*, *Morris v. Am. Home Mortg. Servicing, Inc.*, 443 F. App’x 22, 24 (5th Cir. 2011) (finding that the absence of the federal defendant in the state court action did not preclude applicability of the *Rooker-Feldman* doctrine where the federal defendant was the successor-in-interest to the plaintiff in the state foreclosure proceeding).

<sup>78</sup> As evidence that Uptown Grill stands in the shoes of The Grill Holdings, Schwartz looks to a 2012 affidavit by Hicham Khodr stating “[t]hat the sublicensees, Uptown Grill, L.L.C., Chartres Grill, L.L.C., and Destin Grill L.L.C. were companies [Hicham Khodr] formed only for accounting purposes and are not third parties.” See Doc. 115-5 at 3. Schwartz has, however, already cited to this same language in his briefings to this Court and the Fifth Circuit to argue that Uptown Grill consented to the License Agreement. See Brief for Appellant, Uptown Grill, L.L.C. v. Schwartz, 817 F.3d 251, 258 (2016) (No. 15-30617), 2015 WL 5665651, at \*18–21. The Fifth Circuit nevertheless held that Uptown Grill was not a party to the License Agreement or the

entities and the extent to which Uptown Grill is bound by the state court judgments is an issue that has already been examined by both this Court and the Fifth Circuit. In its first opinion in this matter, the Fifth Circuit affirmed this Court's denial of Shwartz's laches claim, finding that Uptown Grill had not unreasonably delayed asserting its ownership rights because "Uptown Grill *was not a party* to any litigation *where ownership* of the trademarks was at issue until it filed its action for declaratory judgment."<sup>79</sup> The Fifth Circuit further noted that:

even if earlier litigation between Camellia Grill, Inc., CGH, and/or any of Khodr's entities could somehow be imputed to Uptown Grill, the License Agreement, not the Bill of Sale, was at issue in those cases. Accordingly, Uptown Grill may not be punished for failing to assert the Bill of Sale in prior litigation, and laches is inapplicable.<sup>80</sup>

The Fifth Circuit also went on to find that, because Uptown Grill was not a party to the License Agreement, the provisions of the License Agreement were irrelevant to construing the Bill of Sale.<sup>81</sup> Thus, although the Fifth Circuit found Uptown Grill to be

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state court litigation. *Uptown Grill*, 817 F.3d at 256–57. Accordingly, the affidavit does not change the fact that Uptown Grill is not a party against whom *Rooker-Feldman* applies.

<sup>79</sup> *Uptown Grill*, 817 F.3d at 256 (emphasis added).

<sup>80</sup> *Id.* at 256–57.

<sup>81</sup> *Id.*

an “affiliate” of The Grill Holdings under the License Agreement, the court did not find the parties so connected as to constructively render Uptown Grill a party to the state proceedings.<sup>82</sup>

The Fifth Circuit’s prior statements in this matter are remarkably relevant to resolving the applicability of *Rooker-Feldman*. The Fifth Circuit found that Uptown Grill was not a state court loser and also distinguished the injuries addressed by the state and federal proceedings. *Rooker-Feldman* bars claims by state court losers that complain of injuries caused by state court judgments and invite district court review and rejection of those judgments.<sup>83</sup> Both this Court and the Fifth Circuit have confirmed that Uptown Grill’s federal action relates only to ownership under the Bill of Sale—an issue that was not addressed by the state courts. Accordingly, this Court’s granting of Uptown Grill’s request for declaratory relief does not address any injuries created by the state court judgments nor does it reject any findings by the state courts.

In spite of the Fifth Circuit’s prior statements, Shwartz still argues that Uptown Grill’s sought declaratory relief under the Bill of Sale is inextricably intertwined “with [the] two prior final judgments of the Louisiana Fourth Circuit Court of Appeal affirming the contractual validity of a License

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<sup>82</sup> *Id.* at 256–57, 59.

<sup>83</sup> *See Exxon*, 544 U.S. at 284.



Agreement between the parties.”<sup>84</sup> The Fourth Circuit affirmed the validity of the License Agreement and found the Agreement terminated, “restoring all rights to the licenses [and] marks to [Shwartz].”<sup>85</sup> Shwartz thus contends that this Court’s ruling in favor of Uptown Grill essentially “vitiates” the License Agreement as it allows Uptown Grill to operate the Camellia Grill where the termination provisions of the License Agreement do not.

It is undisputed that, under both this Court and the Fifth Circuit’s holdings, Shwartz lost rights to the Bill of Sale that the state courts otherwise attributed to him under the License Agreement. This fact alone, however, does not equate to a “direct attack” on the state court judgments.<sup>86</sup> To the contrary, this Court has enforced the state courts’ findings that the License Agreement is a valid and enforceable document and has spent the past three years litigating Shwartz’s related breach of contract claims. *Rooker-Feldman* “does not prohibit a plaintiff from ‘present[ing] some independent claim, albeit one that denies a legal conclusion that a state court has

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<sup>84</sup> Doc. 442-7 at 1.

<sup>85</sup> Doc. 442-3 at 1 (Judgment by the Civil District Court for the Parish of Orleans); Doc. 442- 4 (Fourth Circuit Court of Appeal opinion affirming the Judgment).

<sup>86</sup> See *Weaver v. Texas Capital Bank N.A.*, 660 F.3d 900, 904 (5th Cir. 2011) (“[T]he *Rooker– Feldman* doctrine generally applies only where a plaintiff seeks relief that directly attacks the validity of an existing state court judgment.”).

reached in a case to which he was a party.”<sup>87</sup> This Court was asked to evaluate Uptown Grill’s ownership rights under the Bill of Sale. Neither ownership nor the Bill of Sale was litigated in the state courts. Uptown Grill has thus presented an independent claim, and this Court’s legal conclusions related to the Bill of Sale do not vitiate the state courts’ conclusions related to the License Agreement.

Shwartz asks this Court to follow the logic of *Johnson v. Way Cool Manufacturing, L.L.C.*<sup>88</sup> There, the federal plaintiffs, the Johnsons, executed a purchase agreement and licensing agreement in favor of Way Cool Manufacturing, L.L.C.<sup>89</sup> After a dispute over the terms of the licensing agreement, an arbitrator determined that the Johnsons had breached the *licensing agreement and the asset purchase agreement*, and the state court entered a judgment affirming the arbitration award.<sup>90</sup> When the Johnsons later filed in federal court, their

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<sup>87</sup> See *Truong*, 717 F.3d at 382 (quoting *Exxon*, 544 U.S. at 293). Shwartz further argues, however, that “a plaintiff cannot ‘circumvent this jurisdictional limitation by asserting claims not raised in the state court proceeding or claims framed as original claims for relief,’ if these claims are ‘inextricably intertwined with the state judgment.’” Doc. 442-7 at 20 (quoting *United States v. Shepherd*, 23 F.3d 923, 924 (5th Cir. 1994)). The Fifth Circuit, however, has already determined that Uptown Grill was not delayed in asserting its claim for relief in this Court. See *Uptown Grill*, 817 F.3d at 256–57.

<sup>88</sup> 20 F. App’x 895 (Fed. Cir. 2001).

<sup>89</sup> *Id.* at 896–97.

<sup>90</sup> *Id.* at 897.

claims were dismissed under *Rooker- Feldman*.<sup>91</sup> The Federal Circuit affirmed the lower court decision, finding the Johnsons' contract-based claims in direct conflict with the state court judgment.<sup>92</sup> Notably, the Federal Circuit also found that *Rooker-Feldman* barred the Johnsons' patent infringement claims even though infringement was not addressed in state court.<sup>93</sup> The Federal Circuit reasoned that, because permission from the patentee destroys liability for patent infringement, the state court's finding that Way Cool Manufacturing, L.L.C. had authority to act under the license agreement precluded the federal court's finding of infringement.<sup>94</sup> As the federal court could not find for the Johnsons without finding that the state court's decision was wrongfully decided, the court found the claims "inextricably intertwined" with the state court decision.

This Court does not find Johnson instructive. First, Johnson was decided before the Supreme Court emphasized the narrowness of *Rooker-Feldman* in *Exxon*. Indeed, the Johnson court found the *Rooker-Feldman* doctrine applicable even though the Johnsons did not participate in the state litigation.<sup>95</sup>

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<sup>91</sup> *Id.*

<sup>92</sup> *Id.* at 898.

<sup>93</sup> *Id.*

<sup>94</sup> *Id.* at 898–99.

<sup>95</sup> As support for this proposition, the *Johnson* court cited to *Lemons v. St. Louis County*, 222 F.3d 488 (8th Cir. 2000). The Eighth Circuit has acknowledged *Lemons* as superseded by *Exxon*'s clarification of the *Rooker-Feldman* doctrine. See *Shelby Cty. Health Care Corp. v. S. Farm Bureau Cas. Ins. Co.*, 855 F.3d

Further, for the federal court in *Johnson* to have found in favor of the plaintiffs on infringement, the federal court would have had to find the state court erroneous in its interpretation of the licensing agreement. To the contrary, this Court's ruling in favor of Uptown Grill did not require this Court to overrule or question any finding made by the state courts. In fact, both this Court and the Fifth Circuit refused to use the License Agreement to interpret the Bill of Sale, contrary to Schwartz's requests.<sup>96</sup> Finally, *Johnson* is distinguishable as the *Johnson* state court fully litigated the parties' rights under both the licensing agreement and the asset purchase agreement, whereas the issues of licensure and ownership in the present matter were bifurcated between the state and federal suits.<sup>97</sup> Therefore, unlike in *Johnson*, the state and federal claims in this matter are not "inextricably intertwined," and this Court does not risk an implicit overruling of the state courts' decisions.

Finally, Schwartz argues in his Reply that this Court erred in finding that the License Agreement did not modify the Bill of Sale.<sup>98</sup> This Court has litigated the relationship between the Bill of Sale and the

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836, 841 (8th Cir. 2017). Following *Exxon*, the *Rooker-Feldman* doctrine does not apply unless the federal plaintiff was a party to the state action. *See Exxon*, 544 U.S. at 287.

<sup>96</sup> *See Uptown Grill*, 817 F.3d at 258 ("We thus decline the Schwartz parties' invitation to consider parol evidence such as the License Agreement in interpreting the Bill of Sale.").

<sup>97</sup> *Johnson*, 20 F. App'x at 898.

<sup>98</sup> *See Doc. 454* at 6–8.

License Agreement *ad nauseum*. To the extent that Schwartz’s remaining arguments ask this Court to revisit its interpretation of these two agreements, this Court declines to do so.<sup>99</sup> This Court agrees with Khodr that a great deal of Schwartz’s briefing consists of recycled arguments and represents an attempt to “take another bite at the proverbial apple.”<sup>100</sup> Many, if not all, of Schwartz’s arguments are contradicted by prior rulings of this Court and the Fifth Circuit. Accordingly, this Court finds that Schwartz’s Motion to Dismiss for Lack of Jurisdiction Under *Rooker-Feldman* is without merit and that Khodr’s Motion for Rule 11 Sanctions warrants consideration.

## II. Khodr’s Motion for Rule 11 Sanctions

In Khodr’s Motion for Rule 11 Sanctions (Doc. 456), Khodr asks this Court to sanction Schwartz for filing the Motion to Dismiss for Lack of Jurisdiction Under *Rooker-Feldman*. Khodr argues that Schwartz’s Motion to Dismiss was filed to harass, cause unnecessary delay, and to increase the cost of litigation—all in violation of Rule 11. In response, Schwartz argues that the Motion to Dismiss is meritorious and that Khodr’s Motion for Sanctions suffers from procedural defects that preclude

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<sup>99</sup> Schwartz asks this Court to consider *Fonseca v. Pelican Pub. Co., Inc.*, 921 So.2d 112 (La. App. 5 Cir. 2006), where the Louisiana Fifth Circuit Court of Appeal interpreted a series of contracts between an author and her publisher. This Court does not find *Fonseca* relevant to the issue of *Rooker-Feldman*, and therefore declines to address Schwartz’s related arguments.

<sup>100</sup> Doc. 45 at 34.

consideration of Khodr's Motion on the merits. Finding Khodr's Motion procedurally deficient, this Court will not address its merits.

Federal Rule of Civil Procedure 11(c)(2) requires that "the motion [for sanctions] must be served under Rule 5, but it must not be filed or be presented to the court if the challenged paper, claim, defense, contention, or denial is withdrawn or appropriately corrected within 21 days after service or within another time the court sets." Here, Khodr served the draft motion for sanctions upon Schwartz at least twenty-one days before filing it. The version of the motion that Khodr filed in this Court, however, contains substantial variances from the version initially served upon Schwartz. The question before this Court then is whether these alterations violate Rule 11's safe harbor provision.

Although the Fifth Circuit has yet to directly address this issue, the Fifth Circuit's discussion of Rule 11 in *In re Pratt*<sup>101</sup> is instructive. The Fifth Circuit there held that informal notice, such as a warning letter, is insufficient to meet the requirements of Rule 11 or Bankruptcy Rule 9011.<sup>102</sup> In reaching this conclusion, the Fifth Circuit quoted the following excerpt from the Tenth Circuit:

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<sup>101</sup> *In re Pratt*, 524 F.3d 580 (5th Cir. 2008).

<sup>102</sup> *Id.* at 588. The issue presented in *In re Pratt* implicated Bankruptcy Rule 9011, but the Fifth Circuit looked to Rule 11 jurisprudence as "Rule 9011 is substantially identical to Federal Rule of Civil Procedure 11." *Id.* at 586.

The reason for requiring a copy of the motion itself, rather than simply a warning letter, to be served on the allegedly offending party is clear. The safe harbor provisions were intended to “protect[ ] litigants from sanctions whenever possible in order to mitigate Rule 11’s chilling effects, formaliz[e] procedural due process considerations such as notice for the protection of the party accused of sanctionable behavior, and encourag[e] the withdrawal of papers that violate the rule without involving the district court.” Thus, “a failure to comply with them [should] result in the rejection of the motion for sanctions.”<sup>103</sup>

Considering the policy underlying Rule 11’s safe harbor provision, the fact that the plain language of the rule “mandates that the movant serve the respondent with a copy of the *motion* before filing it with the court,” and the fact that the Fifth Circuit has “continually held that strict compliance with Rule 11 is mandatory,” the *In re Pratt* court found that “‘substantial compliance’ through informal service” was insufficient.<sup>104</sup>

In light of the Fifth Circuit’s practice of “strict compliance,” several courts within this circuit have held that the served motion must be identical to the

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<sup>103</sup> *In re Pratt*, 524 F.3d at 586–87 (quoting *Roth v. Green*, 466 F.3d 1179, 1192–93 (10th Cir. 2006)).

<sup>104</sup> *Id.* at 588.

filed motion for sanctions to comply with Rule 11.<sup>105</sup> Moreover, while many of the courts outside of the Fifth Circuit have rejected this “hyper-technical” reading of Rule 11, most have still required, at the very least, that the sanctionable grounds alleged, the legal arguments asserted, and the form of relief requested be the same in both the served and filed documents.<sup>106</sup>

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<sup>105</sup> See *Wells Fargo Home Mortg., Inc. v. Taylor*, No. 04-825, 2004 WL 1771607, at \*1 (E.D. La. Aug. 5, 2004) (Livaudais, Senior J.) (finding that the served draft, which alleged different grounds for sanctions, was not sufficient under Rule 11); *Orchestrate HR, Inc. v. Trombetta*, 178 F. Supp. 3d 476, 500 (N.D. Tex. 2016) (Horan, J.), *objections overruled sub nom.* *Orchestratehr, Inc. v. Trombetta*, No. 3:13-CV-2110-KS-BH, 2016 WL 5942223 (N.D. Tex. Oct. 13, 2016) (“Rule 11’s plain language provides that the movant must file with Court, after the expiration of the safe-harbor period, the motion that was served upon the adversary.” (citations omitted)); *Thabico Co. v. Kiewit Offshore Servs., Ltd.*, No. 2:16-CV- 427, 2017 WL 3387185, at \*5 (S.D. Tex. Aug. 7, 2017) (Ramos, J.) (“Rule 11(c)’s safe harbor provisions are strictly construed and require Kiewit to have served its motion for sanctions in identical form at least 21 days prior to presenting it to the Court for a ruling.”); *SortiumUSA, LLC v. Hunger*, No. 3:11-CV-1656-M, 2014 WL 1080765, at \*3 (N.D. Tex. Mar. 18, 2014) (Lynn, J.) (“‘The requirement that the actual motion be served was deliberately imposed . . . to ensure that the moving party understands the seriousness of [the] motion and [that it] will define precisely the conduct claimed to violate the rule.” (quoting *O’Connell v. Smith*, No. CV 07-0198-PHX-SMM, 2008 WL 477875, at \*2 (D. Ariz. Feb. 19, 2008)).

<sup>106</sup> See *Merritt v. Lake Jovita Homeowner’s Ass’n, Inc.*, No. 8:08-CV-98-T-27EAJ, 2010 WL 11507746, at \*1 (M.D. Fla. May 11, 2010) (and cases cited therein); *Rygg v. Hulbert*, No. C11-1827JLR, 2012 WL 12847008, at \*3 (W.D. Wash. Sept. 21, 2012), *aff’d*, 611 F. App’x 900 (9th Cir. 2015) (and cases cited therein).



Here, the final Motion for Sanctions that Khodr filed with this Court contained substantial deviations from the draft version Khodr served upon Shwartz. These alterations include the addition of argument and case law under 28 U.S.C. § 1927, the addition of argument and case law relating to “legally indefensible” filings, and a change in the relief requested.<sup>107</sup> Accordingly, even if the pleadings need not be identical, this Court finds substantial differences between Khodr’s served and filed motions, thereby rendering Khodr’s Motion procedurally deficient. Accordingly, Khodr’s Motion for Rule 11 Sanctions is denied.

### **III. Khodr’s Motion for Partial Summary Judgment on Trade Dress Injunction**

Khodr files this Motion for Partial Summary Judgment (Doc. 435) on the issue of standing. Specifically, Khodr argues that the one claim remaining before this Court—Shwartz’s<sup>108</sup> claim that Khodr breached the License Agreement by using Camellia Grill trade dress at the Chartres restaurant—is now moot.<sup>109</sup> In Shwartz’s pending Motion for Summary Judgment, Shwartz requests

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<sup>107</sup> Compare Doc. 456 (Khodr’s filed Motion for Sanctions), with Doc. 466-2 (Khodr’s served Motion for Sanctions).

<sup>108</sup> The Court notes that Shwartz’s entity, CGH, is the only member of the Shwartz entities that has pending claims against the Khodr entities. For continuity, however, this Court will continue to refer to CGH as Shwartz.

<sup>109</sup> See *Uptown Grill, L.L.C.*, 920 F.3d at 251.

relief in the form of a “narrowly-tailored permanent injunction precluding Khodr from further use of any of the trade dress attributes at future restaurants and an award of attorney’s fees incurred in connection with this matter.”<sup>110</sup> Khodr, however, no longer operates the Chartres restaurant or any other Camellia Grill derivative restaurant. Khodr therefore argues in his Motion for Partial Summary Judgment that Shwartz lacks standing to seek injunctive relief.

Article III of the U.S. Constitution limits a federal court’s jurisdiction to “cases or controversies,” and requires plaintiffs to have a personal stake in the suit.<sup>111</sup> Standing to sue under Article III thus requires the plaintiff to have “suffered an injury (a) to a legally protected interest, and that is actual or imminent, concrete and particularized; (b) that is fairly traceable to the challenged action of the defendant; and (c) that is redressable by the court.”<sup>112</sup> When the plaintiff seeks injunctive relief, he must show “a real and immediate threat of future or continuing injury apart from any past injury.”<sup>113</sup>

The personal interest that Article III demands “at the commencement of the litigation (standing) must continue throughout its existence (mootness).”<sup>114</sup> Mootness is thus often referred to as

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<sup>110</sup> Doc. 414 at 1.

<sup>111</sup> *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560 (1992).

<sup>112</sup> *Id.*

<sup>113</sup> *Aransas Project v. Shaw*, 775 F.3d 641, 648 (5th Cir. 2014) (citing *In re Stewart*, 647 F.3d 553, 557 (5th Cir. 2011)).

<sup>114</sup> *Laidlaw*, 528 U.S. at 170.

“standing in a time frame.”<sup>115</sup> “Mootness applies when intervening circumstances render the court no longer capable of providing meaningful relief to the plaintiff.”<sup>116</sup> When a claim is moot, “it presents no Article III case or controversy, and a court has no constitutional jurisdiction to resolve the issues it presents.”<sup>117</sup>

The doctrines of mootness and standing, however, are not coextensive. “The bar to overcome mootness is lower than the bar to establish standing: ‘there are circumstances in which the prospect that a defendant will engage in (or resume) harmful conduct may be too speculative to support standing, but not too speculative to overcome mootness.’”<sup>118</sup> Unlike standing, the mootness doctrine admits an exception for situations where the unlawful activity is “capable of repetition, yet evading review.”<sup>119</sup> It is thus “well settled that a defendant’s voluntary cessation of allegedly illegal conduct does not moot the controversy arising from the challenged activity.”<sup>120</sup>

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<sup>115</sup> *United States Parole Comm’n v. Geraghty*, 445 U.S. 388, 397 (1980).

<sup>116</sup> *Ctr. for Biological Diversity, Inc. v. BP Am. Prod. Co.*, 704 F.3d 413, 425 (5th Cir. 2013).

<sup>117</sup> *Nat’l Rifle Ass’n of Am., Inc. v. McCraw*, 719 F.3d 338, 344 (5th Cir. 2013).

<sup>118</sup> *Cain v. City of New Orleans*, 281 F. Supp. 3d 624, 641 (E.D. La. 2017), *aff’d sub nom. Cain v. White*, 937 F.3d 446 (5th Cir. 2019) (quoting *Laidlaw*, 528 U.S. at 190)).

<sup>119</sup> *Laidlaw*, 528 U.S. at 191, 120.

<sup>120</sup> *Donovan v. Cunningham*, 716 F.2d 1455, 1461 (5th Cir. 1983). *See also Already*, 568 U.S. at 91 (“A defendant cannot, however,

Provided the risk that a defendant might cease unlawful conduct when sued and later resume the conduct after the case is dismissed, “a defendant claiming that its voluntary compliance moots a case bears a formidable burden of showing that it is absolutely clear the allegedly wrongful behavior could not reasonably be expected to recur.”<sup>121</sup> These cases therefore “require closer examination than allegations that ‘happenstance’ or official acts of third parties have mooted the case.’ The overarching goal is to determine whether the defendant’s actions are mere ‘litigation posturing’ or whether the controversy is extinguished.”<sup>122</sup>

Khodr argues that this case is moot as Schwartz cannot demonstrate “a real or immediate threat that [Schwartz] will be harmed again.”<sup>123</sup> Khodr contends that the Chartres restaurant operated from 2010–2017 and that there is no evidence that it will re-open. Khodr, however, does not attribute the closure of the Chartres restaurant to external forces<sup>124</sup> but rather

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automatically moot a case simply by ending its unlawful conduct once sued.”).

<sup>121</sup> *Already*, 568 U.S. at 727 (quoting *Laidlaw*, 528 U.S. at 190). See also *Texas v. Equal Employment Opportunity Comm’n*, 933 F.3d 433, 449 (5th Cir. 2019).

<sup>122</sup> *Fontenot v. McCraw*, 777 F.3d 741, 748 (5th Cir. 2015) (quoting *Env’tl Conservation Org. v. City of Dallas*, 529 F.3d 519, 528 n. 4 (5th Cir. 2008)).

<sup>123</sup> *Plumley v. Landmark Chevrolet, Inc.* 122 F.3d 308, 312 (5th Cir. 1997).

<sup>124</sup> See generally, *Env’tl. Conservation Org.*, 529 F.3d at 527–28 (finding that third party action caused the alleged wrongful conduct to cease, declining to apply the voluntary cessation test,

admits that “the Khodr Parties have voluntarily ceased using the alleged trade dress.”<sup>125</sup> Accordingly, this Court finds that the “voluntary cessation” standard applies, and that Khodr bears a “heavy burden that ‘there is no reasonable expectation that the wrong will be repeated.’”<sup>126</sup>

This Court finds Khodr’s arguments unconvincing. Khodr argues that there is no “evidence of real or immediate threat that the wrong will be repeated.”<sup>127</sup> The only support Khodr offers for this contention, however, is that “[t]he Chartres Location has not operated since [2017], and there is no evidence that the Chartres Location has any intention of re-opening its doors (particularly at a time when restaurants are under economic strain and heavy regulation).”<sup>128</sup> Strikingly, Khodr offers this Court no argument or evidence to suggest that Khodr intends to refrain from using Camellia Grill trade dress at a location other than Chartres.

Khodr contends that his use of trade dress at locations other than Chartres is irrelevant to the matter at hand given the Fifth Circuit’s most recent directive to this Court.<sup>129</sup> The Fifth Circuit remanded

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and affirming that the burden continued to lay with the plaintiff).

<sup>125</sup> Doc. 435-2 at 6.

<sup>126</sup> *Donovan*, 716 F.2d at 1462 (quoting *United States v. W.T. Grant Co.*, 345 U.S. 629, 633 (1953)).

<sup>127</sup> Doc. 435-2.

<sup>128</sup> *Id.* at 5.

<sup>129</sup> This Court agrees with Khodr that Shwartz has not provided competent summary judgment evidence to support its

this matter for this Court to “determine if Khodr breached the License Agreement by using the above-detailed alleged trade dress at the Chartres restaurant.”<sup>130</sup> Although this Court agrees with Khodr’s characterization of the issue on remand, this Court cannot say that evidence of breaches at other locations is irrelevant to the issue of injunctive relief. When this Court ruled in favor of Shwartz on his trademark breach of contract claim, the Chartres restaurant was also the only location at issue.<sup>131</sup> Nevertheless, this Court found that Shwartz was “entitled to an injunction to preclude any further operation in violation of the License Agreement”<sup>132</sup> and enjoined various Khodr entities from using the marks “at any location other than the Carrollton Location.”<sup>133</sup> Shwartz now requests a similarly-styled injunction prohibiting Khodr’s use of Camellia Grill trade dress. Accordingly, it is the likelihood that Khodr will use the Camellia Grill trade dress at any location outside of the Carrollton location that will determine the appropriateness of injunctive relief. This Court therefore finds Khodr’s sole argument that he has no intention of re-opening the Chartres location insufficient to render Shwartz’s claim moot.

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arguments related to The Grille in Metairie. This Court therefore did not rely on that evidence to form its opinion.

<sup>130</sup> *Uptown Grill*, 920 F.3d at 251.

<sup>131</sup> *See* Doc. 358.

<sup>132</sup> *See id.* at 3.

<sup>133</sup> *Id.*

Khodr relies on the following cases for support. In *Reservoir, Inc. v. Truesdell*, the Southern District of Texas denied injunctive relief after finding “no evidence that Defendants again will infringe Plaintiffs’ rights” where the “Defendants now are on notice, which they apparently previously were not, that they have no rights to use the . . . marks.”<sup>134</sup> In *Neutron Depot, LLC v. Bankrate, Inc.*, the Western District of Texas found the threat of future injury “exceedingly unlikely” because it had been four years since the defendant infringed on the mark and because the defendant sold the infringing entity and “consequently lack[ed] further motivation to infringe on the Mark.”<sup>135</sup> Finally, in *Fram Corp. v. Boyd*, the Fifth Circuit affirmed that there was no evidence in the record to cast doubt on the defendant’s good faith abandonment of infringing practices.<sup>136</sup> This Court finds these cases distinguishable.

Unlike the above-cited cases, this Court cannot say that there is no evidence in the record suggesting that Khodr will breach the License Agreement in the future. As the Chartres restaurant was one of several Camellia Grill spin-offs, the closure of one restaurant location does not necessarily demonstrate a lack of “further motivation” to use Camellia Grill trade

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<sup>134</sup> *Reservoir, Inc. v. Truesdell*, 1 F. Supp. 3d 598, 617 (S.D. Tex. 2014).

<sup>135</sup> *Neutron Depot, LLC v. Bankrate, Inc.*, No. AU-16-CA-01170-SS, 2018 WL 3014435, at \*5 (W.D. Tex. May 1, 2018), *aff’d sub nom.* *Neutron Depot, L.L.C. v. Bankrate, Inc.*, 798 F. App’x 803 (5th Cir. 2020).

<sup>136</sup> *Fram Corp. v. Boyd*, 230 F.2d 931, 933 (5th Cir. 1956).

dress.<sup>137</sup> Further, there is at least some evidence that Khodr operated a Camellia Grill-style restaurant as recently as 2019,<sup>138</sup> distinguishing this case from *Reservoir* and *Neutron Depot* where several years had passed since the defendants last used the infringing mark. Finally, and most significantly, none of Khodr's cited cases address matters with the kind of prolonged, vexatious, and disturbing litigation pattern like the one currently before the Court. This Court does not find the record in this matter indicative of the kind of "good faith" necessary to moot the availability of injunctive relief. Accordingly, Khodr's Motion for Partial Summary Judgment on Trade Dress Injunction is denied.

#### **IV. Schwartz's Motion for Summary Judgment**

In his Motion for Summary Judgment (Doc. 414), Schwartz asks this Court to find that Khodr breached the License Agreement by using Camellia Grill trade dress at the Chartres restaurant, to enjoin Khodr from further use of the trade dress or any derivative thereof at any future restaurant, and to award Schwartz attorney's fees. This Court will address each issue in turn.

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<sup>137</sup> Cf. *Neutron Depot, LLC*, 2018 WL 3014435, at \*5.

<sup>138</sup> See Doc. 435-2 at 5 n.2. ("CGH previously admitted that 'The Grille closed in or around June of 2019.' [Doc. 414-3, p.6]. Thus, The Grille ceased all use of any alleged trade dress within ninety (90) days of the Fifth Circuit's finding that CGH had articulated a trade dress.").



### **A. Breach of Contract**

The Louisiana Fourth Circuit Court of Appeal held that the License Agreement terminated on June 1, 2011.<sup>139</sup> Accordingly, Khodr's use of Camellia Grill trademarks and trade dress thereafter violates the post-termination provisions of the License Agreement, Sections 12.1 and 12.2, which revert all rights back to the Licensor and require the Licensee to "avoid any action or the continuance of any condition which might suggest to the public that Licensee has any right to the Marks, or that Licensee continues to be associated with Licensor."<sup>140</sup> In the Fifth Circuit's 2019 opinion, the circuit court noted that this Court found eight "alleged elements" of trade dress and remanded "for proceedings to determine if Khodr breached the License Agreement by using the above-detailed alleged trade dress at the Chartres restaurant."<sup>141</sup> This is the issue currently before this Court.

In Shwartz's Statement of Uncontested Facts, he states that "Khodr used the Camellia Grill trade dress at the Chartres Location from the time the restaurant opened in December 2010 until its close in or around December of 2017" and that "Khodr did not cease use of the Camellia Grill trade dress following the termination of the License."<sup>142</sup> Khodr concedes

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<sup>139</sup> See *The Grill Holdings, L.L.C.*, 120 So. 3d at 303.

<sup>140</sup> Doc. 414-4 at 13.

<sup>141</sup> *Uptown Grill*, 920 F.3d at 251.

<sup>142</sup> Doc. 414-2 at 2–3.

that these facts are “undisputed.”<sup>143</sup> This Court therefore finds that The Grill Holdings and Chartres Grill are liable to the Licensor of the License Agreement, CGH, for breach of the License Agreement’s post-termination provisions. Schwartz’s Motion for Summary Judgment is granted to the extent it requests this Court to find a breach of contract.

### **B. Scope of Injunctive Relief**

Having found that Khodr breached the License Agreement by use of Camellia Grill trade dress at the Chartres restaurant, Schwartz asks this Court to enjoin Khodr from further use of the Camellia Grill trade dress beyond the Carrollton location. Three aspects of Schwartz’s request are in dispute: (1) whether Camellia Grill’s trade dress consists of 8 or 10 elements, (2) whether this Court’s injunction should prohibit Khodr from any derivative use of the trade dress, and (3) whether Hicham Khodr and Uptown Grill should be included in the injunction.

#### *1. The Elements of Camellia Grill Trade Dress*

The parties first dispute how this Court should define Camellia Grill’s trade dress in its injunction. As the License Agreement does not list the elements of Camellia Grill’s trade dress, this Court finds that Camellia Grill’s trade dress should be limited to that which is protectable under the Lanham Act. This

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<sup>143</sup> Doc. 421-1 at 2.

Court's injunction must enforce Schwartz's rights under the License Agreement while preserving Khodr's right to future competition in the restaurant industry. This Court finds that the Lanham Act's definition of protectable trade dress adequately serves this goal.<sup>144</sup>

Contrary to the parties' assertions, this Court has not previously made a finding as to the protectable elements of Camellia Grill's trade dress. In this Court's Order and Reasons, dated May 26, 2017,<sup>145</sup> this Court granted Khodr's Motion for Partial Summary Judgment<sup>146</sup> and dismissed Schwartz's claims for trade dress infringement under the Lanham Act. In that motion, Khodr argued, in part, that the alleged trade dress was not protectable because "(1) [Schwartz has] insufficiently alleged the elements of a putative trade dress[,] (2) even if the elements are sufficiently alleged, they are not inherently distinctive and have not acquired secondary meaning, and (3) . . . the elements are all functional and do not qualify for trade dress protection."<sup>147</sup>

In addressing Khodr's arguments, this Court first found that Schwartz's discovery responses were

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<sup>144</sup> "The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature." *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 164 (1995).

<sup>145</sup> *See* Doc. 294.

<sup>146</sup> *See* Doc. 262.

<sup>147</sup> Doc. 294 at 19.

“sufficient to put the Khodr parties on notice of the elements of the *putative* trade dress.”<sup>148</sup> This Court found that these putative elements included:

(1) the straw “popping” routine, (2) U-shaped counters, (3) audible order calling routine, (4) pink and green wall scheme, (5) separate pie cases on the rear wall at both ends of the cooking line, (6) stainless steel stemmed stools with green stool cushions, (7) individual counter checks handed to each customer, (8) fluted metal design under the counters and above the cooking line.<sup>149</sup>

Second, this Court found that “[t]he admissible evidence submitted by the Shwartz parties, though scant, [was] sufficient to create a genuine issue of material fact as to whether the putative trade dress has acquired a secondary meaning.”<sup>150</sup> Third, this Court found that the functional nature of the putative trade dress elements “does not necessarily preclude protection under the Lanham Act.”<sup>151</sup> These findings encompass the extent to which this Court has addressed the elements of Camellia Grill’s trade dress. Accordingly, the scope of Camellia Grill’s protectable trade dress is still undetermined by this Court.

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<sup>148</sup> *Id.* (emphasis added).

<sup>149</sup> *Id.*

<sup>150</sup> *Id.* at 21.

<sup>151</sup> Doc. 294 at 22.

Shwartz's Motion for Summary Judgment does not provide sufficient admissible evidence to allow this Court to determine Camellia Grill's protectable trade dress at this stage. Further, this Court finds that a determination as to trade dress is necessary before this Court can entertain Shwartz's additional arguments regarding derivative use. Accordingly, Shwartz's request for summary judgment on the scope of the injunction is denied. A trial will be held to determine the protectable elements of Camellia Grill trade dress and whether an injunction prohibiting Khodr's use of less than all of the protectable trade dress is appropriate.

## *2. The Parties to the Injunction*

Shwartz asks this Court to include Hicham Khodr, individually, in any injunctive relief that this Court issues. As a preliminary matter, this Court has addressed this issue previously, and Shwartz has argued this issue on appeal. This Court therefore does not see why this Court's injunction relating to trade dress should differ in scope than the injunction previously issued with respect to trademarks. Accordingly, this Court denies Shwartz's Motion for Summary Judgment to include Hicham Khodr, individually, in its injunction.

Secondly, this Court finds Shwartz's cited case law on the matter unavailing. Much of the case law to which Shwartz cites involves matters where the court held a corporate officer in contempt for violating an

injunction issued to the corporate entity.<sup>152</sup> In each of these cases, the court found the corporate officers bound by the initial injunction to the corporate entity even though they were not personally named in the injunction. These courts' findings are consistent with Federal Rule of Civil Procedure 65(d)(2), which states that every injunction or restraining order "binds only the following who receive actual notice of it by personal service or otherwise: (A) the parties; (B) the parties' officers, agents, servants, employees, and attorneys; and (C) other persons who are in active concert or participation with anyone described in Rule 65(d)(2)(A) or (B)." Schwartz's cited case law is therefore contrary to Schwartz's position that Hicham Khodr needs to be personally named, as under Rule 65, corporate officers are *de facto* bound by injunctions naming the officers' affiliated entities.

Shwartz seems to have reached this same conclusion as he concedes that "[a]rguably, the plain

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<sup>152</sup> See e.g., *Additive Controls & Measurement Sys., Inc. v. Flowdata, Inc.*, 154 F.3d 1345, 1351 (Fed. Cir. 1998) ("[I]t is clear that Cotton was bound by the injunction when it was entered against AdCon in August 1993, even though Cotton was not a named party to the underlying infringement suit. Rule 65(d) specifically names "officers" of a defendant as among those who are bound by an injunction, and there is a substantial body of case law in support of that proposition." (citations omitted)); *Elec. Workers Pension Tr. Fund of Local Union 158, IBEW v. Gary's Elec. Serv. Co.*, 340 F.3d 373, 382 (6th Cir. 2003) ("Whether or not Pipia was a named defendant in the order, or even mentioned at all, is not controlling. Pipia, as an officer of the corporation and the one responsible for the corporation's affairs, was subject to the court's order just as the corporation itself was." (citations omitted)).

language of Rule 65 makes such an injunction automatically binding without the explicit naming of Uptown Grill and Hicham Khodr, individually.”<sup>153</sup> Shwartz therefore asks this Court to include the language of Federal Rule of Civil Procedure 65(d)(2) in its injunction. As this Court finds that this language is already implicit in the injunctions issued by this Court, this Court has no difficulty granting Shwartz’s request. The injunction that this Court issues will therefore enjoin the parties, the parties’ officers, agents, servants, employees, attorneys, and other persons in active concert or participation therewith.<sup>154</sup>

Additionally, Khodr argues that Uptown Grill should be excluded from this Court’s injunction. Uptown Grill was included in this Court’s previous injunction as a sublicensee to the License Agreement. Khodr argues that this Court’s previous injunction is distinguishable as it “addressed trademark use by both the Uptown and Chartres location.”<sup>155</sup> This Court does not find the previous injunction distinguishable. This Court previously enjoined use of the Camellia Grill Marks beyond the Carrollton restaurant after finding a breach of the License Agreement at the Chartres location. Even Khodr concedes that the “factual scenario and legal issues presented are nearly identical.”<sup>156</sup> This Court

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<sup>153</sup> Doc. 428 at 7.

<sup>154</sup> See FED. R. CIV. P. 65(d)(2).

<sup>155</sup> Doc. 421 at 11.

<sup>156</sup> *Id.* at 9.

therefore holds that, like in the previously issued injunction, the parties to the injunction should be the parties to the License Agreement: The Grill Holdings, Uptown Grill, and Chartres Grill.

### **C. Attorney's Fees**

Shwartz also asks that this Court award Shwartz attorney's fees as it did in relation to Shwartz's trademark breach of contract claim. Section 17.2 of the License Agreement provides that the prevailing party in any action or proceeding to enforce the License Agreement be awarded all reasonable attorneys' fees and costs.<sup>157</sup> This Court therefore finds that attorney's fees are warranted.

This Court does agree with Khodr, however, that Shwartz should only be awarded attorney's fees that are associated with Shwartz's breach of contract claim. Shwartz therefore is not entitled to fees related to Shwartz's Motion to Dismiss Under the *Rooker-Feldman* Doctrine or Khodr's Motion for Rule 11 Sanctions. Further, Shwartz may only collect attorney's fees that originated after the most recent remand from the Fifth Circuit.

### **CONCLUSION**

For the foregoing reasons, Shwartz's Motion to Dismiss for Lack of Jurisdiction Under the *Rooker-Feldman* Doctrine (Doc. 442), Khodr's Motion for Rule 11 Sanctions (Doc. 456), and Khodr's Motion for

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<sup>157</sup> Doc. 414-4 at 16.



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Partial Summary Judgment on Trade Dress Injunction (Doc. 435) are DENIED. Shwartz's Motion for Summary Judgment (Doc. 414) is GRANTED IN PART and DENIED IN PART.

New Orleans, Louisiana this 27th day of January, 2021.

A handwritten signature in black ink, appearing to read "Jane Triche Milazzo", written over a horizontal line.

**JANE TRICHE MILAZZO**

**UNITED STATES DISTRICT JUDGE**

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**APPENDIX C**

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**IN THE UNITED STATES COURT OF  
APPEALS FOR THE FIFTH CIRCUIT**

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No. 18-30515

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United States Court of Appeals  
Fifth Circuit

**FILED**

March 29, 2019

Lyle W. Cayce  
Clerk

UPTOWN GRILL, L.L.C.,

Plaintiff – Appellee

v.

CAMELLIA GRILL HOLDINGS, INC.;

Defendants – Appellants

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CAMELLIA GRILL HOLDINGS, INC.,

Plaintiff – Appellant

v.

GRILL HOLDINGS, L.L.C.;

CHARTRES GRILL, L.L.C., doing business as Grill;

UPTOWN GRILL OF DESTIN, L.L.C.;

RANO, L.L.C.; HICHAM KHODR;

UPTOWN GRILL, L.L.C.;  
K & L INVESTMENTS, L.L.C.;  
ROBERT'S GUMBO SHOP, L.L.C.,  
Defendants - Appellees

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CAMELLIA GRILL HOLDINGS, INC.,

Plaintiff – Appellant

v.

CHARTRES GRILL, L.L.C., doing business as  
The Grill; RANO, L.L.C.;  
HICHAM KHODR; UPTOWN GRILL, L.L.C.;  
UPTOWN GRILL OF DESTIN, L.L.C.;  
K & L INVESTMENTS, L.L.C.;  
ROBERT'S GUMBO SHOP, L.L.C.;  
GRILL HOLDINGS, L.L.C.,

Defendants – Appellees

\_\_\_\_\_  
Appeal from the United States District Court  
for the Eastern District of Louisiana

\_\_\_\_\_  
Before CLEMENT, OWEN, and HO, Circuit Judges.

EDITH BROWN CLEMENT, Circuit Judge:

An attempt to simultaneously sell a restaurant and license associated intellectual property has led to ten years of litigation in state and federal court. Camellia Grill Holdings, Inc. (“CGH”) appeals the district court’s most recent attempt to adjudicate the dispute. We affirm in part and reverse in part.

### FACTS AND PROCEEDINGS

Michael Schwartz and his family owned and operated the Camellia Grill restaurant on Carrollton Avenue (the “Carrollton restaurant”) for decades. He operated the business—the single restaurant—through a wholly owned corporation, Camellia Grill, Inc. In 1999, Schwartz formed CGH for the sole purpose of owning federally registered Camellia Grill trademarks.<sup>1</sup>

In 2006, Schwartz agreed to sell the Carrollton restaurant to Hicham Khodr.<sup>2</sup> On August 11, in the “Bill of Sale,” Schwartz sold to Uptown Grill, L.L.C. all his “right, title and interest in and to the . . . tangible property located within or upon” the Carrollton restaurant, including “[a]ll furniture, fixtures and

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<sup>1</sup> The marks are registered pursuant to the Lanham Act, 15 U.S.C. § 1051 *et seq.*, which provides for federal trademark protection.

<sup>2</sup> For ease of reference, the Hicham Khodr-affiliated entities (Uptown Grill, L.L.C., RANO, L.L.C., The Grill Holdings, L.L.C., and Chartres Grill, LLC) will be referred to generally as “Khodr,” and the Michael Schwartz-affiliated entities (Schwartz, Camellia Grill Holdings and Camellia Grill, Inc.) will be referred to as “Schwartz,” except where it is necessary to distinguish between particular entities.

equipment, cooking equipment, kitchen equipment, counters, stools, tables, benches, appliances, recipes, trademarks, names, logos, likenesses, etc., and all other personal and/or movable property . . . located within or upon the property.”<sup>3</sup>

On August 27, in the “License Agreement,” CGH licensed to The Grill Holdings, L.L.C. (“TGH”) the right to use certain defined “Marks.” These “Marks” included “[a]ll ‘Camellia Grill’ marks on file with the United States Patent and Trademark Office” and “[a]ll ‘trade dress’ associated with the ‘Camellia Grill’ Restaurant,” as well as blueprints, menus, and recipes. Section 5 of the License Agreement provides that the “Licensee acknowledges and agrees that all of the Licensors’ right, title and interest in and to the Marks shall remain the property of the Licensors.” The License Agreement also bound TGH’s affiliates and related companies.

In 2009, Khodr opened a Camellia Grill location in Destin, Florida, which eventually failed. In 2010, Khodr opened a location on Chartres Street in New Orleans (the “Chartres restaurant”).

Following state court litigation that ended in the termination of the License Agreement,<sup>4</sup> Khodr filed a declaratory action to determine the parties’

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<sup>3</sup> Shwartz and Khodr had previously signed a contract selling the Carrollton restaurant’s immovable property, which is not at issue.

<sup>4</sup> The state court found that Khodr had breached the License Agreement and terminated that contract effective June 1, 2011. *The Grill Holdings, L.L.C. v. Camellia Grill Holdings, Inc.*, 120 So. 3d 294 (La. Ct. App. 2013).

respective rights in the Camellia Grill trademarks within or upon the Carrollton restaurant. Shwartz filed a separate action asserting trademark and trade dress infringement claims and breach of contract claims based on the continued use of Camellia Grill-related intellectual property following the termination of the License Agreement. The cases were consolidated.

Khodr moved for, and the district court granted, summary judgment on the question of ownership of trademarks within or upon the Carrollton restaurant. The district court held that the Bill of Sale transferred “ownership of the trademarks associated with the operation of the Camellia Grill restaurant on Carrollton Avenue to Uptown Grill.” *Uptown Grill, LLC v. Shwartz*, 116 F. Supp. 3d 713, 723 (E.D. La. 2015). The court also held *sua sponte* that the Bill of Sale transferred *all* Shwartz’s rights in the Camellia Grill trademarks to Uptown Grill and entered judgment for Khodr on all claims. *Id.* at 726.

Shwartz appealed, and this court affirmed the district court’s first holding but reversed and remanded on its second. *Uptown Grill, L.L.C. v. Shwartz*, 817 F.3d 251, 260 (5th Cir. 2016). The court held that the Bill of Sale “clearly and unambiguously transfers to Uptown Grill the trademarks within or upon the Carrollton Avenue location.” *Id.* at 258. However, because Khodr had not asked the district court to make its second holding, this court reversed and remanded for further proceedings. *Id.* at 260.

On remand, the parties filed multiple cross-motions for partial summary judgment. The district court ultimately ruled that the Bill of Sale assigned all Camellia Grill trademark rights to Khodr, as well as trade dress rights associated with the Carrollton restaurant. The court then found that Schwartz was unable to sustain his trade dress infringement claim on the merits. Alternatively, the court held that even if Schwartz could sustain his trademark and trade dress infringement claims, he was not entitled to monetary damages.

With respect to the Schwartz's breach of contract claims, the court found that the parties were still bound by the License Agreement. The court stated in a footnote that because "the parties have consistently treated the License Agreement as valid and binding," it would "give effect to their agreement to the extent permissible under the law." The court held that the use of the trademarks at the Chartres restaurant following the termination of the License Agreement was a breach of that contract. However, the court found that Schwartz could not prove breach of the agreement as to any putative trade dress.

Finally, after a bench trial, the court found that the operation of the Chartres restaurant during two discrete time periods constituted a breach of the License Agreement. The court then found that Schwartz had not proved any compensable damages, so denied any such award. The court enjoined TGH, Uptown Grill, and the company that owned the Chartres restaurant (Chartres Grill, LLC) from

employing the Camellia Grill trademarks identified in the License Agreement “at any location other than the Carrollton Location.”

Shwartz timely appealed the district court’s various adverse rulings.

### **STANDARDS OF REVIEW**

We review a district court’s grant of summary judgment de novo. *Bridges v. Empire Scaffold, L.L.C.*, 875 F.3d 222, 225 (5th Cir. 2017). “Summary judgment is appropriate if ‘there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.’” *Id.* (quoting FED. R. CIV. P. 56(a)). A court should enter summary judgment “against a party who fails to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986).

The district court’s finding of fact at the bench trial are reviewed for clear error and its legal conclusions de novo. *Kona Tech. Corp. v. S. Pac. Transp. Co.*, 225 F.3d 595, 601 (5th Cir. 2000).

### **DISCUSSION**

#### **I. The Bill of Sale**

##### **A. Camellia Grill trademarks**

The district court denied Shwartz’s motion for summary judgment on its ownership of the Camellia Grill trademarks other than at the Carrollton restaurant. The court held that the Bill of Sale



assigned all Camellia Grill trademark rights to Khodr because (1) prior to the Bill of Sale, the trademarks had been used only at the Carrollton restaurant, (2) Schwartz made no effort to operate another Camellia Grill-branded restaurant before or since the Bill of Sale, and (3) the Bill of Sale assigned all goodwill and marks associated with the Carrollton restaurant to Khodr.

Shwartz contends that the court erred for several reasons. First, Khodr repeatedly represented that he would not dispute ownership of the trademarks outside the Carrollton restaurant. Second, federal registration of the marks affords Shwartz a presumption of ownership and nationwide protection. Third, the district court's ruling does not take into account the License Agreement.

Khodr's position is hard to pin down. In his briefing, he acknowledges the agreement not to use the trademarks at any location other than the Carrollton restaurant (i.e., the injunction), and argues that whether Shwartz's purported use of the trademarks supports ownership is "of no consequence." However, at oral argument Khodr contended that the Bill of Sale was "all-encompassing" and did in fact assign all Camellia Grill trademark rights to him.

The Bill of Sale conveyed all Shwartz's "right, title and interest" to the "trademarks, names, logos, likenesses, etc. . . . located within or upon" the Carrollton restaurant. This court previously held that the Bill of Sale clearly "transfers to Uptown Grill the

trademarks within or upon the Carrollton Avenue location.” *Shwartz*, 817 F.3d at 258. The question now is whether Shwartz retained any interest in the trademarks. He did not.

When interpreting a contract, “[w]ords of art and technical terms must be given their technical meaning.” LA. CIV. CODE ANN. art. 2047.<sup>5</sup> “Trademark” is a technical term that must be given its technical meaning absent any other definition in the Bill of Sale. A trademark is a designation that identifies the source of goods and services and that has no independent significance separate from the goodwill of the business it symbolizes. As a technical matter, a trademark cannot be separated from the goodwill of a business. So, when an entire business is sold, as here, the goodwill and associated trademarks are necessarily transferred absent certain conditions not present here. Thus, the Bill of Sale unambiguously sold all rights to the Camellia Grill trademarks, and we cannot look to parol evidence to find otherwise.

“A trademark is merely a symbol of goodwill and has no independent significance apart from the goodwill that it symbolizes.” *Sugar Busters LLC v. Brennan*, 177 F.3d 258, 265 (5th Cir. 1999). A trademark “only gives the right to prohibit the use of it so far as to protect the owner’s good will” and so

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<sup>5</sup> The Bill of Sale has a choice of law provision stating it is “governed by and construed in accordance with the laws of the State of Louisiana.”

“cannot be sold or assigned apart from the goodwill it symbolizes.” *Id.* (quotation omitted). So, trademarks are “incidents and appurtenances to businesses and trades. They have no independent existence . . . .” *Holly Hill Citrus Growers’ Ass’n v. Holly Hill Fruit Prods.*, 75 F.2d 13, 15 (5th Cir. 1935); see *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918) (holding that it is a “fundamental error [to suppose] that a trade-mark right is a right in gross or at large” and that there is “no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed”). Put another way, “[t]rademark rights do not exist in the abstract, to be bought and sold as a distinct asset.” *Berni v. Int’l Gourmet Rest. of Am., Inc.*, 838 F.2d 642, 646 (2d Cir. 1988); see also *Mister Donut of Am., Inc. v. Mr. Donut, Inc.*, 418 F.2d 838, 842 (9th Cir. 1969) (“The law is well settled that there are no rights in a trademark alone and that no rights can be transferred apart from the business with which the mark has been associated.”).

“If an assignee of a trademark also buys the total associated business, including physical assets and such intangibles as trade secrets, formulas and customer lists, then there is no doubt that the assignee has acquired the ‘good will’ associated with the trademark it has purchased.” 3 MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 18:23 (5th ed. 2019). When a business is sold as a “going concern, trademarks and the good will of the business . . . are presumed to pass with the sale of the

business.” *Id.* § 18:37 (calling this an “old and clear rule”).

Thus, trademark ownership and the related goodwill “impliedly pass[] with ownership of a business, without express language to the contrary.” *Yellowbook Inc. v. Brandeberry*, 708 F.3d 837, 844 (6th Cir. 2013). Moreover, to retain ownership after the sale of the business associated with the trademark, “the owner’s intent to resume producing substantially the same product or service must be manifest, *some portion of the goodwill of the previous business must remain with the owner*, and resumption of operations must occur within a reasonable time.” *Berni*, 838 F.2d at 647 (emphasis added). When selling an entire business, the rights to associated trademarks are necessarily sold unless at least two conditions are met: (1) the contract expressly reserves some right and interest in the trademark, and (2) the seller retains some of the business’s goodwill. The latter condition is the most important, as no rights to trademarks can exist without the related goodwill.

With that background, we turn to the Bill of Sale. Having already sold to Khodr the Carrollton restaurant’s real property, Shwartz sold “all of [his] right, title and interest in and to” all “furniture, fixtures and equipment, cooking equipment, kitchen equipment, counters, stools, tables, benches, appliances, recipes, trademarks, names, logos, likenesses, etc., and all other personal and/or movable property owned by [Shwartz] located within or upon the [real] property.”

The only Camellia Grill business was the Carrollton restaurant. So, all goodwill associated with Camellia Grill was connected to the business sold to Khodr as a going concern. No goodwill was expressly retained or remained to which otherwise free-floating trademark rights could attach, and Schwartz has never argued that he retained some part of the business's goodwill. Without looking outside the four corners of the Bill of Sale, and given the technical understanding of the term "trademark," the contract unambiguously transfers "all of [Schwartz's] right, title, and interest" in the Camellia Grill trademarks.

It is of course possible to assign geographically bounded rights to trademarks. *See* 3 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 18:21 (5th ed. 2018) ("[T]he sale of a geographically separate portion of a marketing business may be valid as a transfer of a separate and distinct goodwill."). However, the validity of such an assignment relies on the premise that there exists another portion of the business with separate and distinct goodwill retained by the seller. *See id.* (citing *Ky. Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 268 (5th Cir. 1977); *Greenlon, Inc. of Cincinnati v. Greenlawn, Inc.*, 542 F. Supp. 890 (S.D. Ohio 1982); *Cal. Wine & Liquor Corp. v. William Zakon & Sons*, 8 N.E.2d 812 (Mass. 1937)). We have not been able to locate a case, and Schwartz points to none, where a trademark owner sells his sole business, assigns a related trademark only as to that single business location, and retains a right to use the trademark when no other business or

portion of the business with goodwill symbolized by that trademark exists. The point is not that a geographically bounded right to a trademark can never be assigned. The point is that in the context of this transaction it could not.<sup>6</sup>

We cannot look to the later-executed License Agreement to create ambiguity regarding the technical terms used in the Bill of Sale. Given the dictates of trademark law and the technical understanding of trademarks, the Bill of Sale's assignment of the Camellia Grill trademark rights—all of them—is unambiguous.

Finding Khodr to be the owner of all trademark rights associated with Camellia Grill also comports with the policy of avoiding the fragmentation of trademark ownership. *See* 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 16:40 (5th ed. 2018) (“When there is a dispute over who owns a trademark, the worst possible solution is to allow mark ownership to be shared among the warring parties.”). Finding that Shwartz retained some rights in the Camellia Grill trademarks would be contrary to a fundamental purpose of trademarks: identifying a single source of a product or service. This policy seems particularly applicable given the parties’ acrimonious and litigious history.

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<sup>6</sup> That the License Agreement carves out Oxford, Mississippi for Shwartz’s future use of the trademark does not affect this analysis. An assignment transfers ownership of the trademark. A license gives one party a limited right to use another’s trademark in exchange for a payment.

Shwartz argues that finding the Bill of Sale to have assigned all trademark rights to Khodr is in direct tension with the License Agreement. If Shwartz sold all trademark rights to Khodr in the Bill of Sale, then Shwartz could not turn around and license these rights in the License Agreement. There would be no reason for Khodr to pay \$1 million to license rights he already owned, or to agree to a contract provision acknowledging that Shwartz retained ownership.

The district court continued to enforce the License Agreement “to the extent permissible under the law” given that all parties have always treated it as valid. The parties appear to have made a mutual mistake as to a material, basic assumption upon which the License Agreement was made: that Shwartz had rights to license. Under Louisiana law,<sup>7</sup> this would render the License Agreement “relatively null.” LA. CIV. CODE ANN. art. 2031. Such a contract may be enforced. *Id.* And relative nullity “may be invoked only by those persons for whose interest the ground for nullity [such as mutual mistake] was established, and may not be declared by the court on its own initiative.” *Id.* Because Khodr is not attempting to nullify the License Agreement, we will enforce it as far as possible.

However, as this court previously held, the License Agreement does not supersede or modify the

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<sup>7</sup> The License Agreement has a choice of law provision stating it is “governed by and construed and enforced in accordance with the internal laws of the State of Louisiana.”

Bill of Sale. *Shwartz*, 817 F.3d at 258 n.2. Therefore, Shwartz cannot sustain his claims of trademark ownership on the basis of the License Agreement.

We affirm the district court's ruling that the Bill of Sale assigned all Camellia Grill trademark rights to Khodr.

### **B. Camellia Grill trade dress**

The district court denied Shwartz's motion for summary judgment on his ownership of Camellia Grill trade dress. As to the Carrollton restaurant, the court held that the Bill of Sale necessarily included any putative trade dress. To hold otherwise would lead to an absurd result that prevented Khodr from making use of the property he purchased. Shwartz contends that the Bill of Sale does not include the term "trade dress" so it could not have assigned trade dress rights.

Trade dress "refers to the total image and overall appearance of a product and may include features such as the size, shape, color, color combinations, textures, graphics, and even sales techniques that characterize a particular product." *Test Masters Educ. Svcs., Inc. v. State Farm Lloyds*, 791 F.3d 561, 565 (5th Cir. 2015) (quotation omitted). It is "distinct from a 'trademark' or a 'service mark,'" and has been extended to the "overall 'motif' of a restaurant." *Id.* at 564–65. The Bill of Sale unambiguously transferred "all [furniture and equipment Shwartz contends constitutes trade dress,] . . . trademarks, names, logos, [and] likenesses, etc."



at the Carrollton restaurant. Schwartz necessarily transferred the right to use any trade dress that existed there.

We affirm the district court's ruling that the Bill of Sale assigned the trade dress associated with the Carrollton restaurant. Moreover, no abstract rights to trade dress could remain following the sale of the entire business. It follows that the Bill of Sale assigned all Camellia Grill trade dress rights to Khodr, much as all the trademark rights were assigned.

### **C. Infringement Claims**

Because we find that the Bill of Sale assigned all rights to Camellia Grill- associated trademark and trade dress to Khodr, Schwartz's Lanham Act infringement claims must fail. Accordingly, we affirm the district court's finding that infringement damages are unwarranted. We turn now to Schwartz's breach of contract claims under the License Agreement.

## **II. The License Agreement**

### **A. Trade Dress**

Even though we find all putative trade dress rights were assigned to Khodr in the Bill of Sale, we must still determine whether the License Agreement afforded Schwartz any enforceable contract rights. Section 1.1 of the License Agreement states that Schwartz "owns the intellectual property, trademarks and service marks ("Marks") described" in Exhibit 1.1. Exhibit 1.1, among other intellectual property, lists "All 'trade dress' associated with the 'Camellia Grill'

Restaurant.” The post-termination provisions of the License Agreement require Khodr to “avoid any action or the continuance of any condition which might suggest to the public that [Khodr] has any rights to the Marks, or that [Khodr] continues to be associated with [Shwartz].”

The district court held that Shwartz could not bring a breach of contract claim based on trade dress because the elements of the putative trade dress were not defined in the License Agreement. Shwartz argues that articulation of trade dress elements is required for an infringement claim under the Lanham Act, but not for a breach of contract claim. Khodr responds that the contract term “trade dress” is too ambiguous to be enforceable and that the alleged trade dress is not protectable.

“Trade dress” is a technical term that can be given its technical meaning. *See* LA. CIV. CODE ANN. art. 2047. Therefore, the elements of a claimed trade dress need not necessarily be articulated in a contract for a party to enforce his rights under the contract. Instead, we interpret “trade dress” to mean “the total image and overall appearance of a product [that] may include features such as the size, shape, color, color combinations, textures, graphics, and even sales techniques that characterize a particular product.” *Test Masters Educ. Servs., Inc.*, 791 F.3d at 565 (quotation omitted).

The district court found that the alleged elements of the trade dress include:

(1) the “straw popping” routine, (2) U-shaped counters, (3) audible order calling routine, (4) pink and green wall scheme, (5) separate pie cases on the rear wall at both ends of the cooking line, (6) stainless steel stemmed stools with green cushions, (7) individual counter checks handed to each customer, [and] (8) fluted metal design under the counters and above the cooking line.

However, because of the court’s ruling on the enforceability of the contract, it did not reach the question of whether Shwartz proved a breach. Neither party briefed this question on appeal. Therefore, we reverse the district court’s denial of summary judgment on the trade-dress breach of contract claim and remand for proceedings to determine if Khodr breached the License Agreement by using the above-detailed alleged trade dress at the Chartres restaurant.

### **B. Damages based on use of trademarks**

After a bench trial on the breach of the License Agreement through the use of the Camellia Grill trademarks at the Chartres restaurant, the district court awarded Shwartz no compensable damages but enjoined Chartres Grill, TGH, and Uptown Grill from using the trademarks at any location other than the Carrollton restaurant. Shwartz contends that state and federal trademark infringement remedies should

inform the proper measure of damages: disgorgement of profits. Schwartz also argues that the district court should have enjoined Hicham Khodr himself, not simply his wholly owned entities. Khodr responds that the proper damages for a breach of contract under Louisiana law are loss and profits deprived. He contends that infringement remedies are inapposite and Schwartz did not prove any actual damages from the breach. Khodr does not respond to Schwartz's argument regarding the scope of the injunction.

Under Louisiana law, damages for a breach of contract "are measured by the loss sustained by the obligee and the profit of which he has been deprived." LA. CIV. CODE ANN. art. 1995. Schwartz provided no reason for the district court or this court to stray from this measure. Nor has he argued that he in fact proved loss or profits he was deprived of due to the breach. Therefore, we affirm the district court's ruling on compensable damages.

"A grant of injunctive relief is reviewed for an abuse of discretion." *Am. Rice, Inc. v. Prods. Rice Mill, Inc.*, 518 F.3d 321, 334 (5th Cir. 2008). Schwartz contends that an injunction that does not include Hicham Khodr personally "will in all likelihood have little to no effect." However, besides an unsubstantiated allegation that Hicham opened a new restaurant using elements of the putative Camellia Grill trade dress, Schwartz offers no argument or evidence showing the district court relied on "clearly erroneous factual findings" or "erroneous conclusions of law . . . when fashioning its injunctive

relief.” *Houston Chronicle Publ’g Co. v. City of League, Tex.*, 488 F.3d 613, 621 (5th Cir. 2007) (quotation omitted). Accordingly, we find that Shwartz has not shown that the district court abused its discretion when determining the scope of the injunction.

### CONCLUSION

For the foregoing reasons, we AFFIRM in part and REVERSE in part. The case is remanded for further proceedings compatible with this opinion.

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**APPENDIX D**

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**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA**

**[Filed: May 26, 2017]**

**UPTOWN GRILL, LLC.**

**CIVIL ACTION**

**VERSUS**

**NO: 13-6560 c/w  
14-810; 14-837**

**MICHAEL LOUIS  
SHWARTZ, ET AL**

**SECTION: “H”(4)  
(Applies to All Cases)**

**ORDER AND REASONS**

Before the Court are the Shwartz parties’ Motion for Partial Summary Judgment (Doc. 236) and the Khodr parties’ Motion for Partial Summary Judgment on Trade Dress and Conversion (Doc. 262), Motion for Partial Summary Judgment on Damages (Doc. 264), and Rule 21 Motion to Drop Parties (Doc. 266). These Motions are disposed of as outlined herein.

**BACKGROUND**

Like the adventures of John Kennedy Toole’s Ignatius Reilly, the procedural history of this case is long, meandering, and often borders on the absurd. At

every turn, the parties have seemingly operated with the goal of extending, rather than ending, this litigation. Though the Court has on multiple occasions outlined the background facts of this matter, a recounting of the history of this matter is necessary to the disposition of the issues remaining before the Court.

At present there are three consolidated cases before the Court. In the lead case (No. 13-6560), Uptown Grill, LLC (“Uptown Grill”)<sup>1</sup> seeks a judgment against Michael Shwartz, Camellia Grill Holdings, Inc. (“CGH”), and Camellia Grill, Inc.<sup>2</sup> (jointly referred to as the “Shwartz parties”) declaring that “(1) it owns the trademarks, etc. that are located within or upon the property 626 South Carrollton Avenue, and (2) that its continued use of the trademarks, etc. that it purchased is lawful in all respects.”<sup>3</sup>

In the consolidated cases (Nos. 14-810 and 14-837), CGH seeks judgment against Defendants, Hicham Khodr; The Grill Holdings, LLC (“Grill Holdings”); Chartres Grill, LLC; RANO, LLC; Uptown Grill, LLC; Uptown Grill of Destin, LLC; K&L Investments, LLC; and Robert’s Gumbo Shop, LLC (jointly referred to as the “Khodr parties”).<sup>4</sup> The

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<sup>1</sup> Uptown Grill is wholly owned by Hicham Khodr.

<sup>2</sup> CGH and Camelia Grill, Inc. are wholly owned by Michael Shwartz.

<sup>3</sup> Doc. 1, p. 6.

<sup>4</sup> The Grill Holdings, LLC; Chartres Grill, LLC; RANO, LLC; Uptown Grill, LLC; Uptown Grill of Destin, LLC; K&L

Shwartz parties allege that the Khodr parties, acting as a single business enterprise, are unlawfully using the contested Camellia Grill trademarks. They seek damages for trademark infringement and request that the defendants be enjoined from further infringement.

The Court will begin by outlining the facts that spawned this prolix litigation. It will then outline the circuitous procedural history by which the matter arrived at this juncture.

### **I. Factual Background**

For many years prior to Hurricane Katrina, the Shwartz family owned and operated Camellia Grill. Under the Shwartz family ownership, the restaurant on Carrollton Avenue was the only location of operation. In 1999, Shwartz formed CGH for the sole purpose of holding federally registered trademarks associated with the restaurant.

In August of 2005, the city of New Orleans was decimated by the landfall of Hurricane Katrina. Shwartz relocated to Grenada, Mississippi in the wake of the storm, and Camellia Grill remained closed. At some point during the year following Katrina, Shwartz and Khodr negotiated the sale of Camellia Grill. In August of 2006, the parties, through various entities, executed three contracts: (1) the Cash Sale, (2) the Bill of Sale, and (3) the License

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Investments, LLC; and Robert's Gumbo Shop, LLC are all wholly owned by Hicham Khodr.



Agreement. The Cash Sale was executed on August 11, 2006. Pursuant to the Cash Sale, Michael Shwartz sold the immovable property located at 626 Carrollton Avenue (the home of Camellia Grill) to RANO, LLC for the sum of \$490,000.00. On August 11, 2006, Michael Shwartz, Camellia Grill, Inc., and CGH executed a Bill of Sale in favor of Uptown Grill, LLC, for the sum of \$10,000.00. On August 27, 2006, CGH and Grill Holdings executed the License Agreement, in which the parties acknowledged that CGH held the now- disputed federally registered trademarks and granted Grill Holdings exclusive license to use the trademarks for the sum of \$1,000,000.00, plus royalties. On December 3, 2010, the Khodr Defendants opened a Camellia Grill restaurant on Chartres Street in the French Quarter.

## **II. Procedural History**

Sometime following the transactions in 2006, disagreements arose regarding the License Agreement and litigation ensued. The License Agreement was ultimately cancelled by a Louisiana state court based on the finding that Grill Holdings had breached its obligations under the contract.<sup>5</sup> That order has become final on direct appeal.

While the state judgment cancelling the License Agreement was on appeal, CGH filed suit in this Court alleging that Grill Holdings' continued use

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<sup>5</sup> See *The Grill Holdings, L.L.C. v. Camellia Grill Holdings, Inc.*, 120 So. 3d 294 (La. App. 4 Cir. 2013).

of the Camellia Grill trademarks violated the Lanham Act and seeking a preliminary and permanent injunction prohibiting Grill Holdings from using the marks, including the facade of the Camellia Grill building.<sup>6</sup> After this Court denied CGH's Motion for Preliminary Injunction, CGH filed a Motion for Voluntary Dismissal, which this Court granted.

While the Motion for Voluntary Dismissal was pending, Uptown Grill filed 13–6560, the lead case in this litigation. Uptown Grill alleges that it owns the trademarks that are located “within or upon the property” at 626 South Carrollton Avenue, that its continued use of the trademarks at that location is lawful, and that it is entitled to a declaratory judgment to that effect.

After the Motion for Voluntary Dismissal was granted and while the Uptown Grill claim was pending, CGH initiated suit in state court asserting claims for trademark infringement and breach of the License Agreement by filing a supplemental pleading in the then-closed state court litigation. The Khodr parties removed the litigation to this Court, invoking this Court's federal question jurisdiction under the Lanham Act, and the litigation was consolidated with the declaratory action. After the Court denied a motion to remand, CGH amended its complaint to explicitly assert Lanham Act claims. CGH also amended its Complaint to assert trade dress claims.

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<sup>6</sup> See *Camellia Grill Holdings, Inc. v. City of New Orleans, et al*, No. 13–5148 (E.D. La. filed July 23, 2013).

On July 9, 2015, this Court granted summary judgment to Uptown Grill in the lead action, finding that Uptown Grill owned all the Camellia Grill trademarks based on the plain language of the Bill of Sale. The Court found that the Shwartz parties' infringement claims asserted in the consolidated action were precluded by this ruling.

On appeal, the Fifth Circuit affirmed those portions of this Court's ruling with regards to the finding that Uptown Grill owns the trademarks within or upon the Carrollton Avenue location but reversed with regard to this Court's ruling that Uptown Grill owned the Camellia Grill trademarks at all other locations. The Circuit found that the relief granted by the Court was beyond that requested by the Khodr parties in the lead action. Accordingly, the case was remanded for a determination of what further relief, if any, is warranted. It appears to this Court that the lead action is now resolved, as the Khodr parties have obtained the relief sought—namely, a ruling that they own the trademarks “within or upon the Carrollton Avenue location.” The Fifth Circuit's ruling did, however, serve to revive the Shwartz parties' claims for infringement as asserted in the consolidated action, as the Court has made no determination relative to the use of the marks at locations other than Carrollton Avenue.

In the hopes of resolving these claims, the parties have filed a series of dispositive motions. CGH has filed a Partial Motion for Summary Judgment, asking the Court to declare (1) that CGH owns all the

marks articulated in the License Agreement at all locations except 626 Carrollton Avenue, (2) that CGH owns a protected trade dress associated with Camellia Grill, (3) that the use of the Camellia Grill trade dress at both the Carrollton and Chartres locations violates the License Agreement, and (4) that operation of Camellia Grill at the Chartres location following termination of the License Agreement is a breach thereof. The Khodr Parties have responded in opposition and have filed their own motions for partial summary judgment asking the Court to dismiss CGH's trade dress, conversion, and damages claims. The Khodr Parties have also filed a Motion to Drop several Defendants pursuant to Federal Rule of Civil Procedure 21. The Shwartz parties oppose these Motions.

### **LEGAL STANDARD**

Summary judgment is appropriate “if the pleadings, depositions, answers to interrogatories, and admissions on file, together with affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.”<sup>7</sup> A genuine issue of fact exists only “if the evidence is such that a reasonable jury could return a verdict for the nonmoving party.”<sup>8</sup>

In determining whether the movant is entitled to summary judgment, the Court views facts in the

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<sup>7</sup> Fed. R. Civ. P. 56(c) (2012).

<sup>8</sup> *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

light most favorable to the non-movant and draws all reasonable inferences in his favor.<sup>9</sup> “If the moving party meets the initial burden of showing that there is no genuine issue of material fact, the burden shifts to the non-moving party to produce evidence or designate specific facts showing the existence of a genuine issue for trial.”<sup>10</sup> Summary judgment is appropriate if the non-movant “fails to make a showing sufficient to establish the existence of an element essential to that party’s case.”<sup>11</sup> “In response to a properly supported motion for summary judgment, the non-movant must identify specific evidence in the record and articulate the manner in which that evidence supports that party’s claim, and such evidence must be sufficient to sustain a finding in favor of the non-movant on all issues as to which the non-movant would bear the burden of proof at trial.”<sup>12</sup> “We do not . . . in the absence of any proof, assume that the nonmoving party could or would prove the necessary facts.”<sup>13</sup> Additionally, “[t]he mere

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<sup>9</sup> *Coleman v. Houston Indep. Sch. Dist.*, 113 F.3d 528 (5th Cir. 1997).

<sup>10</sup> *Engstrom v. First Nat’l Bank of Eagle Lake*, 47 F.3d 1459, 1462 (5th Cir. 1995).

<sup>11</sup> *Celotex Corp. v. Catrett*, 477 U.S. 317, 324 (1986).

<sup>12</sup> *John v. Deep E. Tex. Reg. Narcotics Trafficking Task Force*, 379 F.3d 293, 301 (5th Cir. 2004) (internal citations omitted).

<sup>13</sup> *Badon v. R J R Nabisco, Inc.*, 224 F.3d 382, 394 (5th Cir. 2000) (quoting *Little v. Liquid Air Corp.*, 37 F.3d 1069, 1075 (5th Cir. 1994)).

argued existence of a factual dispute will not defeat an otherwise properly supported motion.”<sup>14</sup>

## **LAW AND ANALYSIS**

The instant Motions overlap in many respects and, in the Court’s view, overcomplicate the questions remaining before the Court. First, the Shwartz parties have filed a Motion for Partial Summary Judgment, wherein they ask the Court to rule in their favor on several of their claims. The Khodr parties oppose this Motion and have responded with three Motions of their own. First, they ask the Court for summary judgment on the Shwartz parties’ claims for trade dress infringement and conversion. Second, they ask the Court for summary judgment in their favor dismissing the Shwartz parties’ claims for damages. Finally, they ask the Court to drop various Khodr entities as Defendants pursuant to Federal Rule of Civil Procedure 21. The Court will address each Motion in turn.

### **I. Shwartz Parties’ Motion for Partial Summary Judgment (Doc 236)**

In its Motion, Camellia Grill Holdings asks for the Court to declare (1) that it is the owner of the Camellia Grill trademarks at all locations other than Carrollton Avenue, (2) that it is the owner of the “trade dress” associated with Camellia Grill,

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<sup>14</sup> *Boudreaux v. Banctec, Inc.*, 366 F. Supp. 2d 425, 430 (E.D. La. 2005).

including at the Carrollton unit, (3) that the use of the trade dress at the Carrollton and Chartres locations following the termination of the License Agreement is a breach of the obligations undertaken therein, and (4) that the operation of a Camellia Grill branded restaurant at the Chartres Street location following the termination of the License Agreement is a breach thereof. The Court will address these arguments in turn.

**A. Whether Schwartz Can Establish that Trademark Rights Exist at any Location Other Than as Associated with the Carrollton Location**

The Schwartz parties first ask the Court to declare that they are the owner of the Camellia Grill trademarks at all locations other than Carrollton Avenue. In response, the Khodr parties have agreed not to contest the Schwartz Parties' ownership of the registered trademarks outside of the Carrollton location. It appears that the Khodr parties entered into this stipulation in an attempt to put an end to this protracted litigation. This stipulation has, however, only served to complicate the Court's analysis. At oral argument, it became readily apparent that the parties did not agree as to the ramifications of this stipulation. While counsel for the Schwartz parties appeared to maintain that it would be within their rights to open a Camellia Grill restaurant in Orleans Parish, counsel for the Khodr parties indicated that, in their view, their ownership

of the marks at Carrollton vests them with the exclusive rights to use of the marks within a reasonable geographic area.

Regardless, the Court has not been presented with any evidence to establish that there exist any Camellia Grill trademarks beyond the Carrollton location.<sup>15</sup> To understand the scope of the parties' rights at present, it is necessary that the Court begin by outlining the effect of the Bill of Sale's transfer of the Carrollton Avenue marks.

This Court previously held that that the Bill of Sale served to assign to Uptown Grill all marks and goodwill associated with the Carrollton location.<sup>16</sup> “[F]ollowing a proper assignment [of a trademark], the assignee steps into the shoes of the assignor.”<sup>17</sup> Put differently, “if the assignment is valid, and the assignee carries on use of the mark as it was in the past, a continuity of the mark and its good will is preserved.”<sup>18</sup> Accordingly, upon assignment of the goodwill and marks associated with the Carrollton Avenue location of Camellia Grill, Uptown Grill obtained all the rights and privileges associated with these marks.

Throughout this litigation, the parties have consistently maintained that (1) prior to the

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<sup>15</sup> Indeed, as discussed below, such a contention would conflict with the parties' prior representations.

<sup>16</sup> The Fifth Circuit affirmed this ruling.

<sup>17</sup> *ICEE Distributors, Inc. v. J&J Snack Foods Corp.*, 325 F.3d 586, 593 (5th Cir. 2003) (internal citations omitted) (alteration in original).

<sup>18</sup> *Id.* (internal citations omitted) (alteration in original).



transactions in question, CGH was the senior user of the marks in question, (2) that, prior to these transactions, the marks in question were used solely at the Carrollton Avenue location, and (3) that the Shwartz parties have made no efforts to operate another “Camellia Grill” branded restaurant before or since the execution of the Bill of Sale. This Court’s prior ruling specifically held that the Bill of Sale unambiguously indicated that Camellia Grill, as operated on Carrollton Avenue, “was sold lock, stock, and barrel” to Uptown Grill, including all trademarks and goodwill associated with that location. The Fifth Circuit affirmed this ruling. There was no reservation of rights regarding the marks in the Bill of Sale. Accordingly, all rights in the Carrollton Avenue Camellia Grill trademarks passed to Uptown Grill. It is axiomatic that “[o]ne who first uses a distinct mark in commerce . . . acquires rights to that mark.”<sup>19</sup> “A federal registration does not create the trademark; the trademark is acquired by use.”<sup>20</sup> CGH’s pre-Bill of Sale rights were acquired through its use of the marks at Carrollton Avenue, and those rights were, without reservation, transferred to Uptown Grill. The parties have not shown that there was any use of Camellia Grill trademark rights by any Shwartz entity at any other location; accordingly, they cannot have acquired trademark rights associated with any other location.

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<sup>19</sup> *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1299 (2015).

<sup>20</sup> *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 669 (5th Cir. 2000).

The Court finds no basis to rule that the Shwartz parties have any remaining protectable interest under trademark law, and therefore denies their request to find that they are the owner of the Camellia Grill trademarks beyond Carrollton Avenue. Nevertheless, as discussed below, CGH may preclude the use of the registered trademarks by Khodr at other locations based on the contractual relationship between the parties.

**B. Whether the License Agreement Can Be Employed to Preclude Use of Any Trade Dress by the Khodr Parties**

The Shwartz parties next ask the Court to find that they are the owner of a Camellia Grill trade dress at all locations based on the language of the License Agreement.<sup>21</sup> The Court notes that the Shwartz parties have brought two claims with regard to Camellia Grill trade dress—a breach of contract claim averring that the Khodr parties cannot use any Camellia Grill trade dress under the terms of the License Agreement and a Lanham Act claim for trade dress infringement. In the context of this Motion, the Court will only address the breach of contract claims. The Lanham Act claims are separately addressed in the Court’s discussion of the Khodr parties’ Motion to Dismiss those claims.

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<sup>21</sup> Whether the Shwartz parties hold any protectable trade dress interest under the Lanham Act will be fully addressed in the discussion of the Khodr parties’ Motion for Summary Judgment on that issue.

As a preliminary matter, the Court finds that any dispute relative to the operation of the Carrollton location as a Camellia Grill is settled by this Court's previous ruling and the ruling of the Fifth Circuit. In its Motion, CGH repackages its trademark claims as trade dress claims in an apparent attempt to re-litigate the now-settled issue of whether Uptown Grill may operate the Carrollton location as "Camellia Grill." It also argues that the use of this trade dress was a violation of the License Agreement. Both arguments are meritless. The Bill of Sale transferred all "furniture, fixtures and equipment, cooking equipment, kitchen equipment, counters, stools, tables, benches, appliances, recipes, trademarks, names, logos, likenesses, etc., and all other personal and/or movable property owned by Seller located within or upon the property." The Court previously concluded that this language indicated that Camellia Grill, as operated on Carrollton Avenue, "was sold lock, stock, and barrel" to Uptown Grill, including all trademarks associated with that location. The Fifth Circuit affirmed this ruling. Left undisturbed on appeal was this Court's finding that the sale included all goodwill associated with the marks. "The purpose of trade dress protection, like trademark protection, is to secure the owner of the [trade dress] the goodwill of his business and to protect the ability of consumers to distinguish among competing products."<sup>22</sup> The Bill of

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<sup>22</sup> *Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH*, 289 F.3d 351, 355 (5th Cir. 2002) (internal citations omitted).

Sale necessarily included trade dress associated with this location, to the extent that any exists.<sup>23</sup> To hold otherwise would lead to an absurd result, as it would prevent Uptown Grill from making use of the property purchased in the Bill of Sale, including the marks and good will associated with this location. Accordingly, the Court finds any protectable trade dress relative to the Carrollton location was transferred as part of the Bill of Sale. The Schwartz parties' claims associated with the Carrollton location therefore fail.

The Schwartz parties also claim that they are the owners of a trade dress associated with all locations other than Carrollton Avenue. They assert that this "trade dress" exists by virtue of the fact that an undefined trade dress was mentioned in the License Agreement.<sup>24</sup> This argument is undercut by the fact that a court cannot enforce a trade dress until the elements of the same are reduced to a list.<sup>25</sup> Schwartz has not done so in the context of this Motion, preferring instead to rely on the License Agreement's

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<sup>23</sup> Indeed, the distinctions between trademarks and trade dress have largely disappeared. *Alpha Kappa Alpha Sorority Inc. v. Converse Inc.*, 175 F. App'x 672, 677 (5th Cir. 2006).

<sup>24</sup> The License Agreement's reference to trade dress is limited to the conclusory "All 'trade dress' associated with the 'Camellia Grill' Restaurant."

<sup>25</sup> *AMID, Inc. v. Medic Alert Found. United States, Inc.*, No. CV H-16-1137, 2017 WL 1021685, at \*10 (S.D. Tex. Mar. 16, 2017) (citing § 8:3. The need to identify the elements of trade dress, 1 McCarthy on Trademarks and Unfair Competition § 8:3 (4th ed.)).

undefined use of the term.<sup>26</sup> The proponent of the existence of a trade dress must articulate the elements constituting the putative trade dress.<sup>27</sup> The License Agreement fails to define even a single element of the alleged trade dress. Unlike the registered marks, which are defined with specificity in the License Agreement and are outlined in the registration documents, the elements of the putative trade dress are nowhere defined. Because of this failure, the License Agreement cannot be used to stop the use of any elements of a Camellia Grill trade dress. Accordingly, the Shwartz parties' Motion is denied with respect to all trade dress claims.

**C. Whether the License Agreement May be  
Used as a Predicate to Preclude the  
Khodr Parties' Use of the Camellia Grill  
Trademarks at Locations Other than  
Carrollton**

The Shwartz Parties also ask the Court to enter judgment in their favor finding that the operation of the Chartres location after the termination of the License Agreement was a violation of that agreement

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<sup>26</sup> The Shwartz parties have defined some elements of an alleged trade dress in their discovery responses, attached as an exhibit to a different Motion (Doc. 262-3 at 2). The Court notes, however, that no admissible evidence has been offered to verify the existence of these alleged elements. Furthermore, in this Motion, the Shwartz parties do not rely on this list, instead relying on the bare bones mention of "trade dress" in the license agreement. This is insufficient.

<sup>27</sup> *N.Y. Pizzeria, Inc. v. Syal*, 56 F. Supp. 3d 875, 883 (S.D. Tex. 2014).

and should subject the Khodr parties to contractual damages to be determined at trial. As noted above, the License Agreement was a contract between CGH and Grill Holdings whereby Grill Holdings contracted for use of certain intellectual property purportedly owned by CGH.<sup>28</sup> The agreement was ultimately terminated effective June 1, 2011. The Shwartz parties argue that the License Agreement contains provisions governing the parties' conduct in the event of termination, and that any use of the Camellia Grill trademarks by any Khodr entity following the cancellation of the license agreement is a breach thereof. The Khodr Parties respond, arguing that the termination of the License Agreement by the Louisiana state court means that it cannot be used as the predicate for a cause of action at this time. Alternatively, they argue that only Grill Holdings was a party to the License Agreement and that therefore Chartres Grill, LLC, the operator of the Chartres Location, cannot be bound by its terms. The Court will first address whether the License Agreement contains enforceable provisions governing its termination and, if so, to which entities those provisions apply.

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<sup>28</sup> As noted above, the Court has doubts as to whether CGH still had any ownership interest in the licensed marks at the time the License Agreement was executed, having previously assigned its interest to Uptown Grill in the earlier-executed Bill of Sale. Regardless, the parties have consistently treated the License Agreement as valid and binding and the Court will give effect to their agreement to the extent permissible under the law.

*1. Whether the Provisions of the License Agreement Governing Termination Remain Enforceable*

The Khodr parties argue that the termination of the License Agreement by the Louisiana state court means that the provisions thereof governing the parties' obligations in the event of termination may not be relied on as the predicate for a breach of contract claim. This argument ignores the plain language of the contract. The License Agreement contains terms governing the conduct of the parties thereto in the event of its termination—namely, that the licensee and its affiliates would cease use of the marks upon termination of the agreement. These conditions were triggered when the License Agreement was terminated by the Louisiana state court. Unlike the undefined “trade dress” discussed above, the subject registered marks were specifically identified. The Court is cognizant of the fact that the Khodr Parties have, throughout this litigation, represented that they intended to purchase only the Carrollton location as a fully functioning unit and that the License Agreement was intended to govern the use of the marks at any future locations. The Court is also, of course, aware of the fact that, in remanding this matter, the Fifth Circuit advised that “the court must take all facts and circumstances of the parties' contractual relations, litigation tactics, and applicable trademark law into consideration before reinstating relief plainly beyond the plaintiffs'

pleadings.”<sup>29</sup> Accordingly, though Uptown Grill may operate the Carrollton Location by virtue of the rights acquired in the Bill of Sale, the parties bound by the License Agreement’s terms are contractually precluded from using the Camellia Grill marks at other locations.

*2. Whether Chartres Grill, LLC is Bound by the License Agreement*

The Shwartz parties contend that Chartres Grill, LLC is bound by the License Agreement as both an affiliate of Grill Holdings and a sub-licensee under the terms of the License Agreement. In support of this contention, the Shwartz parties have introduced both the affidavit of Hicham Khodr, wherein he states that Chartres Grill, L.L.C. was a sublicensee,<sup>30</sup> and the sublicensing agreement between Chartres Grill and Grill Holdings, LLC.<sup>31</sup> They also argue that the Fifth Circuit’s finding that Uptown Grill, LLC was an affiliate of Grill Holdings should apply to Chartres Grill by analogy.

In pertinent part, the License Agreement provides that “the term ‘Licensee’ shall mean all affiliates, subsidiaries or related companies of Grill Holdings, LLC” and that the “Licensee shall cause any . . . sublicensee of any or all of the Marks to abide by all of the provisions of this Agreement.”<sup>32</sup>

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<sup>29</sup> Doc. 255 at 16.

<sup>30</sup> Doc. 195-4

<sup>31</sup> Doc. 257-2.

<sup>32</sup> Doc. 11-3.



At this juncture, based on both the evidence cited by the Shwartz parties and the ruling of the Fifth Circuit, it appears to this Court to be beyond genuine dispute that Chartres Grill is at the very least a sublicensee of Grill Holdings, LLC. Accordingly, it is bound by the terms of the License Agreement governing obligations upon termination, and its use of the “Camellia Grill” registered marks at any location other than Carrollton Avenue is a breach of the License Agreement.

In summary, the Shwartz parties’ Motion for Partial Summary Judgment is granted with respect with respect to the Shwartz parties’ claim that the Khodr parties’ use of the registered Camellia Grill trademarks outside of Carrollton Avenue is a breach of the License Agreement but their Motion is denied in all other respects.

## **II. Khodr Parties’ Motion for Partial Summary Judgment on Trade Dress and Conversion Claims (Doc. 262)**

In their first Motion, the Khodr parties ask the Court to dismiss the Shwartz parties’ claims for trade dress infringement and conversion. The Shwartz parties respond in opposition. The Court will separately address the arguments relative to trade dress and conversion.

**A. Whether the Shwartz Parties Can Prevail  
on a Trade Dress Infringement Claim  
Under the Lanham Act**

The Shwartz parties bring claims under the Lanham Act for trade dress infringement based on the Khodr parties use of an alleged Camellia Grill trade dress. The Khodr Parties argue that the Shwartz Parties' claims for trade dress infringement must fail as a matter of law because (1) the Shwartz Parties have not alleged a protectable trade dress, (2) infringement has not occurred because customers are not likely to confuse the Khodr Defendants restaurants with a restaurant owned by CGH, and (3) the elements of the alleged trade dress are functional aspects of a diner. Trade dress "refers to the total image and overall appearance of a product and may include features such as the size, shape, color, color combinations, textures, graphics, and even sales techniques that characterize a particular product."<sup>33</sup> If a trade dress is distinctive and nonfunctional it may be entitled to protection under section 43(a) of the Lanham Act.<sup>34</sup>

The Fifth Circuit follows a two-step analysis in determining whether there has been an infringement of trade dress under the Lanham Act.<sup>35</sup> "First, the court must determine whether the trade dress is

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<sup>33</sup> *Test Masters Educ. Servs., Inc. v. State Farm Lloyds*, 791 F.3d 561, 565 (5th Cir. 2015) (internal citations and quotation marks omitted).

<sup>34</sup> *Id.*

<sup>35</sup> *Allied Marketing Grp.*, 878 F.2d at 813.

protected under the Act. This first inquiry encompasses three issues: (1) distinctiveness, (2) ‘secondary meaning,’ and (3) ‘functionality.’”<sup>36</sup> Second, “[i]f a court determines that the trade dress is protected because it is non-functional and is either distinctive or has acquired secondary meaning, the court must then determine whether the trade dress has been infringed. Infringement is shown by demonstrating that the substantial similarity in trade dress is likely to confuse consumers.”<sup>37</sup> The Court will address each step of the analysis in turn.

### **A. Whether the Putative Trade Dress Qualifies for Protection**

To qualify for protection, a trade dress must (1) either be inherently distinctive or have acquired secondary meaning and (2) be non-functional.<sup>38</sup> An arbitrary combination of otherwise functional elements can qualify for trade dress protection.<sup>39</sup> The Khodr parties argue that (1) the Shwartz parties have insufficiently alleged the elements of a putative trade dress (2) even if the elements are sufficiently alleged, they are not inherently distinctive and have not acquired secondary meaning, and (3) that the

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<sup>36</sup> *Id.*

<sup>37</sup> *Id.*

<sup>38</sup> *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 536 (5th Cir.1998), abrogated on other grounds by *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001).

<sup>39</sup> *Taco Cabana Int’l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1119 (5th Cir. 1991), *aff’d sub nom. Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

elements are all functional and do not qualify for trade dress protection. The Court will address each of these arguments in turn.

*1. Elements of the Putative Trade Dress*

The Khodr parties argue that the Shwartz parties' trade dress claims must fail because they have not sufficiently identified the elements of the putative trade dress. "When alleging a trade dress claim, the plaintiff must identify the discrete elements of the trade dress that it wishes to protect."<sup>40</sup> In response, the Shwartz parties point to discovery responses wherein they indicate that the elements of the trade dress include (1) the "straw popping" routine, (2) U-shaped counters, (3) audible order calling routine, (4) pink and green wall scheme, (5) separate pie cases on the rear wall at both ends of the cooking line, (6) stainless steel stemmed stools with green cushions, (7) individual counter checks handed to each customer, (8) fluted metal design under the counters and above the cooking line. The Court finds that this is sufficient to put the Khodr parties on notice of the elements of the putative trade dress.

*2. Whether the Identified Elements are Inherently Distinctive or Have Acquired Secondary Meaning*

The Khodr parties argue that the Shwartz parties cannot carry their burden of proving that the

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<sup>40</sup> *Test Masters Educ. Servs.*, 791 F.3d at 565.

trade dress at issue is inherently distinctive or has acquired secondary meaning. “[C]ourts have differentiated between marks that are inherently distinctive—i.e., marks whose intrinsic nature serves to identify their particular source—and marks that have acquired distinctiveness through secondary meaning—i.e., marks whose primary significance, in the minds of the public, is to identify the product’s source rather than the product itself.”<sup>41</sup> First, the Court must determine whether the proffered trade dress is protectable as “inherently distinctive.” In *Two Pesos, Inc. v. Taco Cabana, Inc.*, the Supreme Court held that a restaurant’s décor could qualify as an inherently distinctive trade dress.<sup>42</sup> There, the Court described the trade dress at issue as “a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals.”<sup>43</sup> In a subsequent opinion, however, the Court noted that proof of secondary meaning should be required in cases where product design is at issue.<sup>44</sup> The Court finds the trade dress here distinguishable from the trade dress at issue in *Two Pesos*, where the elements of the trade dress were decorative items more akin to product packaging.

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<sup>41</sup> *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 205–06 (2000).

<sup>42</sup> 505 U.S. 763, 767 (1992).

<sup>43</sup> 505 U.S. at 765.

<sup>44</sup> *Wal-Mart Stores, Inc.*, 529 U.S. at 206 (“To the extent there are close cases, courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning.”).

Many of the elements identified by the Schwartz parties as trade dress are functional features of the diner more akin to product design; therefore, the Court should consider proof of secondary meaning.<sup>45</sup>

Secondary meaning can be established by examining the following types of evidence: “(1) length and manner of use of the mark or trade dress, (2) volume of sales, (3) amount and manner of advertising, (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer testimony, and (7) the defendant’s intent in copying the trade dress.”<sup>46</sup> The Shwartz parties rely primarily on inadmissible unauthenticated screenshots of websites in arguing that the trade dress has acquired secondary meaning in support to their arguments for consumer confusion.<sup>47</sup> The remaining admissible evidence, consisting of newspaper articles and Hicham Khodr’s deposition testimony, only points to Khodr’s intent in copying the look and feel of the Carrollton location. Though intent to copy is one relevant factor in examining secondary meaning, court have recognized “that evidence of a defendant’s

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<sup>45</sup> These elements include the U-shaped counter, pie cases, audible order calling routine, and individual checks.

<sup>46</sup> *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 541 (5th Cir. 1998).

<sup>47</sup> See *Crochet v. Wal-Mart Stores, Inc.*, No. 6:11-01404, 2012 WL 489204, at \*4 (W.D. La. Feb. 13, 2012) (citing *U.S. v. El-Mezain*, 664 F.3d 467 (5th Cir.2011)) (“The Fifth Circuit has also held that postings from the Internet “constitute classic hearsay rather than personal knowledge.”).

intent to copy is more relevant to analyzing whether protected trade dress has been infringed than to whether the trade dress is protected in the first place.”<sup>48</sup> Nevertheless, the Shwartz parties have pointed to evidence of intent to copy in support of a finding of secondary meaning. The admissible evidence submitted by the Shwartz parties, though scant, is sufficient to create a genuine issue of material fact as to whether the putative trade dress has acquired secondary meaning.

### *3. Whether Their Functional Nature Precludes Trade Dress Protection*

Even assuming that the Shwartz parties can carry their burden and establish secondary meaning, the Khodr parties argue that the elements identified are functional aspects of a diner and not entitled to trade dress protection. Though functional features may not qualify for protection in isolation, “a particular arbitrary combination of functional features, the combination of which is not itself functional, properly enjoys protection.”<sup>49</sup> Here, though many of the identified elements of the putative trade dress are indeed functional aspects of a diner, they are combined with nonfunctional elements in an arbitrary fashion. Accordingly, their functional

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<sup>48</sup> *AMID, Inc. v. Medic Alert Found. United States, Inc.*, No. CV H-16-1137, 2017 WL 1021685, at \*20 (S.D. Tex. Mar. 16, 2017).

<sup>49</sup> *Taco Cabana Int’l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1119 (5th Cir. 1991), *aff’d* sub nom. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

nature does not necessarily preclude protection under the Lanham Act.

**B. Whether there is likelihood of confusion**

The Court finds that, even assuming that there exists some protectable interest in a Camellia Grill trade dress, there can be no claim for trade dress infringement under the Lanham Act because there is no possibility of confusion.<sup>50</sup> “Infringement is shown by demonstrating that the substantial similarity in trade dress is likely to confuse consumers.”<sup>51</sup> “It is, of course, also undisputed that liability under [the Lanham Act] requires proof of the likelihood of confusion.”<sup>52</sup> If the plaintiff fails to present sufficient evidence for a reasonable jury to find in its favor on any element of an infringement claim, then judgment as a matter of law should be entered for the defendant.<sup>53</sup> The Shwartz parties maintain that the use of an alleged Camellia Grill trade dress at the Chartres location will cause consumers confusion as to the source of the product; however, it is undisputed that they do not operate a Camellia Grill at any

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<sup>50</sup> The Court makes no finding as to whether any Shwartz entity holds such an interest. Indeed, it would appear to the Court that such a finding would be precluded by the fact that all intellectual property associated with the Carrollton location was acquired by Uptown Grill.

<sup>51</sup> *Allied Mktg. Grp.*, 878 F.2d at 813.

<sup>52</sup> *Two Pesos, Inc.*, 505 U.S. at 769.

<sup>53</sup> *Groeneveld Transp. Efficiency, Inc. v. Lubecore Int'l, Inc.*, 730 F.3d 494, 504 (6th Cir. 2013).



location. Indeed, the Shwartz parties' arguments are based on the premise that consumers will confuse the Khodr-operated Chartres location with the Khodr-operated Carrollton location. The fallacious nature of this argument is facially apparent, as there can be no confusion as to the source of a product when the two competing locations are owned and operated by the same entities. Accordingly, there can be no consumer confusion, as consumers cannot confuse the Chartres location with any Shwartz-operated Camellia Grill. Any trade dress infringement claim must therefore fail. The Shwartz parties' Lanham Act trade dress infringement claims are dismissed.

### **B. Sufficiency of the Conversion Claims**

The Khodr parties next ask the Court to dismiss the Shwartz parties' claims for conversion. They argue that such a claim is inapplicable in cases involving intellectual property lacking a physical manifestation. This Court agrees. Conversion takes place when any of the following occurs:

A conversion is committed when any of the following occurs: 1) possession is acquired in an unauthorized manner; 2) the chattel is removed from one place to another with the intent to exercise control over it; 3) possession of the chattel is transferred without authority; 4) possession is withheld from the owner or possessor; 5) the chattel is altered or destroyed; 6) the chattel is used

improperly; or 7) ownership is asserted over the chattel.<sup>54</sup>

A chattel is defined as “[m]ovable or transferable property; personal property; esp., a physical object capable of manual delivery and not the subject matter of real property.”<sup>55</sup> Accordingly, conversion is not applicable to incorporeal movables such as the intellectual property rights at issue in this matter.<sup>56</sup> Such a finding conforms with the nationwide consensus regarding the applicability of conversion in trademark infringement cases.<sup>57</sup> Accordingly, the Schwartz Parties’ claims for conversion are dismissed.

### **III. The Khodr Parties’ Motion for Summary Judgment on Plaintiffs’ Claims for Damages**

The Khodr parties next ask the Court to find that, even if the Schwartz Parties’ trademark and trade dress infringement claims are proven, damages are unavailable as a matter of law under both state and federal law. The Court will separately address the claims for damages under federal and state law.

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<sup>54</sup> *Dual Drilling Co. v. Mills Equipment Investments, Inc.*, 721 So.2d 853, 857 (La. 1998).

<sup>55</sup> BLACK’S LAW DICTIONARY (8th ed.2004).

<sup>56</sup> *BASF Agrochemical Prod. v. Unkel*, No. 05 CV 1478, 2006 WL 3533133, at \*7 (W.D. La. Dec. 7, 2006).

<sup>57</sup> 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:9.50 (4th ed.).

### **A. Availability of Damages Under Federal Law**

The Court notes that it has previously found the Shwartz parties' Lanham Act claims for trademark and trade dress infringement are without merit. Accordingly, this portion of the motion is moot.

Nevertheless, in an abundance of caution, the Court will address the parties' arguments. The Lanham Act allows a party that successfully proves trademark infringement to recover damages in certain circumstances, subject to principles of equity.<sup>58</sup> Accordingly, an award of damages is not automatic even where a party proves infringement.<sup>59</sup> Rather, the Court must consider the following factors, as outlined by the Fifth Circuit in *Pebble Beach Co. v. Tour 18 I Ltd.*:

- (1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting his rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off.<sup>60</sup>

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<sup>58</sup> 15 U.S.C. § 1117.

<sup>59</sup> *Quick Techs., Inc. v. Sage Grp. PLC*, 313 F.3d 338, 350 (5th Cir. 2002).

<sup>60</sup> *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 554 (5th Cir. 1998).

This list of factors is not exhaustive.<sup>61</sup> The Khodr Parties argue that these factors indicate that an award of damages is inappropriate based primarily on their alleged good faith belief in their right to use the marks based on the License Agreement and the rulings of the various courts that have weighed in on this protracted matter. The Shwartz parties respond, disputing the Khodr parties' good faith and arguing that issues involving a party's state of mind are not well suited for summary judgment.<sup>62</sup> This Court holds that even assuming that the Shwartz parties have a claim for trademark infringement under the Lanham Act, based on the undisputed facts they are unable to pursue a claim for damages. It cannot be seriously disputed that any use of the Camellia Grill trademarks prior to the Fifth Circuit's ruling was in good faith, as it was based first on the License Agreement and then on the rulings of this Court. Second, no sales have been diverted to the Khodr parties because there is no Camellia Grill restaurant operated by the Shwartz parties from which to divert sales. Third, even if Shwartz could successfully prove up an infringement claim, injunctive relief would afford him sufficient protection. Finally, this matter does not involve any consumer confusion or implicate the public interest. The Khodr parties do not contend that any unreasonable delay is present. Accordingly,

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<sup>61</sup> *Id.*

<sup>62</sup> *Int'l Shortstop, Inc. v. Rally's, Inc.*, 939 F.2d 1257, 1265 (5th Cir. 1991).

on balance, the Court finds that an award of damages under the Lanham Act is not warranted.

### **B. State Law Claims for Damages**

The Khodr parties argue that the Shwartz parties' Louisiana law claims for damages based on state trademark infringement law must fail. They also argue that, to the extent that the Shwartz parties have asserted a claim under the Louisiana Unfair Trade Practices Act, they may not claim treble damages due to their failure to comply with the plain language of the statute. This Court agrees on both counts. Indeed, the Court has previously held that the Shwartz parties' claims for trademark infringement are necessarily governed by the Lanham Act, not state law, as the trademarks are federally registered.<sup>63</sup> Regardless, Louisiana Revised Statutes § 51:222 provides that damages are not available "unless the acts have been committed with knowledge that such mark is intended to be used to cause confusion or mistake or to deceive." For the reasons outlined above, such damages are not available.

The Shwartz parties' claims for treble damages under LUTPA are foreclosed by the plain language of the statute. Treble damages may only be awarded where a plaintiff has sent notice of the unfair trade practice to the attorney general, who has then sent such notice to the defendant.<sup>64</sup> If these steps are not

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<sup>63</sup> Doc. 50.

<sup>64</sup> La. Rev. Stat. § 51:1409.

followed, treble damages are unavailable.<sup>65</sup> The Shwartz parties concede that the appropriate notice was not filed. Accordingly, treble damages are unavailable under LUTPA.

## **VII. Khodr Parties' Motion to Drop (Doc. 266)**

Finally, the Khodr Parties filed a Motion to Drop Defendants Robert's Gumbo Shop, LLC, K&L Investments, LLC, RANO, LLC, and Uptown Grill of Destin, LLC pursuant to Federal Rule of Civil Procedure 21. They argue that these parties are entities that are wholly extraneous to this action and are therefore misjoined. The Shwartz parties respond, arguing that relief pursuant to Rule 21 is inappropriate as they have asserted their infringement claims against all of these entities based on a single business enterprise theory of liability. Rule 21 applies as follows:

As its caption indicates, Rule 21 is a mechanism for remedying either the misjoinder or nonjoinder of parties. Its text is silent as to what constitutes misjoinder or nonjoinder, however. The cases make it clear that parties are misjoined when they fail to satisfy either of the preconditions for permissive joinder of parties set forth in Rule 20(a). Thus, Rule 21 applies when the claims asserted by or against the joined parties do not arise out of the same

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<sup>65</sup> *Laurents v. Louisiana Mobile Homes, Inc.*, 689 So. 2d 536, 542 (La. App. 3 Cir. 1997).

transaction or occurrence or do not present some common question of law or fact. A misjoinder of parties also frequently is declared because no relief is demanded from one or more of the parties joined as defendants. Thus, Rule 21 has been invoked to drop John Doe defendants when plaintiffs have failed to include allegations of specific wrongdoing committed by the fictitious defendants. Misjoinder also may be found when no claim for relief is stated against one or more of the defendants, or one of several plaintiffs does not seek any relief against defendant and is without any real interest in the controversy.<sup>66</sup>

The Court agrees that Rule 21 is an inappropriate avenue for relief for these Defendants. The Shwartz parties have set forth a claim that these and all other entities owned by Hicham Khodr constitute a single business enterprise, and that they should therefore be held solidarily liable for the claims asserted in this action. Though there is no evidence on the record to support this allegation, these parties have not filed a dispositive motion relative to these claims. This Motion is therefore denied.

## CONCLUSION


For the foregoing reasons, the pending motions are disposed of as follows: Shwartz parties' Motion for Partial Summary Judgment (Doc. 236) is **GRANTED**

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<sup>66</sup> § 1683 What Constitutes Misjoinder and Nonjoinder, 7 FED. PRAC. & PROC. CIV. § 1683 (3d ed.).

with respect to Shwartz's claim that the Khodr parties' use of the registered Camellia Grill trademarks outside of Carrollton Avenue is a breach of the License Agreement but **DENIED** in all other respects; the Khodr parties' Motion for Partial Summary Judgment on Trade Dress and Conversion (Doc. 262) is **GRANTED**, the Motion for Partial Summary Judgment on Damages (Doc. 264) is **GRANTED**, and the Khodr parties' Rule 21 Motion to Drop Parties (Doc. 266) is **DENIED**.

New Orleans, Louisiana this 26th day of May,  
2017.



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JANE TRICHE MILAZZO  
UNITED STATES DISTRICT JUDGE



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**APPENDIX E**

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**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA**

**[Filed: Jan. 31, 2017]**

|                   |   |                     |
|-------------------|---|---------------------|
| UPTOWN GRILL, LLC | * | SECTION H           |
|                   | * |                     |
| versus            | * | Case No. 13-cv-6560 |
|                   | * |                     |
| MICHAEL LOUIS     | * | January 31, 2017    |
| SHWARTZ, et al.   | * |                     |
| *****             | * |                     |

**PROCEEDINGS BEFORE THE  
HONORABLE JANE TRICHE MILAZZO  
UNITED STATES DISTRICT JUDGE**

**January 31, 2017**

**(Excerpt)**

**Appearances:**

|                       |  |
|-----------------------|--|
| For Uptown Grill, LLC | Breazeale Sachse & Wilson<br>BY: SCOTT HENSGENS, Esq.<br>DANIELLE BOREL, Esq.<br>One American Place<br>301 Main Street, Suite 2300<br>Baton Rouge, Louisiana 70821 |
|-----------------------|--|

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Irl R. Silverstein,

Attorney at Law

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*(Open court.)*

**THE COURT:** Good morning.

**THE CLERK:** Court's in session. You may be seated. And this is civil action 13-6560, Uptown Grill, LLC versus Shwartz, et al. And, Counsel, you can make your appearances for the record.

**MR. SILVERSTEIN:** Good morning, may it please the Court, Irl Silverstein for Camellia Grill Holdings, Inc.

**MR. HENSGENS:** Good morning, Your Honor. Scott Hensgens for Uptown Grill.

**MS. BOREL:** Dani Borel for Uptown Grill.

**MS. TORREGANO:** Kathy Torregano for Uptown Grill.

**MS. SHER:** Karen Sher for Uptown Grill.

**THE COURT:** Okay. I believe -- and let me get my -- regardless of how many papers I bring with me, it seems like there is always something missing. That's what I'm looking for. Okay. First matter we have is Motion for Partial Summary Judgment filed by Camellia Grill Holdings, and that is document Number 236. Mr. Silverstein, you ready?

**MR. SILVERSTEIN:** I am, Your Honor. Good morning again, Your Honor. The Motion for Partial Summary Judgment is -- is based on a number of factors, but one of those factors is the right of ownership of the trademarks. And in two instances, the defendants in their opposition memorandums have

indicated that they no longer challenge Camellia Grill Holdings' ownership of those trademarks, and so in an effort to save time this morning, I would like to see if we could enter into a stipulation to that effect since they've already made that statement.

**THE COURT:** I have to be frank with you. I have some questions about that stipulation, because I wonder what it means, and I am -- I wonder how one can own a trademark within one particular building and have no geographic protection. And so I guess -- and this is why I wanted to explore that more. And while they have made that representation, I'm concerned about fundamental policy of trademark and infringement, and I just wonder if we've now taken the position -- or if they are taking the position that Camellia Grill -- these names I have a sticky note.

**MR. SILVERSTEIN:** Camellia Grill Holdings, Inc.

**THE COURT:** Camellia Grill Holdings, Inc. can open up a Camellia Grill restaurant next door on Carrollton Avenue. Is that the position that the parties have taken? And are there no protections? And why would one own a trademark?

**MR. SILVERSTEIN:** There is -- there -- that has not been a position which has been advanced by my client, and I don't think it's a position which has been advanced or addressed by the co-defendants either. The issue before the Court is very simply as determined in the remand the ownership

of those trademark rights; the ownership of the rights and the marks other than at Carrollton. We're not disputing Carrollton. Carrollton as far as the trademarks is in the bill of sale. The bill of sale is res judicata. We're not going to revisit that and argue that today. So my purpose for requesting the stipulation is simply since they've made these admissions, if you will, in their pleadings, that we no longer challenge this. We can save a lot of time this morning by stipulating that Camellia Grill Holdings, Inc. is the owner of those trademarks. And I say trademarks because I know they contest the issue of --

**THE COURT:** Trade dress, right.

**MR. SILVERSTEIN:** Trade dress, but for the stipulation, I'm just simply saying --

**THE COURT:** No, I know, Mr. Silverstein. I'm just trying to -- and I know there appears to be no plan to build a Camellia Grill next door, but -- and maybe I need to listen -- to hear from Mr. Hensgens, and maybe I'm -- and maybe I'm overthinking this, but I got to tell you, I think it creates a significant problem if we -- I just -- Mr. Hensgens, maybe you need to tell me what it is -- and I agree that's what it read, and I have to tell you, once I read it, I scratched my head, then I read it again, and I scratched my head again, and I just have been trying to determine what indeed does this mean?

**MR. HENSGENS:** So, Judge, this is why you get to wear

the black robes; right? Because you figure out all the issues that come up with all of this. I'll tell you what our strategy was, and it was very simple. If you recall the January 12<sup>th</sup> pretrial conference --

**THE COURT:** I do.

**MR. HENSGENS:** -- we had a discussion basically while chuckling about how complicated this case was, okay? I don't know if I necessarily agree with that, thinking about it. I do agree, however, that this is a mess. This case is a mess. It has been dragging on for years, for years. My client has fatigue over it frankly. We think that it's in the interests of our client, we think it's in the interests of the business,

we think it's in the interests of the marks to put this behind us. We feel that the issues that have been briefed and that we will argue for the rest of the day are all capable of being handled by summary judgment, all of them, even the damage issues. All of that stuff can be put to bed. The ownership of Chartres Grill seemed to be the most contentious to us. We just wanted to move past it. Fine, we'll change the name. Let's just get this over with. You bring up a very good point. When we argued this very issue in front of the Fifth Circuit, there are very, very solid policy reasons why having split ownership of a single trademark can be problematic, and it has to be do with

the very basis of what trademark law is, and that is potential confusion to the customers. If they were to try to open a restaurant directly next door, do I feel like we have rights to stop them? Yes, I do. Are we waiving any rights to that effect? No, we are not. I see this more as a concession on the fight regarding Chartres Grill as I do pretty much anything else; Chartres Grill, the Chartres Street location.

**THE COURT:** Oh, I know.

**MR. HENSGENS:** We don't want to -- we don't want to overcomplicate this thing at this point.

**THE COURT:** Well, I understand that --

**MR. HENSGENS:** We were trying to simplify it.

**THE COURT:** -- but you understand by entering --

**MR. HENSGENS:** Absolutely.

**THE COURT:** -- into this stipulation, you're saying -- and I don't think that you can legally have a trademark that's limited to an address. I think you can have a trademark that's protected -- at least protected to some geographic region, and is that the greater New Orleans area? I kind of think so. Can he open up a Camellia Grill in Gulf Shores? Okay. You're probably not going to have that consumer confusion, but I wonder what the -- what does a trademark mean if it doesn't mean that you have protection at least in a geographic region?

**MR. HENSGENS:** Look, I understand the complexity of

it, Your Honor. I do.

**THE COURT:** And I'm not trying to overcomplicate this, because let me tell you, nobody wants to get rid of this case more than me.

**MR. HENSGENS:** I might debate you on that, but – but I get your point.

**THE COURT:** Perhaps the parties, but --

**MR. HENSGENS:** But I get your point.

**THE COURT:** But I don't want to create more issues.

**MR. HENSGENS:** I agree, Your Honor. I've been doing this for 20 years. I have never, ever seen a trademark matter where a trademark was confined to a specific location, okay? In truth and in fact, I'm not sure that that is -- that's even possible, because --

**THE COURT:** None of the law I've looked at says you can do that.

**MR. HENSGENS:** Yeah, just advertising basically; I mean, whether it's through the internet or a magazine or the Times-Picayune, I mean, it's going to get out there. I mean, there's going to be use of that mark outside of that specific location, but we certainly have the right to advertise for the use there. Now, there is a doctrine of law called the Zone of Natural Expansion. When you're -- it involves junior and senior users and all this kind of stuff, and it gets a little



bit complicated, but basically you can -- if you were first to use a mark in a geographic area and someone comes and gets a federal registration, a nationwide protection later, they can't ever stop you from using your mark. Then they can't ever stop you from using your mark in what's called your Zone of Natural Expansion; right? So what's our Zone of Natural Expansion in this particular case? Look, in the grand scheme of life, are we willing to enter a stipulation that -- on the record foregoing any claim to our zone? No, we're not. We have no intention of doing that. Are we willing for the purposes of this case to change the name of Camellia Grill -- I'm sorry, the Chartres Street location to get this case in a position for you to be able to rule on summary judgments to dismiss this thing so you and I can both be happy at the end of the day? Yes, we are. To us, it's that simple.

**THE COURT:** Okay. Mr. Silverstein --

**MR. SILVERSTEIN:** Your Honor --

**THE COURT:** -- help me here.

**MR. SILVERSTEIN:** I'm going to help you, okay? First of all, let me address a couple of issues. The Fifth Circuit granted the relief that they requested, which was the ownership of those marks at that location. They didn't ask for anything else.

**THE COURT:** Carrollton, right.

**MR. SILVERSTEIN:** They didn't ask for anything else.

**THE COURT:** Right. Right.

**MR. SILVERSTEIN:** They asked for that, and that's what the Fifth Circuit granted.

**THE COURT:** Right.

**MR. SILVERSTEIN:** I don't think it's appropriate for this Court to think about, "Well, what may happen in the future?" That's not -- that's not before the Court today. What I -- and I believe that my client is willing to stipulate that he's not going to -- that Camellia Grill Holdings, Inc. will not open a Camellia Grill restaurant on South Carrollton Avenue in New Orleans. If that would make life easier for everyone, so be it. So that's not -- we're not going to open one on South Carrollton Avenue. And my question then is if they didn't mean what they said in their two memorandum in opposition, then why did they put in there? There had to be a reason it was in there, and if it's in there and it says, "We no longer challenge the right of ownership of the trademarks at" -- it said "the ownership of the trademarks". That's what it says. Why do we need to be talking for hours about --

**THE COURT:** Because I think it's a question of law.

**MR. SILVERSTEIN:** Well --

**THE COURT:** And if it is indeed a question of law, can I just let you stipulate to something that I'm concerned

Page 10

whether or not --

**MR. SILVERSTEIN:** What your concern is, if I understand, is the ramifications of entering into that stipulation, and the ramifications of entering into that stipulation to me is very simple. It means that they are no longer challenging the ownership of the trademarks, the Camellia Grill trademarks, other than at the use on South Carrollton Avenue. We have gone one step further and said to allay any fears that they may have or the Court may have, we will not -- we will stipulate that we will not at any time open up a competing Camellia Grill restaurant on South Carrollton Avenue in New Orleans, Louisiana.

**THE COURT:** In the Greater New Orleans area?

**MR. SILVERSTEIN:** I said -- no, I said South Carrollton Avenue.

**THE COURT:** Yes. Therein lies the problem.

**MR. SILVERSTEIN:** Well, then --

**THE COURT:** You know, what value do the marks have if we allow parties to sell the mark at one limited address and have the owner of the mark save it and be able to open it up in the Greater New Orleans area which would absolutely create consumer confusion, and from there, then the marks have no meaning.

**MR. SILVERSTEIN:** Well, what -- in response, what then would be the purpose of the ruling from the Fifth Circuit

Page 11

that said they have the right to use it on South Carrollton?

**THE COURT:** You -- what I read the Fifth Circuit said, and, you know -- was -- and that -- that issue was not adversarially tested by the parties and had not been briefed. What the Court did, what I did -- and I accept responsibility; that I just took it to its logical conclusion and overstepped my bounds, but it should have been adversarially tested. I don't think they made any rulings as to ownership outside of that.

**MR. SILVERSTEIN:** No, no, they didn't. They sent it back to you to make that ruling.

**THE COURT:** Right.

**MR. SILVERSTEIN:** And my point is it should be very simple; that if they stipulate, if they indicate, state in their memorandum in this court record, "We no longer challenge that right," then what do we have to argue about then?

**THE COURT:** Okay. Then maybe we should just move on.

**MR. SILVERSTEIN:** All right.

**THE COURT:** You just need to know that I am -- I think we're borrowing more trouble, but --

**MR. SILVERSTEIN:** All right. Well, then I think that we're --

**THE COURT:** Let's talk trade dress. I think that's -- that was initially the -- I mean, we talked -- I'm sorry, Mr. Silverstein. I don't mean to interrupt you.

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**APPENDIX F**

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**IN THE UNITED STATES COURT OF  
APPEALS FOR THE FIFTH CIRCUIT**

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No. 15-30617 United States Court of Appeals  
Fifth Circuit

**FILED**

March 23, 2016

Lyle W. Cayce  
Clerk

UPTOWN GRILL, L.L.C.,

Plaintiff – Appellee

v.

MICHAEL LOUIS SHWARTZ,  
also known as Michael L. Schwartz;  
CAMELLIA GRILL HOLDINGS, INCORPORATED;  
CAMELLIA GRILL, INCORPORATED,

Defendants – Appellants

-----  
CAMELLIA GRILL HOLDINGS, INCORPORATED,

Plaintiff – Appellant

v.

CHARTRES GRILL, L.L.C.,

doing business as Grill;  
UPTOWN GRILL OF DESTIN, L.L.C.;  
GRILL HOLDINGS, L.L.C.;  
RANO, L.L.C.; HICHAM KHODR;  
UPTOWN GRILL, L.L.C.;  
K & L INVESTMENTS, L.L.C.;  
ROBERT'S GUMBO SHOP, L.L.C.,

Defendants - Appellees

-----  
CAMELLIA GRILL HOLDINGS, INCORPORATED,

Plaintiff – Appellant

v.

CHARTRES GRILL, L.L.C., doing business as  
The Grill; RANO, L.L.C.;  
HICHAM KHODR; UPTOWN GRILL, L.L.C.;  
UPTOWN GRILL OF DESTIN, L.L.C.; K & L  
INVESTMENTS, L.L.C.;  
ROBERT'S GUMBO SHOP, L.L.C.;  
GRILL HOLDINGS, L.L.C.,

Defendants – Appellees

\_\_\_\_\_  
Appeal from the United States District Court  
for the Eastern District of Louisiana  
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Before JONES and SMITH, Circuit Judges and FITZWATER,\* District Judge. EDITH H. JONES, Circuit Judge:

The question before us is who owns the trademarks associated with the multiple locations of the famous Camellia Grill in New Orleans. We affirm the district court insofar as it found that the putative purchasers own the marks associated with the restaurant's original location on Carrollton Avenue, but reverse and remand for redetermination of the ownership of those marks not associated with that location.

## I

Michael Schwartz ("Shwartz") and his family owned and operated the Camellia Grill restaurant on Carrollton Avenue ("Carrollton Avenue location") in New Orleans for decades. He operated the business through his wholly-owned corporation, Camellia Grill, Inc. In 1999, he formed and wholly-owned Camellia Grill Holdings, Inc. ("CGH") for the sole purpose of owning federally-registered trademarks associated with Camellia Grill, which were sold from Camellia Grill, Inc. to CGH. The Camellia Grill closed in August 2005 when Hurricane Katrina devastated New Orleans and remained closed after Shwartz relocated to Mississippi in the storm's wake. He

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\* District Judge of the Northern District of Texas, sitting by designation.



agreed to sell the business to Hicham Khodr (“Khodr”) sometime during the next year.

In August 2006, Shwartz and/or entities owned by him effectuated the sale through three contracts with entities controlled by Khodr. (1) In the Cash Sale, which was executed on August 11, 2006, Shwartz sold the immovable property located at the Carrollton Avenue location to an entity owned by Khodr for \$490,000. (2) The Bill of Sale was also executed on August 11, 2006 and purported to transfer ownership of “tangible personal property” and certain specific property, including trademarks, associated with Camellia Grill for \$10,000. Shwartz, Camellia Grill, Inc., and CGH were collectively the “Seller” in the transaction, and Uptown Grill, LLC (“Uptown Grill”) was the “Purchaser.” (3) On August 27, 2006, CGH alone executed a License Agreement with Grill Holdings, LLC (“Grill Holdings”) that permitted Grill Holdings, a Khodr entity, to use the Camellia Grill trademarks for \$1,000,000 plus royalties.

In 2009, Khodr opened another Camellia Grill location in Destin, Florida, but it failed in 2011 because of a struggling market in the wake of the BP oil spill. In 2010, he opened a Camellia Grill location on Chartres Street in the French Quarter, which remains open and operating to this day.

The parties now dispute the ownership of the trademarks associated with Camellia Grill and have engaged in protracted litigation in numerous state and federal courts since 2008. Their dispute

convolutedly comes before us by way of three consolidated cases. (1) The first involves state court proceedings initially filed in 2008 that resulted in the License Agreement's being cancelled as of June 1, 2011 because Grill Holdings breached its terms. *See The Grill Holdings, LLC v. Camellia Grill Holdings, Inc.*, 2012-1642 (La. App. 4 Cir. 5/18/13); 120 So.3d 294. (2) While that case was on appeal in Louisiana state court, CGH filed a complaint in the Eastern District of Louisiana on July 23, 2013 against Grill Holdings and the City of New Orleans seeking to remedy trademark infringement by preventing the city from designating the Carrollton Avenue location as a historic landmark. The district court denied CGH's motion for a preliminary injunction, *see Camellia Grill Holdings, Inc. v. New Orleans City*, 2013 WL 4431344 (E.D. La. 2013), and thereafter granted CGH's motion for voluntary dismissal. (3) While that motion was pending, Uptown Grill filed a complaint for declaratory relief against Shwartz, CGH, and Camellia Grill, Inc. on December 3, 2013 to determine the parties' respective rights only in the Camellia Grill trademarks within or upon the Carrollton Avenue location.

Significantly, Grill Holdings acknowledged the finality of the Louisiana state court litigation, paid CGH's attorneys' fee award in that litigation, and ceased using the Camellia Grill marks at its French Quarter location.

During the pendency of the third case, and after CGH's motion for voluntary dismissal was

granted in the second case, CGH filed supplementary pleadings asserting trademark infringement in the first, closed state court litigation because of the continued use of the trademarks even though the License Agreement had been cancelled. Grill Holdings removed that case to the district court, and the district court denied CGH's motion to remand to state court. All three of these cases were consolidated in the district court.

Both parties filed motions for summary judgment. After oral argument, the district court ordered the parties to submit additional briefing on whether the Bill of Sale clearly and unambiguously transferred any of the trademarks to any of Khodr's entities. In a subsequent order granting summary judgment, the district court found *sua sponte* that the Bill of Sale transferred *all* trademarks—those associated with the Carrollton Avenue location and the other locations—to Uptown Grill. The court accordingly entered judgment that Uptown Grill is the owner of all Camellia Grill trademarks and dismissed all of CGH's claims. *See Uptown Grill, LLC v. Shwartz*, 116 F. Supp.3d 713 (E.D. La. 2015). The Shwartz parties appeal the judgment.

## II

This court reviews a district court's grant of summary judgment *de novo*, applying the same standards as the district court. *Wright v. Excel Paralubes*, 807 F.3d 730, 732 (5th Cir. 2015). Summary judgment is appropriate “if the movant

shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” FED. R. CIV. P. 56(a). This court considers evidence in the record in the light most favorable to the non- moving party and draws all reasonable inferences in favor of that party. *Bluebonnet Hotel Ventures, LLC v. Wells Fargo Bank, N.A.*, 754 F.3d 272, 276 (5th Cir. 2014).

### III

We initially consider two issues related to Uptown Grill’s declaratory judgment action. The first is whether the federal courts have subject matter jurisdiction, and the second is whether laches bars the suit.

#### A

Uptown Grill filed its complaint seeking a declaration that it owns the Camellia Grill trademarks within or upon the Carrollton Avenue location. The Shwartz parties argue that subject matter jurisdiction is lacking and the complaint should have been dismissed because there is no federal question of ownership of the trademarks under the Lanham Act, only a state law question of ownership pursuant to the Bill of Sale. Federal question jurisdiction exists over a declaratory judgment action based on trademarks where “the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a

declaratory judgment” and where the alleged infringer is actively engaged in conduct that could constitute trademark infringement. *Vantage Trailers, Inc. v. Beall Corp.*, 567 F.3d 745, 748 (5th Cir. 2009) (quoting *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127, 127 S. Ct. 764, 771 (2007)). Uptown Grill’s declaratory judgment action satisfies this test. That Uptown Grill filed the action in response to CGH’s attempt to re-open the state court judgment and deny Uptown Grill’s use of the trademarks at the Carrollton Avenue location demonstrates a substantial controversy between parties having adverse interests; if Uptown Grill did not prevail, it would be an infringer. Federal subject matter jurisdiction exists pursuant to 28 U.S.C. §§ 1331, 1338.

## B

The Schwartz parties argue that because Uptown Grill did not assert rights to the trademarks included in the Bill of Sale during the first five years of their litigation, it should be equitably barred by the doctrine of laches from seeking declaratory relief. To establish laches, the Schwartz parties must prove that Uptown Grill delayed in asserting the rights at issue; that the delay is inexcusable; and that the Schwartz parties have suffered undue prejudice as a result of the delay. *See Abraham v. Alpha Chi Omega*, 708 F.3d 614, 622 (5th Cir. 2013). The Schwartz parties have not met their burden. Uptown Grill was not a party to any litigation where ownership of the trademarks was at

issue until it filed its action for declaratory judgment on December 3, 2013, in response, as previously noted, to CGH's motions in state court attacking use of the trademarks. Uptown Grill did not unreasonably delay in asserting whatever rights in the trademarks the Bill of Sale transferred. In addition, even if the earlier litigation between Camellia Grill, Inc., CGH, and/or any of Khodr's entities could somehow be imputed to Uptown Grill, the License Agreement, not the Bill of Sale, was at issue in those cases. Accordingly, Uptown Grill may not be punished for failing to assert the Bill of Sale in prior litigation, and laches is inapplicable.<sup>1</sup>

#### IV

The merits of this dispute center on ownership of the trademarks at the Carrollton Avenue location and, according to the district court, those associated with the other locations.

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<sup>1</sup> The laches issue in this case is presented in an unusual manner. Laches is typically asserted by an alleged trademark infringer as an affirmative defense against a trademark owner who knew of the alleged infringement and unreasonably delayed raising it. *See, e.g., Abraham*, 708 F.3d at 622-25. Here, to the contrary, laches is asserted by a putative trademark owner against an alleged trademark infringer who is said to have unreasonably delayed in asserting rights in the marks. The parties have not cited, nor could we or the district court find, any case where laches was raised in such circumstances. Because the defense of laches is inapplicable in any event, we need not address whether laches may be so raised, and thus leave the question open.

## A

The Bill of Sale expressly invokes Louisiana law. Under Louisiana law, “[w]hen the words of a contract are clear and explicit and lead to no absurd consequences, no further interpretation may be made in search of the parties’ intent.” LA. CIV. CODE ANN. art. 2046. Whether a contract is clear and unambiguous is a question of law. *La. Ins. Guar. Ass’n v. Interstate Fire & Cas. Co.*, 630 So.2d 759, 764 (La. 1994) (citation omitted). “[A] contract is ambiguous when it is uncertain as to the parties’ intentions and is susceptible to more than one reasonable meaning under the circumstances and after applying established rules of construction.” *In re Liljeberg Enters.*, 304 F.3d 410, 440 (5th Cir. 2002) (quotations and citations omitted). The court may not disregard any contract provision “under the pretext of pursuing its spirit” unless the provision is unclear or ambiguous, “as it is not the duty of the courts to bend the meaning of the words of a contract into harmony with a supposed reasonable intention of the parties.” *Clovelly Oil Co., LLC v. Midstates Petrol. Co., LLC*, 2012-2055, p. 5 (La. 3/19/13); 112 So.3d 187, 192.

The Bill of Sale, dated August 11, 2006, was executed by Shwartz, Camellia Grill, Inc., and CGH (as “Sellers”) and Uptown Grill (as “Purchaser”). The contract states in pertinent part (emphasis added):

FOR AND IN CONSIDERATION of the price  
and sum of TEN THOUSAND AND NO/100

(\$10,000.00) DOLLARS, which Purchaser has well and truly paid unto Seller, the receipt and sufficiency whereof is acknowledged, Seller does by these presents, hereby sell, transfer, and convey unto Purchaser, its successors and assigns, all of Seller's right, title and interest in and to the following *tangible personal property* located within or upon the [Carrollton Avenue location] and within or upon the buildings and Improvements located thereon:

All furniture, fixtures and equipment, cooking equipment, kitchen equipment, counters, stools, tables, benches, appliances, recipes, *trademarks, names, logos, likenesses, etc.*, and all other *personal* and/or movable *property* owned by Seller located within or upon the *property* described in [an exhibit] annexed hereto and within or upon the buildings and improvements thereon (the “*Personal Property*”).

The Shwartz parties argue that the phrase “tangible personal property,” is irreconcilable with the specific, intangible property listed: “trademarks, names, logos, likenesses, etc.” According to the Shwartz parties, this apparent contradiction renders the Bill of Sale ambiguous. To the contrary, the Bill of Sale unambiguously transfers ownership of the trademarks “within or upon” the Carrollton Avenue location. First, where the specific provisions of a contract apparently conflict with the general



provisions of a contract, the “specific controls the general.” *Mazzini v. Strathman*, 2013-0555, p. 10 (La. App. 4 Cir. 4/16/14); 140 So.3d 253, 259 (citation omitted). To the extent that “trademarks, logos, names, likenesses, etc.” conflicts with “tangible personal property,” the specifically listed property controls. Second, “[e]ach provision of a contract must be interpreted in light of the other provisions, and a provision susceptible of different meanings must be interpreted with a meaning that renders it effective rather than one which renders it ineffective.” *Lewis v. Hamilton*, 94-2204, p. 6 (La. 4/10/95); 652 So. 2d 1327, 1330 (citing LA. CIV. CODE ANN. arts. 2049, 2050). A finding that the trademarks are not transferred would improperly render the “trademarks, names, logos, likenesses, etc.” language ineffective. This is especially unnecessary in light of the other contractual provisions that broadly transfer “Personal Property,” a category covering the trademarks.

The unambiguous transfer of the Carrollton Avenue location trademarks to Uptown Grill does not lead to an objectively absurd result. Though the \$10,000 purchase price may seem low for all of the property transferred, a business decision that may be unwise, imprudent, risky, or speculative is not necessarily “absurd.” See *Nat’l Union Fire Ins. Co. of Pittsburgh v. Circle, Inc.*, 915 F.2d 986, 991 (5th Cir. 1990). We thus decline the Shwartz parties’ invitation to consider parol evidence such as the License

Agreement<sup>2</sup> in interpreting the Bill of Sale. *See* LA. CIV. CODE ANN. art. 2046 (“no further interpretation may be made in search of the parties’ intent” when there are “no absurd consequences”); *Campbell v. Melton*, 2001-2578, p. 6 (La. 5/14/02); 817 So.2d 69; 75 (“Parol or extrinsic evidence is generally inadmissible to vary the terms of a written contract unless the written expression of the common intention of the parties is ambiguous.” (citation omitted)).

The Bill of Sale thus clearly and unambiguously transfers to Uptown Grill the trademarks within or upon the Carrollton Avenue location.

## B

Unbidden by Uptown Grill, the district court went one step further. Uptown Grill expressly and repeatedly sought only a declaration that it owns the Camellia Grill trademarks within or upon the

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<sup>2</sup> We also reject the Shwartz parties’ argument that the License Agreement supersedes the Bill of Sale, thereby preserving CHG’s ownership of the trademarks. They rely on Section 17.5 of the License Agreement, which provides that it “replace[s] and supersede[s] all prior written or oral agreements or statements by and among the Parties.” The only “Parties” to the License Agreement are CGH and Grill Holdings, not Uptown Grill. Even assuming *arguendo* that CGH intended to modify its agreement with Uptown Grill by entering into the License Agreement with Grill Holdings, the Bill of Sale cannot be modified without Uptown Grill’s consent. *See Woods v. Morgan City Lions Club*, 588 So.2d 1196, 1200 (La. App. 1 Cir. 1991) (“Once a contract is complete, it is not subject to further modification by either party without the consent of the other.”). The provisions of the License Agreement, to which Uptown Grill is not a party, are irrelevant to construing the Bill of Sale.

Carrollton Avenue location. The district court *sua sponte* concluded that, “as a secondary issue for this Court to address,” Uptown Grill owns *all* of the Camellia Grill trademarks. The court reasoned that since the Shwartz parties only used the trademarks at the Carrollton Avenue location, and since the trademarks within or upon that location were sold, then neither CGH nor any other affiliate retained an interest in any of the trademarks that are now used at other Camellia Grill locations. The court failed to explain the legal significance of the appellants’ allegedly geographically limited “use” of the trademarks. Instead, the court simply appears to have pursued to a logical conclusion its interpretation of the Bill of Sale.

Federal Rule of Civil Procedure 54(c) counsels that courts “should grant the relief to which each party is entitled, even if the party has not demanded that relief in its pleadings.” However, “[t]he discretion afforded by Rule 54(c) . . . assumes that a plaintiff’s entitlement to relief not specifically pled has been tested adversarially, tried by consent, or at least developed with meaningful notice to the defendant.” *Peterson v. Bell Helicopter Textron, Inc.*, 806 F.3d 335, 340 (5th Cir. 2015) (citing 10 CHARLES ALAN WRIGHT, ARTHUR MILLER, & MARY KAY KANE, FEDERAL PRACTICE & PROCEDURE § 2662 (4th ed. 2014), at 165), *reh’g denied*, 807 F.3d 650 (5th Cir. 2015); *see also Capital Films Corp. v. Charles Fries Prods., Inc.*, 628 F.2d 387, 390 (5th Cir. 1980) (court must assure that party against whom judgment is

entered has sufficient advance notice and an adequate opportunity to demonstrate why additional relief should not be granted); 10 WRIGHT, MILLER, & KANE § 2664 (4th ed. 2014), at 180-83 (“The only exception to [Rule 54(c)] is if plaintiff’s failure to demand the appropriate relief has prejudiced the defendant.”).

Based on the record as a whole, we cannot say that the district court’s understanding concerning the scope of the parties’ agreements was “tested adversarially, tried by consent, or at least developed with meaningful notice to the defendant.” *Peterson*, 806 F.3d at 340. For years, throughout an audit and litigation up to the Louisiana Supreme Court, the parties here consistently treated the License Agreement as valid and binding. While Uptown Grill was never formally involved in the disputes, it is an “affiliate” of Grill Holdings pursuant to Section 4.10 of the License Agreement and, under that provision, is included in the term “Licensee.” The “Licensee” under the Agreement is required to cause any “licensee” to abide by the Agreement’s provisions, Section 6.4, and the Licensee agrees, in Section 5, that “all of the Licensors’ right, title and interest in and to the Marks shall remain the property of the Licensors.” The parties have never litigated the proposition that because of the Bill of Sale, the License Agreement did not cover the use of Camellia Grill marks apart from the Carrollton Avenue location. Indeed, they litigated the scope of the License Agreement to the Louisiana Supreme Court, the Khodr parties lost, and as a result

they paid CGH's attorneys' fees and ceased using the marks at the French Quarter location.

During this federal court litigation, and wholly consistent with the parties' prior acts and practice, Uptown Grill has only sought a recognition of its right to use the marks at the Carrollton Avenue location. Numerous indications of this limited request for relief appear in Uptown Grill's pleadings.<sup>3</sup> Further, Section

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<sup>3</sup> See Memorandum in Support of Motion for Partial Summary Judgment at 4, *Uptown Grill, LLC v. Shwartz*, 116 F. Supp.3d 713 (E.D. La. 2015) (No. 13-6560), Document 119-9 (explaining that "[t]his case truly involves the use of the Camellia Grill trademarks in two separate locations" and that its legal position with respect to the Bill of Sale is that "Grill Holdings and Other Defendants *purchased* the 'trademarks, names, logos, likenesses, etc.' associated with [the Carrollton Avenue location]" only and thus "*did not* cease use of the subject service marks in conjunction with [that] location because [it is] entitled to continue doing so by virtue of a valid agreement between the parties" (emphases in original)); *id.* at 4, 7 (explaining that use of the trademark at the French Quarter location was based on the belief that Uptown Grill had a contractual entitlement to do so, but that this use ceased upon termination of the License Agreement); Reply Memorandum in Support of Motion for Partial Summary Judgment at 7, *Uptown Grill, LLC v. Shwartz*, 116 F. Supp.3d 713 (E.D. La. 2015) (No. 13-6560), Document 167-2 (Uptown Grill "relied on the Bill of Sale in [its] belief that [it] own[s] the Camellia Grill trademark *for the Carrollton Avenue location.*" (emphasis added)); Memorandum in Reply to Shwartz Parties' Opposition to Uptown Grill's and Other Khodr Parties' Motion for Summary Judgment at 4, *Uptown Grill, LLC v. Shwartz*, 116 F. Supp.3d 713 (E.D. La. 2015) (No. 13-6560), Document 196-3 (titling one section: "The words of the Cash Sale and Bill of Sale reflect that the parties intended the contract to be for the sale of the Carrollton Restaurant as a fully operating Camellia Grill with the transfer of all trademarks, names, logos, likenesses, etc., necessary to operate the restaurant as a Camellia Grill"); *id.* at 4-5 (The Bill of Sale "further supports

10.3 of the License Agreement provides that “Licensee will not attack the title or any rights of Licensor in and to the Marks, attack the validity of [the License Agreement], or do anything either by omission or commission which might impair, violate or infringe the Marks.” In practice, Uptown Grill’s actions demonstrate that it has abided by this provision as an “affiliate” of the Licensee, Grill Holdings.

In sum, while CGH may well be bound by a mis-drafted Bill of Sale, the court must consider whether Uptown Grill should be bound by its pleadings, representations in court, and practice with respect to a License Agreement for which its affiliate, Grill Holdings, paid a million dollars. At least, the court

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Khodr’s intention and understanding that the intellectual property as to the iconic restaurant on Carrollton Avenue had been carved out of the License Agreement, and that the License Agreement only provided for the establishment of future Camellia Grill restaurants/locations.”) *id.* at 5 (Bill of Sale explicitly reflects drafting “to sell the Khodr parties the Camellia Grill restaurant as a complete business and as a restaurant that could be run as a Camellia Grill”); *id.* at 6 n.3 (“Khodr testified that he bought the Camellia Grill building, name, logo and everything on the building on Carrollton to operate it as a Camellia Grill restaurant, and that the License Agreement was for the opening of future Camellia Grill concept restaurants.”); *id.* at 11 (Uptown Grill’s pleadings “make it clear that Uptown Grill was seeking a declaration that it was the owner of the Camellia Grill trademarks, names, logos, likenesses, etc. as to the Camellia Grill Restaurant on Carrollton Avenue”); *id.* at 13 (“The document’s explicit language shows that the Bill of sale effected the sale, transfer and conveyance of all of the trademarks and intellectual property for the ‘carved out’ Carrollton Avenue location. This logical interpretation dovetails nicely with the parties’ grand vision” and the drafting of the License Agreement.).

must take all facts and circumstances of the parties' contractual relations, litigation tactics, and applicable trademark law into consideration before reinstating relief plainly beyond the plaintiffs' pleadings. We therefore remand for further proceedings not inconsistent herewith.

## V

For the foregoing reasons, we **AFFIRM** the district court insofar as it found that Uptown Grill owns the trademarks within or upon the Carrollton Avenue location, but **REVERSE** and **REMAND** for further proceedings not inconsistent with this opinion to determine the appropriateness of any further relief.

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**APPENDIX G**

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**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA**

**[Filed: Jul. 9, 2015]**

**UPTOWN GRILL, LLC.**

**CIVIL ACTION**

**VERSUS**

**NO: 13-6560 c/w  
14-810; 14-837**

**MICHAEL LOUIS  
SHWARTZ, ET AL**

**SECTION: "H"(4)  
(Applies to All Cases)**

**JUDGMENT**

Pursuant to an Order and Reasons entered on July 10, 2015 (Doc. 204), IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that judgment is entered in favor of Plaintiff Uptown Grill, LLC and against Defendants Michael Schwartz, Camellia Grill Holdings, Inc., and Camellia Grill, Inc. declaring that:

(1) the Bill of Sale entered into by the parties on August 9 & 11, 2006 is clear, unambiguous, and enforceable as written;

(2) Pursuant to the Bill of Sale, Uptown Grill, LLC is the owner of all "Camellia Grill" trademarks, particularly including those on file with the United States Patent and Trademark Office, including, but



173a

not limited to, serial numbers 73561921, 73503693, 735603694, and 73503696, now registration numbers 1440249, 1471729, 1471728, and 1446870;

(3) Uptown Grill, LLC is the owner of all common-law rights to use the "Camellia Grill" name and all associated trade dress; and

(4) Uptown Grill, LLC's continued use of the "Camellia Grill" trademarks does not violate the Lanham Act, 15 U.S.C. § 1114.

New Orleans, Louisiana, on this 10th day of July, 2015.



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JANE TRICHE MILAZZO

**UNITED STATES DISTRICT COURT**

**EASTERN DISTRICT OF LOUISIANA**

**UPTOWN GRILL, LLC.**

**CIVIL ACTION**

**VERSUS**

**NO: 13-6560 c/w  
14-810; 14-837**

**MICHAEL LOUIS  
SHWARTZ, ET AL**

**SECTION: "H"(4)  
(Applies to All Cases)**

**ORDER AND REASONS**

Before the Court is Motion for Summary Judgment (Doc. 194) filed by Uptown Grill, LLC. For the following reasons, the Court finds that the Bill of Sale clearly and unambiguously transferred the disputed trademarks to Uptown Grill, LLC. Motion for Summary Judgment is GRANTED.

**BACKGROUND**

This consolidated matter involves a protracted dispute over the ownership rights to certain intellectual property associated with the famous Camellia Grill restaurant in New Orleans. In the various suits, two business entities each claim to own the intellectual property associated with the restaurant.

In the lead case, Uptown Grill, LLC ("Uptown Grill")<sup>1</sup> seeks a judgment against Michael Shwartz,

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<sup>1</sup> Uptown Grill is wholly owned by Hicham Khodr.

Camellia Grill Holdings, Inc. ("CGH"), and Camellia Grill, Inc.<sup>2</sup> (jointly referred to as the "Shwartz parties") declaring that "(1) it owns the trademarks, etc. that are located within or upon the property 626 South Carrollton Avenue, and (2) that its continued use of the trademarks, etc. that it purchased is lawful in all respects."<sup>3</sup>

In the consolidated cases, Camellia Grill Holdings, Inc. (CGH) seeks judgment against Defendants, Hicham Khodr; The Grill Holdings, LLC ("Grill Holdings"); Chartres Grill, LLC; RANO, LLC; Uptown Grill, LLC; Uptown Grill of Destin, LLC; K&L Investments, LLC; and Robert's Gumbo Shop, LLC (jointly referred to as the "Khodr parties").<sup>4</sup> CGH alleges that the defendants, acting as a single business enterprise, are unlawfully using the contested Camellia Grill trademarks. CGH seeks damages for trademark infringement and requests that the defendants be enjoined from further infringement.

For many years prior to Hurricane Katrina, the Shwartz family owned and operated Camellia Grill. Under the Shwartz family ownership, the restaurant

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<sup>2</sup> CGH and Camelia Grill, Inc. are wholly owned by Michael Shwartz.

<sup>3</sup> Doc. 1, p. 6.

<sup>4</sup> The Grill Holdings, LLC; Chartres Grill, LLC; RANO, LLC; Uptown Grill; LLC; Uptown Grill of Destin, LLC; K&L Investments, LLC; and Robert's Gumbo Shop, LLC are all wholly owned by Hicham Khodr.

on Carrollton Avenue was the only location of operation. In 1999, Schwartz formed CGH for the sole purpose of holding federally registered trademarks associated with the restaurant.

In August of 2005, the city of New Orleans was decimated by the landfall of Hurricane Katrina. Schwartz relocated to Grenada, Mississippi in the wake of the storm, and Camellia Grill remained closed. At some point during the year following Katrina, Schwartz and Khodr negotiated the sale of Camellia Grill. In August of 2006, the parties, through various entities, executed three contracts: (1) the Cash Sale, (2) the Bill of Sale, and (3) the License Agreement.

The Cash Sale was executed on August 11, 2006. Pursuant to the Cash Sale, Michael Schwartz sold the immovable property located at 626 Carrollton Avenue (the home of Camellia Grill) to RANO, LLC for the sum of \$490,000.00.

On August 11, 2006, Michael Schwartz, Camellia Grill, Inc., and CGH executed a Bill of Sale in favor of Uptown Grill, LLC, for the sum of \$10,000.00. The Bill of Sale transfers:

[I]nterest in and to the following tangible personal property located within or upon the real property described in Exhibit "A" . . . and within or upon the buildings and improvements located thereon:

All furniture, fixtures and equipment, cooking equipment, kitchen equipment, counters, stools, tables, benches, appliances, recipes, trademarks, names, logos, likenesses, etc., and all other personal and/or movable property owned by Seller located within or upon the property described in Exhibit A annexed hereto and within or upon the buildings and improvements thereon.<sup>5</sup>

On August 27, 2006, CGH and Grill Holdings executed the License Agreement, in which the parties acknowledged that CGH held the now-disputed federally registered trademarks and granted Grill Holdings exclusive license to use the trademarks for the sum of \$1,000,000.00, plus royalties.

Sometime following the transactions in 2006, disagreements arose regarding the License Agreement and litigation ensued. The Licensing Agreement was ultimately cancelled by a Louisiana state court based on the finding that Grill Holdings had breached its obligations under the contract.<sup>6</sup> That order has become final on direct appeal.

While the state judgment cancelling the License Agreement was on appeal, CGH filed suit in this Court alleging that Grill Holdings' continued use

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<sup>5</sup> Doc. 194–3.

<sup>6</sup> See *The Grill Holdings, L.L.C. v. Camellia Grill Holdings, Inc.*, 120 So. 3d 294 (La. App. 4 Cir. 2013).

of the Camellia Grill trademarks violated the Lanham Act, and seeking a preliminary and permanent injunction prohibiting Grill Holdings from using the marks, including the facade of the Camellia Grill building.<sup>7</sup> After, this Court denied CGH's Motion for Preliminary Injunction, CGH filed a Motion for Voluntary Dismissal, which this Court granted.

While the Motion for Voluntary Dismissal was pending, Uptown Grill filed 13–6560, the lead case in this litigation. Uptown Grill alleges that it owns the trademarks that are located "within or upon the property" at 626 South Carrollton Avenue, that its continued use of the trademarks is lawful, and that it is entitled to a declaratory judgment to that effect.

After the Motion for Voluntary Dismissal was granted and while the Uptown Grill claim was pending, CGH initiated suit in state court asserting claims for trademark infringement by filing a supplemental pleading in the then-closed state court litigation. The Khodr parties removed the litigation to this Court, invoking this Court's federal question jurisdiction under the Lanham Act, and the litigation was consolidated with the declaratory action. After the Court denied a motion to remand, CGH amended its complaint to explicitly assert Lanham Act claims.

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<sup>7</sup> See *Camelia Grill Holdings, Inc. v. City of New Orleans*, et al, No. 13–5148 (E.D. La. filed July 23, 2013).

At its core, this Motion turns on whether the language of the Bill of Sale was clear and unambiguous and, if so, what was transferred to whom.

### LEGAL STANDARD

Summary judgment is appropriate "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law."<sup>8</sup> A genuine issue of fact exists only "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party."<sup>9</sup>

In determining whether the movant is entitled to summary judgment, the Court views facts in the light most favorable to the non-movant and draws all reasonable inferences in his favor.<sup>10</sup> "If the moving party meets the initial burden of showing that there is no genuine issue of material fact, the burden shifts to the non-moving party to produce evidence or designate specific facts showing the existence of a genuine issue for trial."<sup>11</sup> Summary judgment is appropriate if the non-movant "fails to make a

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<sup>8</sup> Fed. R. Civ. P. 56(c) (2012).

<sup>9</sup> *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

<sup>10</sup> *Coleman v. Houston Indep. Sch. Dist.*, 113 F.3d 528 (5th Cir. 1997).

<sup>11</sup> *Engstrom v. First Nat'l Bank of Eagle Lake*, 47 F.3d 1459, 1462 (5th Cir. 1995).

showing sufficient to establish the existence of an element essential to that party's case."<sup>12</sup> "In response to a properly supported motion for summary judgment, the non-movant must identify specific evidence in the record and articulate the manner in which that evidence supports that party's claim, and such evidence must be sufficient to sustain a finding in favor of the non-movant on all issues as to which the non-movant would bear the burden of proof at trial."<sup>13</sup> "We do not . . . in the absence of any proof, assume that the nonmoving party could or would prove the necessary facts."<sup>14</sup> Additionally, "[t]he mere argued existence of a factual dispute will not defeat an otherwise properly supported motion."<sup>15</sup>

### **LAW AND ANALYSIS**

The questions before the Court are relatively straightforward, even if the answers are not. On August 11, 2006, Michael Schwartz sold the building and real estate of Camelia Grill to RANO, LLC. On that same date, the Schwartz parties and Uptown Grill executed the Bill of Sale at issue. CGH and Grill Holdings entered into the License Agreement two

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<sup>12</sup> *Celotex Corp. v. Catrett*, 477 U.S. 317, 324 (1986).

<sup>13</sup> *John v. Deep E. Tex. Reg. Narcotics Trafficking Task Force*, 379 F.3d 293, 301 (5th Cir. 2004) (internal citations omitted).

<sup>14</sup> *Badon v. R J R Nabisco, Inc.*, 224 F.3d 382, 394 (5th Cir. 2000) (quoting *Little v. Liquid Air Corp.*, 37 F.3d 1069, 1075 (5th Cir. 1994)).

<sup>15</sup> *Boudreaux v. Banctec, Inc.*, 366 F. Supp. 2d 425, 430 (E.D. La. 2005).



weeks later. The current Motion requires the Court first to determine whether the terms of the Bill of Sale were clear and unambiguous and, if so, what the Bill of Sale transferred to Uptown Grill.

### **I. Bill of Sale**

The Bill of Sale expressly invokes Louisiana law. "According to the Louisiana Civil Code, '[i]nterpretation of a contract is the determination of the common intent of the parties.'"<sup>16</sup> In probing this intent, a court looks first to the four corners of the contract.<sup>17</sup> "When the words of a contract are clear and explicit and lead to no absurd consequences, no further interpretation may be made in search of the parties' intent."<sup>18</sup> "Each provision of a contract must be interpreted in light of the other provisions, and a provision susceptible of different meanings must be interpreted with a meaning that renders it effective rather than one which renders it ineffective."<sup>19</sup> "When a clause in a contract is clear and unambiguous, the letter of that clause should not be disregarded under the pretext of pursuing its spirit, as it is not the duty of the courts to bend the meaning of the words of a

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<sup>16</sup> *Guidry v. Am. Pub. Life Ins. Co.*, 512 F.3d 177, 181 (5th Cir. 2007) (quoting La. Civ. Code art. 2045).

<sup>17</sup> See *John Paul Saprir, LLC v. Yum! Brands, Inc.*, 106 So. 3d 646, 652 (La. App. 4 Cir. 2012) (citation omitted).

<sup>18</sup> La. Civ. Code art. 2046.

<sup>19</sup> *Lis v. Hamilton*, 652 So. 3d 1327, 1330 (La. 1995) (citations omitted).

contract into harmony with a supposed reasonable intention of the parties."<sup>20</sup> "The rules of contractual interpretation simply do not authorize a perversion of the words or the exercise of inventive powers to create an ambiguity where none exists or the making of a new contract when the terms express with sufficient clarity the parties' intent."<sup>21</sup>

The determination of whether a contract is clear or ambiguous is a question of law.<sup>22</sup> "When a contract can be interpreted from the four corners of the instrument, the question of contractual interpretation is answered as a matter of law, and summary judgment is appropriate."<sup>23</sup> If, on the other hand, the court makes a threshold finding that the contract is ambiguous, an issue of material fact exists as to the intention of the parties, and summary judgment is rarely appropriate.<sup>24</sup> Accordingly, the threshold inquiry is whether the Bill of Sale is clear and unambiguous.

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<sup>20</sup> *Clovelly Oil Co., LLC v. Midstates Petroleum Co., LLC*, 112 So. 3d 187, 192 (La. 2013).

<sup>21</sup> *Sims v. Mulhearn Funeral Home, Inc.*, 956 So. 2d 583, 589 (La. 2007).

<sup>22</sup> *La. Ins. Guar. Ass'n v. Interstate Fire & Cas. Co.*, 630 So. 2d 759, 764 (La. 1994) (citation omitted).

<sup>23</sup> *Mobil Exploration & Producing U.S. Inc. v. Certain Underwriters Subscribing to Cover Note 95-3317(A)*, 837 So. 2d 11, 24 (La. App. 1 Cir. 2002) (citation omitted).

<sup>24</sup> *See Orleans Parish Sch. Bd. v. Lexington Ins. Co.*, 118 So. 3d 1203, 1212 (La. App. 4 Cir. 2013) (citation omitted).

The Bill of Sale was executed by Michael Schwartz, Camellia Grill, Inc., CGH,<sup>25</sup> and Uptown Grill.<sup>26</sup> The contract recites that:

FOR AND IN CONSIDERATION of the price and sum of TEN THOUSAND AND NO/100 (\$10,000.00) DOLLARS, which Purchaser has well and truly paid unto Seller, the receipt and sufficiency whereof is acknowledged, Seller does by these presents, hereby sell, transfer, and convey unto Purchaser, its successors and assigns, all of Seller's right, title and interest in and to the following tangible personal property located within or upon the real property described in Exhibit "A" annexed hereto and within or upon the buildings and Improvements located thereon:

All furniture, fixtures and equipment, cooking equipment, kitchen equipment, counters, stools, tables, benches, appliances, recipes, trademarks, names, logos, likenesses, etc., and all other personal and/or movable property owned by Seller located within or upon the property described in Exhibit A annexed hereto and within or upon the buildings

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<sup>25</sup> The contract refers to these parties collectively as "Seller."

<sup>26</sup> The contract refers to Uptown Grill as "Purchaser."

and improvements thereon (the "Personal Property").<sup>27</sup>

The parties vehemently disagree on the proper interpretation of the contract. Uptown Grill contends that the contract clearly and explicitly conveys ownership of all "trademarks" to it. The Shwartz parties offer three arguments to the contrary. First, they argue that the contract's use of the phrase "tangible personal property" necessarily limits the contract to such items or renders the contract ambiguous. Second, they argue that, even assuming that the contract transferred ownership of the trademarks, such a transfer is not permitted under the law. Finally, the Shwartz parties argue that this Court should consider parol evidence regarding the intent of the parties.

The Shwartz parties' first argument, that the inclusion of the term "tangible personal property" limits the terms of the contract or creates ambiguity within it, is without merit. They contend that, under Louisiana law, trademarks are incorporeal movable property and thus not "tangible." According to the Shwartz parties, the clear wording of the contract limits the assets transferred to tangible property. Alternatively, the Shwartz parties argue that the inherent conflict between the term "tangible personal

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<sup>27</sup> Doc. 194–3. Exhibit A is a legal description of the property on which the Carrollton Avenue restaurant sits.

property" and the term "trademarks" renders the contract ambiguous.

While the Shwartz parties correctly contend that trademarks and other intellectual property rights are not tangible, this argument ignores a fundamental rule of contract interpretation. "[I]n the interpretation of . . . contracts, the specific controls the general."<sup>28</sup> To the extent that the general phrase "tangible personal property" conflicts with the specific provision purporting to transfer all "recipes, trademarks, names, logos, likenesses," this Court must enforce the specific provision. Moreover, Louisiana law requires "that each provision of a contract must be interpreted in light of the other provisions, and a provision susceptible of different meanings must be interpreted with a meaning that renders it effective rather than one that renders it ineffective."<sup>29</sup> The Shwartz parties would have this Court ignore specific entries in this contract. This the Court cannot do.

This Court finds that the term "tangible personal property" can be reconciled with the rest of

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<sup>28</sup> *Corbello v. Iowa Prod.*, 850 So. 2d 686, 704 (La. 2003) (superseded by statute on other grounds); see also *Mazzini v. Strathman*, 140 So. 3d 253, 259 (La. App. 4 Cir. 2014); *Centerlink, Inc. v. Sarpy Properties, LLC*, 78 So. 3d 776, 781 (La. App. 5 Cir. 2011); *Jessop v. City of Alexandria*, 871 So. 2d 1140, 1146 (La. App. 3 Cir. 2004); *Aikman v. Thomas*, 887 So. 2d 86, 90 (La. App. 1 Cir. 2004).

<sup>29</sup> *Lis*, 652 So. 3d at 1330.

the contract such that *all* of the words in the contract have meaning, without doing violence to any provision. This Court finds that all tangible personal property located at 626 Carrollton Avenue was transferred, as well as the specifically identified intangible property of "recipes, trademarks, names, logos and likenesses." This reading comports with the Court's obligation to construe specific terms as controlling over general terms and to ensure that the contract is interpreted in a manner that renders each term effective.

The Shwartz parties additionally argue that a transfer of the trademarks could not have legally occurred in the Bill of Sale because the good will associated with the marks was not explicitly transferred in the contract. The Court disagrees.

Good will is essentially the good reputation that a business enjoys.<sup>30</sup> This positive reputation results in the expectancy of continued patronage.<sup>31</sup> It is "the total of all the imponderable qualities that attract customers to the business."<sup>32</sup> "A trademark is merely a symbol of good will and has no independent significance apart from the good will that it

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<sup>30</sup> *Newark Morning Ledger Co. v. United States*, 507 U.S. 546, 555 (1993).

<sup>31</sup> *Id.*

<sup>32</sup> *Id.* at 556.

symbolizes."<sup>33</sup> Therefore, a trademark cannot be transferred separate from the good will it symbolizes.<sup>34</sup> The sale of a trademark without the good will it represents is an "assignment in gross" and is invalid.<sup>35</sup> "The purpose of the rule prohibiting the sale or assignment of a trademark in gross is to prevent a consumer from being misled or confused as to the source and nature of the goods or services that he or she acquires."<sup>36</sup> Courts have not required that contracts transferring ownership of trademarks explicitly mention the good will of the marks. Rather, because "good will is an intangible, evasive concept . . . courts will look to see where the tangible assets of a company went in order to determine whether an alleged assignee of a mark in fact obtained the good will of the assignor."<sup>37</sup> As a leading commentator has recognized, "if an assignee buys a total business, including physical assets, trade secrets, formula, drawings, and customer lists of another, there seems

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<sup>33</sup> *Sugar Busters LLC v. Brennan*, 177 F.3d 258, 265 (5th Cir. 1999).

<sup>34</sup> *Id.*; see also 15 U.S.C. § 1060 ("A registered mark or a mark for which application to register has been filed shall be assignable with the goodwill of the business in which the mark is used, or with that part of the goodwill of the business connected with the use of and symbolized by the mark.").

<sup>35</sup> *Sugar Busters*, 177 F.3d at 265.

<sup>36</sup> *Id.*

<sup>37</sup> 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 18:23 (4th ed. 2015).

little doubt that it has purchased the 'good will' of the seller."<sup>38</sup>

The Shwartz parties correctly note that trademarks may not be transferred without the good will of the business to which they are attached; they may not be sold in gross. The Shwartz parties go further, however, and seem to argue that good will cannot be transferred without its express mention in the contract. This argument misses the point. In the Bill of Sale, the Shwartz parties clearly and unambiguously transferred "recipes, trademarks, names, logos, likenesses, etc. and all other personal and/or movable property." The Bill of Sale transferred every single asset of Camellia Grill to Uptown Grill. It is clear to this Court that Camellia Grill was sold lock, stock, and barrel. Pursuant to well-settled trademark law, the Court must conclude that the good will of Camellia Grill was transferred with the sale of the entire business.

In this Motion, the Shwartz parties offer one final argument. They contend that the Court must consider the conduct of the parties after the Bill of Sale to properly interpret the contract. Louisiana Civil Code article 2053 provides that "a doubtful provision [in a contract] must be interpreted in light of the nature of the contract, equity, usages, the conduct of the parties before and after the formation

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<sup>38</sup> *Id.*



of the contract, and of other contracts of a like nature between the same parties." The plain text of the article counsels against its application in this case—there is no "doubtful provision" in the Bill of Sale. Having found that the contract was clear and unambiguous, this Court may not resort to extrinsic evidence. Accordingly, the Court may not consider the conduct of the parties.<sup>39</sup>

It is, however, possible to read this argument another way. While the Shwartz parties have not explicitly made this argument, perhaps they contend that a literal application of the language in the Bill of Sale produces an "absurd" result. Louisiana law permits courts to consider extrinsic evidence in search of the parties' intent where the literal interpretation of a contract leads to absurd results.<sup>40</sup> The Shwartz parties point to the conduct of the parties after the Bill of Sale was executed, along the terms of the document itself, to argue that a literal application of its terms is objectively unreasonable. The Court is not convinced.

CGH argues that the price reflected in the Bill of Sale, \$10,000, is irreconcilable with the value of the Camellia Grill name. In support of this argument, it

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<sup>39</sup> See La. Civ. Code art. 2053 cmt. a ("This Article . . . clarifies the law by providing that courts may resort to equity for guidance only when the meaning of a provision is in doubt. They may not do so in order to enlarge or restrict the scope of a contract or provision whose meaning is apparent.").

<sup>40</sup> *Halphen v. Borja*, 961 So. 2d 1201, 1205 (La. App. 1 Cir. 2007).

cites the License Agreement in which Grill Holdings paid one million dollars for the right to use the Camellia Grill trademarks. This fact alone does not render a result "absurd." The Fifth Circuit has cautioned that, "although a business decision may be unwise, imprudent, risky, or speculative, it is not necessarily 'absurd.' We decline to allow contracting parties to escape the unfortunate and unexpected, though not objectively 'absurd,' consequences of a contract by subsequently characterizing their consequences as 'absurd.'"<sup>41</sup> Here, the Shwartz parties agreed to accept the sum of \$10,000 for the assets described in the Bill of Sale. At the time of the purchase, the restaurant had been closed for about one year. The Court has been presented a dearth of evidence upon which it may rely to determine the actual value of the trademarks. In the absence of any objective evidence regarding the value of Camellia Grill, the Court cannot say that \$10,000 is an "absurd" valuation. Indeed, in the absence of any evidence, it is equally likely that the one million dollar valuation is the absurd result. Merely demonstrating that a different party valued an asset differently at a different time does not demonstrate than the first valuation is objectively absurd.

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<sup>41</sup> *Nat'l Union Fire Ins. Co. of Pittsburgh, Pa. v. Circle, Inc.*, 915 F.2d 986, 991 (5th Cir. 1990).

On the basis of these facts, the Court simply cannot find that the literal application of the Bill of Sale's terms rises to the level of absurdity. The fact that the Shwartz parties appear to be suffering from an acute case of sellers' remorse does not render the terms of the Bill of Sale *objectively* absurd. Accordingly, the Court holds, as a matter of law, that the terms of the Bill of Sale clearly and unambiguously transfer ownership of the trademarks associated with the operation of the Camellia Grill restaurant on Carrollton Avenue to Uptown Grill.

## **II. License Agreement**

The Court must next determine the effect, if any, of the License Agreement. The License Agreement was executed between CGH and Grill Holdings. In the agreement, the parties stipulated that CGH owned Camellia Grill's intellectual property. The agreement further provided that CGH licensed the use of the property to Grill Holdings. The agreement did not require that Grill Holdings pay royalties on the restaurant operations at the Carrollton location but did require the payment of royalties on any future restaurants and all merchandise sales. The agreement was cancelled by a Louisiana state court. CGH argues that the License Agreement is conclusive evidence that CGH retained ownership of the trademarks in dispute or, alternatively, that the agreement creates ambiguity

in the Bill of Sale. The Court will address these arguments in reverse order.

Where, as in this case, the Court finds that the contract is clear and unambiguous "no further interpretation may be made in search of the parties' intent and courts must enforce the contract as written."<sup>42</sup> Having found that the plain terms of the Bill of Sale are clear and unambiguous, the Court cannot search for ambiguity in other places, including the License Agreement.

The first argument is less clear. It seems that CGH argues that, even if the Bill of Sale unambiguously transfers ownership of the trademarks, the License Agreement modifies the Bill of Sale to provide that CGH retained the trademarks. This argument, however, overlooks a key difference between the two contracts: The Bill of Sale transferred property to Uptown Grill, whereas the License Agreement licensed the trademarks to Grill Holdings. "Once [a] contract is complete, it is not subject to further modification by either party without the consent of the other."<sup>43</sup> Clearly, the provision in the Bill of Sale transferring ownership of the trademarks to Uptown Grill may not be modified without the consent of Uptown Grill. CGH has not

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<sup>42</sup> *Sims v. Mulhearn Funeral Home, Inc.*, 956 So. 2d 583, 589 (La. 2007); La. Civ. Code art. 2046.

<sup>43</sup> *Woods v. Morgan City Lions Club*, 588 So. 2d 1196, 1200 (La. App. 1 Cir. 1991).

offered the Court a scintilla of evidence suggesting that Uptown Grill consented to the License Agreement.

Though not specifically argued in these Motions, the Court notes that CGH alleged in the consolidated cases that the Khodr parties are a single business enterprise.<sup>44</sup> If the Khodr parties are such an enterprise, then the consent of Grill Holdings to the license agreement could equally bind Uptown Grill. The Court cannot conclude that the Khodr parties are a single business enterprise for several reasons. First, that defense was not pled in the declaratory judgment action. Second, CGH failed to raise this argument in response to these motions. Finally, even if the Court considers the single enterprise allegation, CGH has failed to provide evidence upon which this court can rely to make such a finding.

Under Louisiana law, business organizations are generally regarded as separate entities.<sup>45</sup> On the other hand, "where a single corporation has been fragmented into branches that are separately incorporated and are managed by a dominant or parent entity . . . the courts have held the dominant or parent corporation liable for the obligations of its branches whenever justice requires protection of the

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<sup>44</sup> This allegation is found in the consolidated cases only and is not pled in the declaratory action.

<sup>45</sup> *Green v. Champion Ins. Co.*, 577 So. 2d 249, 257 (La. App. 1 Cir. 1991).

rights of third persons."<sup>46</sup> Louisiana Courts consider a list of eighteen illustrative factors when deciding whether to hold that several entities constitute a single business enterprise.<sup>47</sup> CGH makes reference to the fact that Khodr owns both Uptown Grill and Grill Holdings but fails to mention single business enterprise or provide any analysis.

Common ownership, standing alone, is insufficient to establish that several entities constitute a single business enterprise.<sup>48</sup> Accordingly, in the complete absence of any additional evidence implicating the factors, the Court simply cannot consider a single business enterprise allegation. The Court must, therefore, hold that the License Agreement had no effect on the rights acquired by Uptown Grill in the Bill of Sale.

### **III. Laches**

CGH also argues that Uptown Grill's declaratory judgment action should be dismissed based upon the equitable remedy of laches. "Laches are an inexcusable delay that results in prejudice to

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<sup>46</sup> *Id.* at 257.

<sup>47</sup> *Id.*

<sup>48</sup> *Town of Haynesville, Inc. v. Entergy Corp.*, 956 So. 2d 192, 197 (La. App. 2 Cir. 2007) ("The involvement of a sole or majority shareholder in a corporation is not sufficient alone to establish a basis for disregarding the corporate entity").

the defendant."<sup>49</sup> In order to prevail on the affirmative defense of laches, a defendant must prove that (1) plaintiff delayed in asserting the rights at issue, (2) the delay is inexcusable, and (3) defendant has suffered undue prejudice as a result of the delay.<sup>50</sup> CGH has not cited a single case supporting its ability to assert laches as a defense to this action, and the Court has not located one.

Moreover, even assuming that CGH could assert the defense, it cannot prove that Uptown Grill delayed filing this action. CGH argues that Uptown Grill delayed filing this action until eight years after the Bill of Sale was executed. This contention misses the point. Uptown Grill brought this action for declaratory judgment in response to the action brought in this Court by CGH. On July 23, 2013, CGH filed a Complaint against Grill Holdings alleging trademark infringement related to the continued operation of Camellia Grill.<sup>51</sup> After CGH moved to voluntarily dismiss that action, but before the Court ruled on the motion, this action was filed. Indeed, Uptown Grill filed this action seeking a declaration that the continued operation of the Carrollton Avenue restaurant does not constitute trademark

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<sup>49</sup> *Abraham v. Alpha Chi Omega*, 708 F.3d 614, 622 (5th Cir. 2013).

<sup>50</sup> *Id.*

<sup>51</sup> *See Camellia Grill Holdings, Inc. v. New Orleans City et al*, No. 13-5148, Doc. 1 (E.D. La. filed July 23, 2013).

infringement less than five months after the CGH first asserted a trademark infringement claim against it. It cannot be said that Uptown Grill unreasonably delayed in asserting this claim and any defense of laches must, therefore, fail.

#### **IV. Uptown Grill's Declaratory Judgment Action**

In light of the foregoing, the Court grants summary judgment to Uptown Grill. In the Declaratory Action, Uptown Grill seeks a judgment declaring that it owns all of the intellectual property "within or upon" the Camellia Grill location on Carrollton Avenue and that its continued use of that property does not violate the Lanham Act, 28 U.S.C. § 1114, or any other law. As outlined in this Order, the Bill of Sale clearly and unambiguously transferred the Camellia Grill trademarks to Uptown Grill. The Court has not been presented with any evidence indicating that Uptown Grill has divested itself of the trademarks. Accordingly, the Court concludes that Uptown Grill owns the trademarks "within or upon" the Camellia Grill location on Carrollton Avenue. The Court will separately issue a judgment in accord with this finding.

Having determined that Uptown Grill has carried its burden to prove that it owns the trademarks, the secondary issue for this Court to address is whether the trademarks transferred to



Uptown Grill in the Bill of Sale could be limited to the trademarks "within or upon" the Carrollton Avenue location. In other words, did CGH retain any interest in Camelia Grill trademarks following the Bill of Sale?

The Court must answer this question in the negative. It is axiomatic that "ownership of trademarks is established by use, not by registration."<sup>52</sup> Indeed, even if one acquires ownership of a mark, he only acquires ownership of that mark within the geographic area in which he is currently using the mark.<sup>53</sup> At the time of the Bill of Sale, CGH owned the rights to the Camellia Grill trademarks to the extent of its use of the marks.

As mentioned above, there is absolutely no dispute that, CGH used the marks solely in connection with the Carrollton Avenue Camellia Grill restaurant. Indeed, at oral argument, counsel for CGH conceded that the marks had never been used outside of the Carrollton location.<sup>54</sup> The Bill of Sale unambiguously transferred ownership of the marks associated with the Carrollton Avenue location to Uptown Grill. Because CGH only owned the marks in

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<sup>52</sup> *Bd. of Supervisors for Louisiana State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 475 (5th Cir. 2008).

<sup>53</sup> *Union Nat. Bank of Texas, Laredo, Tex. v. Union Nat. Bank of Texas, Austin, Tex.*, 909 F.2d 839, 843 (5th Cir. 1990).

<sup>54</sup> Transcript of Oral Argument at 5:17–20, *Uptown Grill v. Michael Shwartz, et al*, No. 13–6560 (April 29, 2015).

connection with the Carrollton Avenue Camellia Grill restaurant and those marks were sold in the Bill of Sale, the Court must conclude that CGH divested itself of all of its interest in the Camellia Grill trademarks.

The Court itself has doubts about what the parties subjectively intended when they entered into the transactions at issue. The Court's role in this matter, however, is governed by Louisiana contract law. Under that law, the Court must first attempt to discern the intent of the parties from the four corners of the contract itself. If the contract is clear and unambiguous, the Court *must* accept the terms of the contract as reflective of the parties' intent. That is precisely what the Court has done in this case. The parties to these contracts were sophisticated businessmen represented by competent counsel. Now, faced with the prospect that the Bill of Sale does not say what they subjectively intended it to say, the Shwartz parties ask the Court to rescue them from the consequences of the contract they signed. The Court declines this invitation. Accordingly, for the reasons set forth above, the Court concludes that Uptown Grill owns all of the Camellia Grill trademarks.

### CONCLUSION

For the foregoing reasons, the Motion for Summary Judgment (Doc. 194) is GRANTED, and the Court will issue judgment for Plaintiffs in 13–6560.

199a

New Orleans, Louisiana, this 9th day of July,  
2015.



A handwritten signature in black ink, appearing to read "Jane Triche Milazzo", is written over a horizontal line. The signature is stylized and cursive.

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JANE TRICHE MILAZZO

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**APPENDIX H**

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**CIVIL DISTRICT COURT FOR THE  
PARISH OF ORLEANS STATE OF LOUISIANA  
[Filed: Jan. 22. 2009]  
NO. 2008-8236      DIV. "G"      SECTION: (11)**

**THE GRILL HOLDINGS, LLC**

**VERSUS**

**CAMELLIA GRILL HOLDINGS, INC.**

**FILED: \_\_\_\_\_**

\_\_\_\_\_  
**DEPUTY CLERK**

**JUDGMENT**

This matter came before the Court on the Motion for Summary Judgment filed by Defendant and Plaintiff in Reconvension, Camellia Grill Holdings, Inc., on January 9, 2009.

**PRESENT: Kathy Torregano, for Plaintiff, The Grill Holdings, LLC;**


201a

Stephan L. McDavid, Robert J. Dambrino, III,  
and Thomas J. Eppling, for Defendant and  
Plaintiff in Reconvention, Camellia Grill  
Holdings, Inc.

When, after reviewing the pleadings and  
memoranda and attachments thereto, and after  
hearing argument of counsel;

**IT IS HEREBY ORDERED, ADJUDGED,  
AND DECREED** that the Motion for Summary  
Judgment filed by Camellia Grill Holdings, Inc. be  
and is hereby **granted**, and Camellia Grill Holdings,  
Inc. is entitled to a full and complete audit of all of The  
Grill Holdings, LLC's books and financial records and  
The Grill Holdings, LLC shall cooperate with  
Camellia Grill Holdings, Inc. in producing any and all  
such books and records as necessary for the subject  
audit.

JUDGMENT READ, RENDERED AND SIGNED in NEW ORLEANS,  
LOUISIANA, this 22 day of January, 2009.

  
ENTERED ON MINUTES  
JUDGE JAN 27 2009

**VERIFIED**  
Constance Barley  
Deputy Clerk

136

JAN 28 2009

**APPENDIX I**

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**NO. 2009-C-0353**

**COURT OF APPEAL, FOURTH CIRCUIT**

**STATE OF LOUISIANA**

**[Filed: May 14, 2009]**

**THE GRILL HOLDINGS, LLC**

**VERSUS**

**CAMELLIA GRILL HOLDINGS, INC.**

**IN RE: THE GRILL HOLDINGS, LLC**

**APPLYING FOR: SUPERVISORY WRIT**

**DIRECTED TO: HONORABLE ROBIN M.  
GIARRUSSO  
CIVIL DISTRICT COURT,  
ORLEANS PARISH  
DIVISION "G-11", 2008-8236**

**WRIT DENIED**

Relator, the plaintiff, The Grill Holdings, Inc. ("Grill Holdings"), seeks a review of the trial court's granting of respondent's motion for summary judgment.

Grill Holdings instituted a petition for declaratory judgment against defendant, Camellia Grill Holdings, Inc. ("Camellia Grill"), seeking a declaration that Camellia Grill did not have the right to audit the Grill Holdings' books and records of its food operations at 626 S. Carrollton Avenue, New Orleans, Louisiana. Camellia Grill filed an answer and reconventional demand against plaintiff requesting, among other things, that the trial court require Grill Holdings to submit to an audit as required by the License Agreement between Camellia Grill and Grill Holdings. Camellia Grill filed a motion for summary judgment arguing that it was entitled to an audit of all Grill Holdings' books and records. After a hearing on the motion, the trial court granted Camellia Grill's motion for summary judgment, ordering that Camellia Grill was entitled to a full and complete audit of all of Grill Holdings' books and financial records and that Grill Holdings was required to cooperate with Camellia Grill in producing such books and financial records. Grill Holdings filed an application for supervisory writs seeking review of the trial court's ruling.

Camellia Grill entered into the License Agreement with Grill Holdings on August 27, 2006. Camellia Grill is the owner of the "Camellia Grill" trademark, the trade dress associated with the "Camellia Grill" restaurant located at 626 S. Carrollton Avenue, New Orleans, Louisiana, all

rights to the blueprints, plans and specifications for ancillary "Camellia Grill" restaurants, and all menus and recipes developed by or used in the "Camellia Grill" restaurants. The purpose of the License Agreement between Camellia Grill and Grill Holdings was to allow Grill Holdings to operate the "Camellia Grill" business located at 626 S. Carrollton Avenue, New Orleans, Louisiana using the "Camellia Grill™" name and marks, including selling food and beverages together with novelty items such as t-shirts which depict the "Camellia Grill" trademark.

Under the terms of the License Agreement, Camellia Grill is entitled to five percent (5%) of the novelty gross revenue from the business located at 626 S. Carrollton Avenue, New Orleans, Louisiana, and is entitled to zero percent (0%) of the food gross revenue from operations at 626 S. Carrollton Avenue, New Orleans, Louisiana. The License Agreement contains provisions which require Grill Holdings to report gross revenue on a quarterly basis to Camellia Grill. Because Grill Holdings allegedly failed to provide any certified statement of gross revenue for the year 2007, Camellia Grill requested permission to schedule an audit of all of Grill Holdings' books and records pertaining to gross revenue. Grill Holdings filed a declaratory action claiming that, pursuant to the terms of the License Agreement, Camellia Grill only has the right to inspect the books and records of novelty gross revenue and not the books and records



for food gross revenue. Camellia Grill, however, maintains that the language of the License Agreement is clear and that pursuant to the License Agreement, Camellia Grill may "elect to make an audit of all books and records of [Grill Holdings] which in any way pertain to or show Gross Revenue."

Grill Holdings argues that the trial court abused its discretion by "prematurely" ordering a full and complete audit of all of Grill Holdings' books and financial records when Section 4.9.3 of the subject Licensing Agreement provided Grill Holdings with a sixty (60) day grace period to cure any deficiencies before an audit can be made.<sup>1</sup> However, this issue was

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<sup>1</sup> Section 4.9.3 of the License Agreement specifically states:

If upon inspection or examination of [Grill Holdings'] available books and records of account, [Camellia Grill] determines that [Grill Holdings] has failed to maintain, preserve, or retain the above-recited documents, books, and records of account in the manner detailed herein, [Camellia Grill] shall give [Grill Holdings] sixty (60) days to cure said deficiencies. Further, if [Grill Holdings] is found to be deficient in maintaining any of the above-recited documents; books or records of account, [Grill Holdings] shall reimburse [Camellia Grill] for reasonable expenses incurred by [Camellia Grill] in determining said deficiencies, including, but not limited to, any audit or examination fees incurred by [Camellia Grill].

If after receiving the aforesaid notice, and upon expiration of the sixty (60) day time period

not raised in the trial court. The first time Grill Holdings raised this issue was in their writ application to this Court. An issue not raised in the trial court is not properly before the Court of Appeal. Rule 1-3, Uniform Rules - Courts of Appeal; *Rauscher Pierce Refsnes, Inc., v. Flatt*, 93-1672, p. 4 (La. App. 4 Cir. 2/11/94), 632 So.2d 807,810.

Grill Holdings next argues that the License Agreement at issue is susceptible to more than one interpretation, thus making a summary judgment

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specified herein, [Grill Holdings] fails to cure the noted deficiencies, [Camellia Grill] may, at its option, either grant [Grill Holdings] additional time to cure the deficiencies, hold [Grill Holdings] in default of this Agreement, or at [Grill Holdings'] expense, and for its benefit, retain a good and reputable independent accounting or bookkeeping firm to prepare and maintain the above-recited documents, books and records of accounts. If [Camellia Grill] elects the latter option, [Grill Holdings] agrees and covenants that the representative or representatives of said accounting or bookkeeping firm will have full right of entry and access to the Premises and existing financial records, and full cooperation by [Grill Holdings], for the purpose of establishing and maintaining the documents, records and books of account recited hereinabove. Any expenses incurred by (Camellia Grill) in furtherance of its rights hereunder will be considered Royalties due and payable by [Grill Holdings] with the next due installment of royalties.

based on the language of the License Agreement inappropriate.

Section 4.8.2 of the License Agreement specifically states:

On or before March 15 of each year, [Grill Holdings] shall furnish to [Camellia Grill] a statement certified by an officer or manager of [Grill Holdings], of [Grill Holdings] Gross Revenue during the preceding calendar year, detailed by source, location, franchisee and/or sub licensee.

Section 4.8.4 of the License Agreement states:

If [Grill Holdings] shall fail to prepare and deliver any statement of Gross Revenue in a timely manner as required herein, [Camellia Grill], may do any or all of the following: (i) within thirty (30) days after written notice thereof to [Grill Holdings], and [Grill Holdings'] failure to cure, elect to treat [Grill Holdings'] failure to report as a default of this Agreement; (ii) elect to make an audit of all books and records of [Grill Holdings] which in any way pertain to or show Gross Revenue and to prepare the statement or statements which [Grill Holdings] has failed to prepare and deliver; or (iii) impose a late/nonreporting fee of One Hundred

Dollars (\$100.00) for each such failure by [Grill Holdings]. The statement or statements so prepared shall be conclusive on [Grill Holdings], and [Grill Holdings] shall pay on demand all reasonable expenses of such audit and of the preparation of any such statements and all sums as may be shown by such audit to be due as Royalties.

"Gross Revenue" is defined in Section 4.3 of the License Agreement and is described as follows:

'Gross Revenue' wherever used herein shall be defined to mean the total amount of all sales of merchandise and/or services and all other receipts received by [Grill Holdings] from or in any way connected with the Marks, including but not limited to, restaurants owned, licensed or franchised by [Grill Holdings], whether the same be for cash, barter, credit, check, charge account, or other disposition of value regardless of collection, in the event of sale upon credit or charge account, and whether made by [Grill Holdings], concessionaires, licensees, transferors or assignees of [Grill Holdings]. The value of each sale shall be the actual total sales price charged the customer, and shall be reported in full in the

month that the transaction occurs irrespective of when, or if, payment is received. Gross Revenue includes orders or sales which originate in, at, or from a particular site, whether delivery or performance is made from such site or from another place, and orders and sales of goods and services delivered and performed from a site as a result of orders taken elsewhere; orders or sales mailed, telephoned, telegraphed, faxed or sent by e-mail or over the internet, which are received at or filled from a site; all sales and revenue accruing by means of mechanical, self-operated, or automatic vending devices on any site. There shall be no deduction or exclusion from Gross Revenue except as specifically permitted hereafter. Any deposit not refunded shall be included in Gross Revenue.

"Food Gross Revenue" is defined in Section 4.4 of the License Agreement and is described as follows:

'Food Gross Revenue' wherever used herein shall be defined to mean the total Gross Revenue from all sales of food or food items.

"Novelty Gross Revenue" is defined in Section 4.5 of the License Agreement and is described as follows:

'Novelty Gross Revenue' wherever used herein shall be defined to mean the total Gross Revenue from the sale of t-shirts, aprons, sweatshirts, caps, mugs, cups, posters, coffee, golf shirts, and dress shirts bearing any of the Marks.

Grill Holdings argues that because Camellia Grill was due five percent (5%) royalties on novelty gross revenue, as defined above, and zero percent (0%) royalties on food gross revenue, as defined above, Camellia Grill is entitled to see Grill Holdings' financial books and records with regard to novelty gross revenue only and has no entitlement to see its financial books and records with regard to food gross revenue.

When the words of a contract are clear and explicit and lead to no absurd consequences, no further interpretation may be made in search of the parties' intent. La. C. C. art. 2046; *Green v. New Orleans Saints*, 2000-0795 (La.11/13/00), 781 So.2d 1199. The intent of the parties is determined in accordance with the general, ordinary, plain, and popular meaning of the words used in the contract, unless the words have acquired some technical meaning. La. C. C. art. 2047. When determining the

intent of the parties to a contract, the interpretation of a contract is the determination of the common intent of the parties with the courts giving the contractual words their generally prevailing meaning. *Associated Acquisitions, L.L.C., v. Carbone Properties of Audubon, L.L.C.*, 2007-0120 (La. App. 4 Cir. 7/11/07), 962 So.2d 1102.

In the present matter, the License Agreement is clear and explicit. Section 4.8.4 specifically states that: "If [Grill Holdings] shall fail to prepare and deliver any statement of Gross Revenue ... [Camellia Grill] may ... elect to make an audit of all books and records of [Grill Holdings] which in any way pertain to or show Gross Revenue .... " "Gross Revenue" is specifically defined in Section 4.3 of the License Agreement. Regardless of Grill Holdings' contention that, in entering the subject License Agreement, it did not intend to be contractually obligated to provide Camellia Grill with financial statements concerning its "Gross Revenue" and only intended to be contractually obligated to provide Camellia Grill with financial statements concerning its "Novelty Gross Revenue," the License Agreement specifically states otherwise. If Grill Holdings did not intend to be contractually obligated to submit financial records concerning its gross revenue, then it should not have entered into the License Agreement as written. As such, Grill Holdings' argument that it is not required

to submit financial records to Camellia Grill concerning its gross revenue is without merit.

In support of its motion for summary judgment, Camellia Grill submitted a copy of the License Agreement as well as copies of letters dated January 12, 2009 and January 27, 2009, which Camellia Grill's attorney sent to Grill Holdings, Inc.'s attorneys and its manager, Mr. Hicham Khodr. These letters clearly indicate that Camellia Grill believed that Grill Holdings had breached the Sec. 4.8.2 of the agreement by not providing Camellia Grill with a certified statement of the gross revenue for the year 2007. Furthermore, the Statement of Uncontested Material Facts submitted by Camellia Grill to the trial court, states, "Despite having put [Grill Holdings] on notice of its default, [Grill Holdings] has refused to provide any certified statement of Gross Revenue for the year 2007." Grill Holdings has not disputed the statement or offered any evidence to the contrary. Therefore, there is no genuine issue of material fact and Camellia Grill is entitled to summary judgment as a matter of law.

Accordingly, we find no error in the trial court's judgment granting the motion for summary judgment, holding that Camellia Grill was entitled to a complete audit of all of Grill Holding's books and financial records. Grill Holding's writ application is denied.



213a

New Orleans, Louisiana, this 14<sup>TH</sup> day of May, 2009.

*MEK*

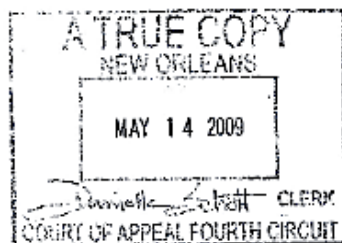
JUDGE MICHAEL E. KIRBY

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JUDGE TERRI F. LOVE

*EAL*

JUDGE EDWIN A. LOMBARD



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**APPENDIX J**

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**CIVIL DISTRICT COURT FOR THE  
PARISH OF ORLEANS STATE OF LOUISIANA  
[Filed: May 25, 2012]  
NO. 2008-8236      DIV. "G"      SECTION: (11)  
c/w 2011-5947 "B"**

**THE GRILL HOLDINGS, LLC**

**VERSUS**

**CAMELLIA GRILL HOLDINGS, INC.**

**FILED: \_\_\_\_\_**

\_\_\_\_\_  
**DEPUTY CLERK**

**JUDGMENT**

The Motion for Summary Judgment having been filed by CAMELLIA GRILL HOLDINGS, INC., having come for hearing on this date:

**PRESENT:** IRL R. SILVERSTEIN, Attorney  
for Camellia Grill Holdings, Inc.


KATHY LEE TORREGANO and KAREN  
SHER, Attorneys for The Grill Holdings, L.L.C.

The court, having considered the law and evidence submitted, and for the reasons assigned this date:

**IT IS ORDERED, ADJUDGED, AND DECREED** that the Motion for Summary Judgment is granted, and accordingly that there be judgment herein declaring the License Agreement entered into between the parties on or about August 27, 2006 to be terminated effective May 25, 2012, restoring all rights to the license's marks to the mover, CAMELLIA GRILL HOLDINGS, INC.;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that mover, CAMELLIA GRILL HOLDINGS, INC., is granted reasonable attorney's fees and all costs of these proceedings pursuant to Section 17 .2 of the License Agreement, with the amounts to be determined by further proceedings herein.

Judgment read and rendered May 25, 2012 and signed on this 19 day of July, 2012 at New Orleans, Louisiana

  
JUDGE ROBIN M. GIARRUSSO

**CIVIL DISTRICT COURT FOR THE  
PARISH OF ORLEANS STATE OF LOUISIANA**

**NO. 2008-8236 c/w  
11-5947**

**DIVISION G**

**THE GRILL HOLDINGS, LLC**

**VERSUS**

**CAMELLIA GRILL HOLDINGS, INC.**

**REASONS FOR JUDGMENT**

This matter was set for hearing on May 25, 2012, on a Motion for Summary Judgment filed by Camellia Grill Holdings, Inc. (Camellia Grill). After review of all pleadings, evidence and oral argument, the Court granted the Motion for Summary Judgment.

Camellia Grill filed a Motion for Summary Judgment contending that The Grill Holdings LLC (The Grill) breached the License Agreement the parties entered on or about August 27, 2006 and that The Grill failed to cure these breaches when Camellia Grill put The Grill in default.

Summary judgment is properly granted if the pleadings, depositions, answers to interrogatories, and admissions on file, together with affidavits, if any,

show that there is no genuine issue of material fact, and that the mover is entitled to summary judgment as a matter of law. La. C.C.P. art. 966(A)(2).

The initial burden of proof remains with the mover and is not shifted to the non-moving party until the mover has properly supported the motion and carried the initial burden of proof. Only then must the non-moving party "submit evidence showing the existence of material facts establishing a genuine issue of material fact." See Scott v. McDaniel, 96-1509, p.5 (La. App. 1 Cir. 5/9/97), 694 So.2d 1189, 1191-92, writ denied, 97-1551 (La. 9/26/97), 701 So.2d 991. If the non-moving party fails to do so, there is no genuine issue of material fact, and summary judgment should be granted. La. Code Civ. Proc. Arts. 966 and 967.

Conversely, if the adverse party does produce factual support sufficient to establish that he will be able to offer admissible evidence at trial to sustain his burden of proof for those particular elements, then the summary judgment mover's burden to establish the absence of a genuine issue of material fact cannot be satisfied, and his motion for summary judgment must fail. Slaid v. Evergreen Indemnity, Ltd., 32,262 (La. App. 2 Cir. 10/27/99), 745 So.2d 793.

Summary Judgment is appropriate. Camellia Grill argued that there is no issue of fact regarding The Grill's violation of various Sections of the License Agreement. This Court agrees. Section 3 of the

Agreement requires that The Grill not alter the marks in color, design or presentation without prior written consent of Camellia Grill. There is no issue of fact that The Grill altered the marks without Camellia Grill's authorization and despite three written notices from Camellia Grill to cease. Section 6.3 of the Agreement mandates that The Grill provide Camellia Grill with any sub-licenses with respect to the use, transfer, assignment, franchise or alienation of all or any of the marks within two (2) business days of the execution of any such agreement. There is no issue of fact that The Grill entered into two sub-license agreements to open restaurants in the French Quarter and in Destin, Florida without timely provision of the sub-license agreements to Camellia Grill. Section 4.2 of the Agreement mandates that quarter payment from The Grill be due to Camellia Grill on the 10th of January. There is no issue of fact that The Grill did not make this payment by January 10th, 2009 or cure the default after that date. As such, there is no issue of fact in dispute to preclude this Court's granting of summary judgment.

This <sup>27<sup>th</sup></sup> day of June 2012 in New Orleans, Louisiana

VERIFIED  
ANGELIA BELL

  
\_\_\_\_\_  
Robin M. Giarrusso, Judge Division G

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**APPENDIX K**

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**NOT DESIGNATED FOR PUBLICATION**

**[Filed: May 8, 2013]**

**THE GRILL                      \* NO. 2012-CA-1642**  
**HOLDINGS, L.L.C.**

**VERSUS                      \* COURT OF APPEAL**

**CAMELLIA GRILL            \* FOURTH CIRCUIT**  
**HOLDINGS, INC.            \* STATE OF LOUISIANA**

**\* \* \* \* \***

**CONSOLIDATED WITH:**

**CAMELLIA GRILL                      NO. 2012-CA 1643**  
**HOLDINGS, INC.**

**VERSUS**

**THE GRILL HOLDINGS, L.L.C.**

**APPEAL FROM**  
**CIVIL DISTRICT COURT, ORLEANS PARISH**  
**NO. 2008-08236 C/W 2011-5947, DIVISION "G-11"**

220a

\* \* \* \* \*

**Judge Dennis R. Bagneris, Sr.**

\* \* \* \* \*

(Court composed of Judge Dennis R. Bagneris, Sr.,  
Judge Roland L. Belsome, Judge Madeleine M.  
Landrieu)

Kathy Lee Torregano

E. John Litchfield

Karen B. Sher

**BERRIGAN, LITCHFIELD, SCHONEKAS, MANN  
& TRAINA, LLC**

201 St. Charles Avenue, Suite 4204,

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**COUNSEL FOR APPELLANT, THE  
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Irl R. Silverstein

David A. Silverstein

**THE SILVERSTEIN LAW FIRM, APLC**

635 Lafayette Street

Gretna, LA 70053

**COUNSEL FOR APPELLEE, CAMELLIA  
GRILL HOLDINGS, INC.**



**AFFIRMED IN PART; REVERSED IN PART;  
AMENDED; MOTION TO STRIKE ANSWER  
DENIED.**

**MAY 8, 2013**

This matter arises out of the execution of a License Agreement between Camellia Grill Holdings, Inc. ("Camellia Grill"), as licensor, and The Grill Holdings, L.L.C. ("Grill Holdings"), as licensee. Grill Holdings appeals a trial court judgment, which granted Camellia Grill's motion for summary judgment and declared "the License Agreement entered into between the parties on August 27, 2006 to be terminated effective May 25, 2012, restoring all rights to the licenses marks to the mover, CAMELLIA GRILL HOLDINGS, INC." Camellia Grill also appealed arguing that the trial court erred in determining that May 25, 2012, was the effective date of the termination of the parties' agreement and that June 1, 2011 should be the effective date of termination. Camellia Grill also filed an answer to Grill Holdings' appeal requesting additional attorney's fees for the work done on the appeal. For the following reasons, we hereby affirm the trial court's judgment granting summary judgment in favor of Camellia Grill, we reverse that part of the judgment that determined the effective date of termination of the License Agreement to be May 25, 2012, and we amend the judgment to find that the effective date of termination of the License Agreement

was June 1, 2011, and to include additional attorney's fees of \$3,222.00 for Camellia Grill's work on this appeal.

## FACTS

On June 6, 2011, Camellia Grill filed a petition for declaratory judgment seeking a judicial determination that a License Agreement it had with Grill Holdings had been breached.<sup>1</sup> Specifically, Camellia Grill alleged the following in its petition and first amended and supplemental petition:

1. The defendant altered the marks subject to the Agreement without first obtaining the written consent of plaintiff, as licensor, and has continued to do so despite written notice from plaintiff/licensor to cease the unauthorized use of the altered marks.
2. The defendant has allowed the improper and unauthorized use of the mark, in violation of Sections 6, 7, 10.3 & 11, by the operation of two units, as sub-licensees, in Destin, Florida and on Chartres Street in New Orleans, without first providing written notice of the sub-license

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<sup>1</sup> A motion to transfer and consolidate the new petition with a previously filed pleading [No. 2008-8236] was filed on July 7, 2011, and granted on September 9, 2011.

to plaintiff/licensor regarding Chartres Street location as well as not having in place proper sub-license agreements for either location upon commencement of operations.

3. The defendant failed to send to plaintiff/licensor the royalty check due for the fourth quarter, 2008, having been due on or before January 10, 2009, in violation of Sections 4.2 & 4.8 of the Agreement.
4. The defendant failed to timely provide the annual financial statement due for 2007, and failed to comply with plaintiff's request for an audit authorized by Sec. 4.8.4 of the Agreement, until it was judicially required to do so by Judgments rendered January 22, 2009, October 2, 2009 and submitted to the mandated audit, only after being held in Contempt of Court by a Judgment rendered \*\*3 December 29, 2010, Civil District Court, Parish of Orleans Proceedings No. 2008–8236.

On June 24, 2011, Grill Holdings filed an answer that made a general denial and argued that there had been no ill practice nor breach of the License Agreement between the parties. Thereafter, on February 24, 2012, Camellia Grill filed a motion for summary judgment requesting that the License Agreement be terminated retroactively to May 31,

2011, and requested attorney's fees and costs. In support of its motion for summary judgment, Camellia Grill attached the following exhibits: (1) a copy of the License Agreement; (2) a copy of all the licensed marks; (3) photographs depicting the use of “altered marks” by Grill Holdings; (4) Grill Holdings' answers to all interrogatories; (5) Grill Holdings' responses to request for admissions of fact; (6) an April 15, 2008 letter to Grill Holdings putting them on written notice of defaults and requesting that the defaults be cured within fifteen days; (7) a copy of the sublicense agreement between Grill Holdings and Uptown Grill of Destin, L.L.C. executed on May 7, 2009; (8) correspondence from Camellia Grill to Grill Holding, dated April 22, 2009 and May 14, 2009, regarding Grill Holdings' defaults of the License Agreement; (9) a copy of the sublicense agreement between Grill Holdings and Chartres Grill, L.L.C. executed on January 18, 2011; and (10) a copy of a novelty royalty check in the amount of \$197.73 that was never negotiated.

In opposition to the motion for summary judgment, Grill Holdings argues that “the parties tacitly modified the License Agreement when CGH [Camellia Grill] began routinely accepting royalty payments for the years 2007, 2008, 2009, 2010, and half of 2011, including a \$75,000 check on October 8, 2009 for the opening of a new restaurant unit in Destin, Florida.” Grill Holdings argues that Camellia

Grill's allegations of violations are made in bad faith and that the purported violations of the contract are minor technicalities that do not rise to the level of a material breach. Further, Grill Holdings opposed the motion for summary judgment arguing that it is entitled to have its day in court to prove its affirmative defenses of waiver, estoppel, acquiescence, modification of the contract, accord and satisfaction, payment, and ratification. In support of its opposition to summary judgment, Grill Holdings attached as exhibits: (1) a copy of Camellia Grill's complaint and amended complaint filed in Mississippi, which Camellia Grill dismissed without prejudice; (2) various correspondence between Camellia Grill and Grill Holdings regarding the License Agreement, the trademarks, service marks and the "altered marks," and the alleged defaults; (3) the deposition of Michael Schwartz; (4) an amended affidavit of Michael Schwartz; (5) a copy of the trademarked logos and dates of renewal; (6) Grill Holdings' answers to interrogatories, request for production and requests for admission; and (7) an affidavit of Kathie Houte, Grill Holdings' bookkeeper.

In its reply to the opposition to motion for summary judgment, Camellia Grill argues that the License Agreement is clear and unambiguous and that Grill Holdings failed to provide credible evidence of any factual dispute which would require a trial. Thereafter, Grill Holdings filed a supplement to its

opposition to motion for summary judgment and attached as exhibits (1) the May 22, 2012 affidavit of Hichan Khord, and (2) the September 14, 2011 affidavit of Mark Stein.

After a hearing on May 25, 2012, the trial court granted Camellia Grill's motion for summary judgment, which terminated the License Agreement, effective May 25, 2012, and granted reasonable attorney's fees, to be determined at a later date, pursuant to the License Agreement.

On July 27, 2012, Grill Holdings filed a motion for new trial, which the trial court denied on August 1, 2012. Thereafter, on September 21, 2012, the trial court granted Camellia Grill's motion for attorney's fees and costs and awarded it \$160,176.842.<sup>2</sup> Grill Holdings now appeals this final judgment.

## DISCUSSION

Before addressing the merits of the appeal, we will address Grill Holdings' argument that the trial court abused its discretion in denying its motion for new trial. The applicable standard of review in ruling on a motion for new trial is whether the trial court abused its discretion. *Guillory v. Lee*, 2009–0075, p. 38 (La.6/26/09), 16 So.3d 1104, 1131. A party seeking a new trial on the basis of newly discovered evidence

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<sup>2</sup> The hearing on the rule to fix attorney's fees was held before Honorable Nadine Ramsey, sitting ad hoc for Judge Giarrusso.

must demonstrate that it has done all that is reasonable to lead to timely discovery of the evidence. *McGhee v. Wallace Drennan, Inc.*, 2004–0950, p. 10 (La.App. 4 Cir. 4/20/05), 904 So.2d 3, 9, *citing Barker v. Rust Engineering Co.*, 428 So.2d 391 (La.1983). Newly discovered evidence justifies a new trial only if evidence: (1) is discovered after trial; (2) could not, with due diligence, have been discovered before or during the trial; and (3) is not merely cumulative, but instead would tend to change the result of the case. *Turner v. Dameron–Pierson Co., Ltd.*, 95–0143, p. 2 (La.App. 4 Cir. 11/16/95), 664 So.2d 739, 740.

After reviewing the motion for new trial, along with the exhibits, we find no abuse of the trial court's discretion in denying Grill Holdings' motion for new trial. Grill Holdings has not demonstrated that any of the new evidence submitted with the motion for new trial could not have been discovered prior to the hearing and/or that the new evidence would have changed the trial court's finding that Grill Holdings breached the written License Agreement.

On appeal, Grill Holdings argues that the trial court erred in granting Camellia Grill's motion for summary judgment. Specifically, Grill Holdings argues that: (1) Camellia Grill failed to perform its contractual obligations in good faith; (2) there are genuine issue of material fact as to whether it [Grill Holding] substantially performed the contract; (3) paragraph three of the contract is ambiguous and

requires the court to look beyond the contract to determine the parties' intent; (4) it [Grill Holdings] is entitled to prove its affirmative defenses of waiver, acquiescence, modification, ratification, and payment; (5) two of the breaches alleged by Camellia Grill [for failure to timely notify of sub-licensees and failure to pay the fourth quarter of 2008 royalty payment of \$197.73] are not genuine breaches; (6) Camellia Grill should be estopped from the termination of the contract since Camellia Grill allowed it to make a substantial investment and open two additional Camellia Grills; (7) this case is appropriate for the court to apply the doctrine of judicial control; and (8) the trial court erred in awarding attorney's fees.

Appellate courts review the grant or denial of a motion for summary judgment de novo, using the same criteria applied by trial courts to determine whether summary judgment is appropriate. *Independent Fire Ins. Co. v. Sunbeam Corp.*, 99–2181, p. 7 (La.2/29/00), 755 So.2d 226, 230. A summary judgment shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to material fact, and that the mover is entitled to judgment as a matter of law. La. C.C.P. art. 966(B). A fact is material when its existence or nonexistence may be essential to the plaintiff's cause of action under the applicable theory of recovery; a fact is material if it potentially insures



or precludes recovery, affects a litigant's ultimate success, or determines the outcome of the legal dispute. *Smith v. Our Lady of the Lake Hosp., Inc.*, 93–2512, p. 27 (La.7/5/94), 639 So.2d 730, 751. A genuine issue is one as to which reasonable persons could disagree; if reasonable persons could reach only one conclusion, there is no need for trial on that issue and summary judgment is appropriate. *Id.*

The summary judgment procedure is designed to secure the just, speedy, and inexpensive determination of every action. La. C.C.P. art. 966(A)(2). Summary judgments are favored, and the summary judgment procedure shall be construed to accomplish those ends. *Id.* La. C.C.P. art. 966(C)(2) provides that where, as in the instant case, the party moving for summary judgment will not bear the burden of proof at trial, their burden does not require them to negate all essential elements of the adverse party's claim, but rather to point out to the court that there is an absence of factual support for one or more elements essential to the adverse party's claim. Thereafter, if the adverse party fails to produce factual support sufficient to establish that it will be able to satisfy its evidentiary burden of proof at trial, there is no genuine issue of material fact, and the movant is entitled to summary judgment as a matter of law.

According to La. C.C. art. 2045, “[i]nterpretation of a contract is the determination of

the common intent of the parties.” When the words of a contract are clear and explicit and lead to no absurd consequences, no further interpretation may be made in search of the parties' intent. La. C.C. art. 2046. Each provision in a contract must be interpreted in light of the other provisions. La. C.C. art. 2050. In the event of doubt that cannot be otherwise resolved, a provision in a contract must be interpreted against the party who furnished its text. La. C.C. art. 2056.

The License Agreement, signed on August 27, 2006, by Camellia Grill, the licensor, and Grill Holdings, the licensee, provides in pertinent part:

**1. RECITALS.**

1.1 Licensor owns the intellectual property, trademarks and service marks (“Marks”)....

1.2 Licensee desires to obtain the exclusive license to the Marks for the purposes set forth herein.

1.3 The Parties enter into this Agreement to state the terms and conditions upon which Licensee may open, operate, franchise and/or sublicense restaurants bearing the Marks and to sell ancillary products bearing the Marks.

**2. TERM AND TERMINATION.** This Agreement shall commence as of the

date first set forth above and shall continue until December 31, 2157, unless sooner terminated as set forth below.

**2.1 Termination will be effective immediately upon written notice from Licensor to Licensee when Licensee: (i) fails to comply with any provision of this Agreement, or (ii) becomes insolvent, files for bankruptcy or dissolves.** (Emphasis added)

2.2 Licensee may terminate this Agreement upon one (1) year's written notice to Licensor provided that (i) Licensee is not in default hereunder, (ii) Licensor shall not owe Licensee any rebate, refund, return or repayment of any amounts paid hereunder, (iii) Licensee immediately surrenders \*300 all right whatsoever Licensee may have in the Marks and assigns all franchise or sublicense agreements then in effect to Licensor, and (iv) Sections 4, 5, 12 and 14 shall survive such termination.

**3. CAMELLIA GRILL TRADEMARK LICENSE.** Licensor grants to the Licensee for the duration of this Agreement an exclusive license to use the Marks in connection with Licensee's restaurant operations and the

marketing and distribution of t-shirts, aprons, sweatshirts, caps, mugs, cups, posters, coffee, golf shirts, and dress shirts bearing the Marks within the United States (the "Territory").

**Licensee agrees not to change any aspect of the Marks in color, design or presentation, without the prior written consent of Licensor.**

Licensee may sub-sublicense the Marks, provided that all sublicensees agree in writing that the Marks shall be used only as specified in this Agreement. Licensee shall submit all products bearing the Marks in advance to Licensor prior to marketing them to enable Licensor to approve the quality of the goods, which approval will not unreasonably be refused and shall be communicated by Licensor within 30 days of submission by Licensee of goods of appropriate quality. From time to time, Licensor may visit the restaurants and sample the food items on the menu and observe the provision of services by Licensee, franchisees and/or sublicensees; as a result of such a visit, Licensor may request Licensee to alter menu items or alter its services, but Licensor shall not make such request unreasonably.

\* \* \*

**5. OWNERSHIP.** Licensee acknowledges and agrees that all of the Licensor's right, title and interest in and to the Marks shall remain the property of Licensor. Where appropriate, Licensee agrees to use the designations m, ® or © with respect to its use of the Marks.

**6. USE OF TRADEMARKS.** Licensee will: (i) use the Marks only as set forth herein; (ii) refrain from use of the Marks except under the terms of this Agreement; (iii) notify Licensor in writing of any conflicting uses, applications for registration or registrations of the Mark or Marks similar thereto of which it has actual knowledge; and (iv) execute any documentation requested by Licensor relating to the Marks.

6.1 Licensee shall not use any part of the Marks in combination with any other trademark, word, symbol, letter or design. Licensee shall not use any of the Marks as a part of its company name, but Licensee shall use "Camellia Grill" as the name of each of its restaurants in which the marks are used. Licensee agrees not to adopt any trademark, tradename, design, logo or symbol, which, is similar to or likely to be confused with any of the Marks.

6.2 Licensor makes no representation or warranty as to the viability of Licensee's operation nor as to the marketability of the Marks or of products or restaurants bearing the Marks. Licensor will not be liable for any actions or claims by third parties, or any expenses, costs or damages related thereto or resulting therefrom, arising in connection with Licensee's use of the Marks.

6.3 Licensee shall provide to Licensor a copy of any franchise agreement, license, sub-license or any other agreement with respect to the use, transfer, assignment, franchise, or alienation of all or any of the Marks within two (2) business days of the execution of any such agreement.

6.4 Licensee shall cause any franchisee, licensee, transferee, assignee or sublicense of any or all of the Marks to abide by all of the provisions of this Agreement, and in particular, with the provisions of Articles 4, 5 and 6.

\* \* \*

**11. SUBLICENSING.** Licensee may sublicense the Marks to any third party upon prior written notice to Licensor. Licensor may assign this Agreement without the prior approval of Licensee.

**12. EFFECT OF TERMINATION.**

**12.1 Licensee to Prevent Consumer Confusion.** Upon termination of this Agreement, Licensee shall avoid any action or the continuance of any condition which might suggest to the public that Licensee has any right to the Marks, or that Licensee continues to be associated with Licensor.

**12.2 Effect of Termination.** Upon termination of this Agreement for any reason, all rights and privileges granted to Licensee hereunder will immediately cease and will revert to Licensor. Licensee will discontinue use of all Marks.

\* \* \*

**16. DEFAULT.** Licensor may, in its sole discretion, terminate all or part of this Agreement in the event that:

16.1 If Licensee at any time after January 1, 2007 fails to continue active marketing of the Marks and fails to cure such default within fifteen (15) days after written notice from Licensor. For purposes hereof, maintaining restaurant operations at normal times during normal business hours, except for holidays, acts of God, governmental action, terrorism and other events of

force majeure shall constitute “active marketing.”

\* \* \*

**16.3 Licensee defaults under any of its obligations hereunder and fails to cure such default within fifteen (15) days after written notice from Licensor.** (Emphasis added)

## **17. MISCELLANEOUS.**

**17.1 Amendment.** This Agreement may not be amended, modified or supplemented except by a written agreement executed by all the Parties.

**17.2 Attorneys' Fees.** In the event any Party hereto institutes an action or proceeding to enforce any rights arising under this Agreement, the Party prevailing in such action or proceeding shall be paid all reasonable attorney' fees and costs. These costs include, without limitation, expert witness fees, investigation costs, costs of tests and analysis, travel and accommodation expenses, deposition and trial transcript costs and court costs. A court, and not a jury, will set all such fees and costs, all of which will be included in the judgment entered in such proceeding.



After reviewing the record, as well as Grill Holdings' arguments on appeal, we find no error in the trial court's judgment, which granted Camellia Grill's motion for summary judgment. The record is devoid of any evidence that Camellia Grill acted in bad faith in its dealings with Grill Holdings; rather, we find that Camellia Grill provided many opportunities for Grill Holdings to cure the defaults before taking legal action. We also agree with Camellia Grill that section 3 of the License Agreement<sup>3</sup> is not ambiguous and that it clearly prohibits any change in the marks without the prior written consent of the Licensor [Camellia Grill]. The License Agreement is also very clear in section 16.3 when it authorizes Camellia Grill to terminate the License Agreement in the event that "licensee defaults under *any* of its obligations hereunder and fails to cure such default within fifteen (15) days after written notice from Licensor." (Emphasis added). Thus, the arguments made by Grill Holdings that the breaches were not "genuine" and/or that Grill Holdings had substantially performed the contract in good faith are irrelevant and have no merit. Further, not only did Grill Holdings fail to support any of its alleged affirmative defenses of waiver, acquiescence, modification of the contract, ratification, and

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<sup>3</sup> Section 3 provides, in pertinent part: "Licensee agrees not to change any aspect of the Marks in color, design or presentation, without the prior written consent of Licensor."

payment, but the License Agreement clearly provides in section 17.1 that the License Agreement “may not be amended, modified or supplemented except by a written agreement executed by all the Parties.” Because we find that the License Agreement is clear and explicit and thus should not be subject to any further interpretation by the court, and because Grill Holdings was in default of the License Agreement and failed to cure the breaches within the periods set forth in the agreement, we find that the trial court properly granted Camellia Grill's motion for summary judgment.

Additionally, we find no error in the trial court judgment awarding attorney's fees at a later date (judgment signed on October 9, 2012) since the July 19, 2012 judgment granted “reasonable attorney's fees and all costs of these proceedings pursuant to Section 17.2 of the License Agreement, with the amounts to be determined by further proceedings herein.” As stated by the trial court in her reasons for judgment regarding the attorney's fees, “[a]s the prevailing party in the audit dispute and the summary judgment, Camellia Grill is entitled to attorney's fees and costs incurred. Camellia Grill has provided the Court with evidence supporting the attorney's fees and costs associated with the litigation.” The License Agreement clearly provides for an award of attorney's fees under section 17.2, which states:

**17.2 Attorneys' Fees.** In the event any Party hereto institutes an action or proceeding to enforce any rights arising under this Agreement, the Party prevailing in such action or proceeding shall be paid all reasonable attorney' fees and costs. These costs include, without limitation, expert witness fees, investigation costs, costs of tests and analysis, travel and accommodation expenses, deposition and trial transcript costs and court costs. A court, and not a jury, will set all such fees and costs, all of which will be included in the judgment entered in such proceeding.

After reviewing the record, we find that the attorney's fees are supported by the record and are reasonable.

Camellia Grill answered the appeal for the purpose of seeking additional attorney's fees incurred in this appeal. Although Grill Holdings filed a motion to strike the answer, we find no merit in this motion as this Court, on March 8, 2013, allowed the filing of both the late request for oral argument filed by Grill Holdings and the late request to file an answer by Camellia Grill. Further, this Court has authority to make such an award pursuant to La. C.C.P. art. 2164 and may "render any judgment which is just, legal, and proper upon the record on appeal." Accordingly, we hereby amend the judgment to include additional attorney's fees incurred in this appeal in the amount of \$3,222.00.

Camellia Grill also appealed the July 19, 2012 judgment but only insofar as the trial court's determination of the effective date of termination being May 25, 2012, rather than the date prayed for in the petition, June 1, 2011. Camellia Grill argues that the License Agreement is controlling and that according to section 2.1, termination became effective immediately upon the issuance of written notice on May 31, 2011. We agree.

2.1 Termination will be effective immediately upon written notice from Licensor to Licensee when Licensee: (i) fails to comply with any provision of this Agreement, or (ii) becomes insolvent, files for bankruptcy or dissolves.

Camellia Grill issued written notice to Grill Holdings on May 31, 2011, “terminating the License ... effective immediately for Grill's failure to comply with four critical provisions of the License.” Specifically, Camellia Grill listed two defaults which remained uncured on that date: (1) Grill Holdings was using “an altered version of the fork/flower logo Mark” and (2) Grill Holdings failed to send a 2008 Royalty check which was originally due by January 10, 2009. The License Agreement is clear and explicit that termination is effective immediately upon written notice from the Licensor [Camellia Grill] to Licensee [Grill Holdings] when Licensee “fails to comply with

any provision of this Agreement.” Thus, it was clearly erroneous for the trial court to find that the effective date of termination was May 25, 2012, that being the date of the hearing on the Motion for Summary Judgment, rather than the contractually agreed upon date as set forth in the License Agreement. Accordingly, we hereby reverse that part of the trial court judgment and amend the judgment to find the effective date of termination was June 1, 2011.

For these reasons, we hereby affirm the trial court's judgment granting summary judgment in favor of Camellia Grill, we reverse that part of the judgment that determined the effective date of termination of the License Agreement to be May 25, 2012, and we amend the judgment to find that the effective date of termination of the License Agreement was June 1, 2011, and to include additional attorney's fees of \$3,222.00 for Camellia Grill's work on this appeal.

**AFFIRMED IN PART; REVERSED IN PART;  
AMENDED; MOTION TO STRIKE ANSWER  
DENIED.**

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**APPENDIX L**

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**THE SUPREME COURT OF  
THE STATE OF LOUISIANA**

**[Filed: Nov. 5, 2013]**

**THE GRILL HOLDINGS, L.L.C.**

**VS.**

**NO. 2013-C-1743**

**CAMELLIA GRILL HOLDINGS, INC.**

**C/W**

**CAMELLIA GRILL HOLDINGS, INC.**

**VS.**

**THE GRILL HOLDINGS, L.L.C.**



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IN RE: The Grill Holdings, L.L.C.;—Plaintiff;  
Applying For Writ of Certiorari and/or Review, Parish  
of Orleans, Civil District Court Div. “G,” No. 2008–  
08236 C/W 2011–5947; to the Court of Appeal, Fourth  
Circuit, No. 2012–CA–1642 C/W 2012–CA–1643.

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243a

November 1, 2013.

Denied.

Supreme Court of Louisiana  
November 1, 2013

*Leanne B. Young*  
Deputy Clerk of Court  
For the Court

*Shang Lin*  
VERIFIED  
01/23/2014

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**APPENDIX M**

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**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA**

**[Filed: Dec. 12, 2013]**

**UPTOWN GRILL, LLC.                      CIVIL ACTION NO.**

**VERSUS**

**Section:**

**MICHAEL LOUIS SHWARTZ,  
a/k/a MICHAEL L. SHWARTZ,  
CAMELLIA GRILL HOLDINGS, INC.,  
AND CAMELLIA GRILL, INC.**

**Magistrate:**

**COMPLAINT FOR DECLARATORY RELIEF**

NOW INTO COURT, through undersigned counsel, comes Plaintiff, UPTOWN GRILL, LLC. (“UPTOWN GRILL”), which files this Complaint for Declaratory Relief seeking a declaration from the Court with respect to the rights and obligations of the parties as follows:

**JURISDICTION AND VENUE**

**1.**



This is an action for declaratory judgment arising under the Declaratory Judgment Act, 28 U.S.C. § 2201, *ci seq.*, for the purpose of determining a question of an actual justiciable controversy between the parties. Through this declaratory judgment action. UPTOWN GRILL seeks a determination of the parties' respective rights with respect to the ownership and use of certain trademarks. Specifically, UPTOWN GRILL seeks a judicial declaration of its ownership rights in certain tangible personal property described with particularity in a Bill of Sale between the parties dated August 11, 2006, and, consequently, whether UPTOWN GRILL's use of the trademarks conveyed pursuant thereto infringes upon the defendants' trademark or violates any provision of the Lanham Act, 15 U.S.C. § 1051, *et seq.*, including 15 U.S.C. § 1114(a), 1125(a), and 1125(c). In addition, UPTOWN GRILL seeks a judicial declaration and determination as to whether its use of the trademarks conveyed pursuant to the Bill of Sale violates any state statutes.

2.

This Court has subject matter jurisdiction over the causes of action set forth herein pursuant to 15 U.S.C. § 1121(a) and 28 U.S.C. § 1331 and 1338(a).

3.

Venue is proper in this judicial district and division pursuant to 28 U.S.C. § 139 1(b)(2), inasmuch

as, upon information and belief, a substantial part of the events giving rise to the ripe and justiciable controversy between the parties occurred in this judicial district and a substantial part of the property that is the subject of the action is situated in this judicial district.

## PARTIES

4.

Plaintiff, UPTOWN GRILL, is a limited liability company existing under the laws of the State of Louisiana and domiciled in Jefferson Parish.

5.

Named defendants herein are the following:

- A. Michael Louis Schwartz. a/k/a Michael L. Schwartz, a competent person of the full age of majority and domiciled in Grenada, Mississippi (“Shwartz”);
- B. Camellia Grill Holdings, Inc.. a corporation existing under the laws of the State of Louisiana, and domiciled in Jefferson Parish (“CGH”);
- C. Camellia Grill, Inc., a corporation existing under the laws of the State of Louisiana, and domiciled in Jefferson Parish (“CGI”);

6.

Plaintiff UPTOWN GRILL is the rightful owner of the “recipes, trademarks, names, logos, likenesses, etc.” and other tangible personal property located within or upon the real property known as “The Camellia Grill” wherever located within or upon the buildings and improvements bearing Municipal No. 626 South Carrollton Avenue, New Orleans, Louisiana.

7.

On or about August 9-11, 2006, for true and valuable consideration received, Purchaser RANO, L.L.C. and Seller Michael Louis Schwartz a/k/a Michael L. Schwartz entered into a Cash Sale of Real Property for the real estate and improvements bearing Municipal No. 626 South Carrollton Avenue in New Orleans, Louisiana, for its continued use as “The Camellia Grill.” See Exhibit “A” attached.

8.

Contemporaneously, on or about August 9 - 11, 2006, for true and valuable consideration received, Purchaser UPTOWN GRILL and Sellers, CGH, Schwartz, and CGI, executed a Bill of Sale for the tangible personal property located within or upon the real property located at Municipal No. 626 South Carrollton Avenue in New Orleans, Louisiana.

## 9.

This Bill of Sale was confected in connection with the contemporaneous sale of the real property and improvements bearing Municipal No. 626 South Carrollton Avenue in New Orleans, Louisiana, by Seller Shwartz to RANO, L.L.C., for the aggregate sum of \$500,000, and registered in the Conveyance Office of the City of New Orleans, Instrument No. 328134 on August 15, 2006. See Exhibit “B” attached.

## 10.

The sale by the defendants to UPTOWN GRILL conveyed the following, described in pertinent part:

...all of Seller’s right, title and interest in and to the following tangible personal property located within or upon the real property described in Exhibit “A” [626 South Carrollton Avenue] annexed hereto and within or upon the buildings and improvements located thereon:

All furniture, fixtures and equipment, cooking equipment, kitchen equipment, counters, stools, tables, benches, appliances, *recipes, trademarks, names, logos, likenesses, etc., and all other personal and/or movable property owned by Seller located within or upon the property described in Exhibit A annexed hereto and hereto or upon the*

*buildings and improvements thereon (the “Personal Property”) (emphasis added).*

Seller conveys and delivers the Personal Property unto Purchaser without recourse and without representation or warranty of any kind, express or implied.

*TO HAVE AND TO HOLD, the Personal Property, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Purchaser, its successors and assigns, forever.*

## 11.

On or about August 26, 2006, a License Agreement was entered into between Seller/Licenser CGH to Licensee Grill Holdings, L.L.C. wherein CGH granted a license to Grill Holdings to open additional restaurants nationwide (with one geographic exception) to be operated like The Camellia Grill on Carrollton Avenue for true and valuable consideration received of \$1,000,000.00. That License Agreement has been terminated and the decision of the Civil District Court for the Parish of Orleans, No. 2008-08236 c/w 2011-5947 is now final.

## 12.

The Bill of Sale did not include a reservation of rights to Seller of any of the tangible personal property described therein, which sale includes but is

not limited to, the use of the logo and signage “The Camellia Grill” wherever located within or upon the building located at 626 South Carrollton Avenue in New Orleans.

13.

The building located at 626 South Carrollton Avenue is being studied by the Historic District Landmark Commission (“HDLC”) in connection with possible designation as a locally recognized historic landmark, and, as such, the façade of the building cannot be altered until a decision is rendered. See Exhibit “C”. See also, USDC for the Eastern District, Case 2:13-cv-05 148-JTM-SS.

14.

Sellers, CGH, Shwartz, and CGI, have claimed complete ownership of, among other things, the “recipes, trademarks, names, logos, likenesses, etc., and all other personal and/or movable property ... located within or upon the property [626 South Carrollton Avenue].” Sellers have threatened UPTOWN GRILL’s exclusive rights in and to the above-described property, including the trademarks. Moreover, Sellers have made it clear that continued use of the trademarks, etc. that were rightfully and legally purchased by UPTOWN GRILL will result in a lawsuit claiming trademark infringement.

## 15.

Sellers, CGH, Shwartz, and CGI, seek to deprive UPTOWN GRILL, the lawful property owner, of the use and exercise of its property rights, without just compensation, and UPTOWN GRILL is, therefore, protected under the provisions of the laws of the State of Louisiana, including but not limited to LSA- C.C. Art. 2443. Purchase of a thing already owned; LSA-C.C. Art. 2456. Transfer of ownership; LSA-C.C. Art. 518. Voluntary transfer of the ownership of a movable; LSA-C.C. Art. 517. Voluntary transfer of ownership of an immovable.

## 16.

A ripe and justiciable controversy exists between the parties regarding the use and ownership of “The Camellia Grill” trademarks that are “located within or upon the property” at issue—specifically, 626 South Carrollton Avenue. There is a controversy between the parties as to 1) who owns the trademarks at issue, and 2) whether UPTOWN GRILL’s continued use of the trademarks “located within or upon the property” would constitute federal trademark infringement.

## 17.

Therefore, UPTOWN GRILL herein seeks a declaration from this Court that 1) it owns the trademarks, etc. that are “located within or upon the

property [626 South Carrollton Avenue]”, and 2) that its continued use of the trademarks, etc. that it purchased is lawful in all respects.

WHEREFORE. Plaintiff UPTOWN GRILL respectfully prays for the following relief:

(1) That UPTOWN GRILL be declared the true and lawful owner of the tangible personal property located within or upon the buildings and improvements located at 626 South Carrollton Avenue in New Orleans, Louisiana;

(2) That UPTOWN GRILL be declared the true and lawful owner of the logo or signage “The Camellia Grill” wherever located within or upon the building located at 626 South Carrollton Avenue in New Orleans;

(3) That UPTOWN GRILL be declared the true and lawful owner of the real estate and improvements located at 626 South Carrollton Avenue, including the façade, columns and other architectural details located within or upon that property;

(4) That UPTOWN GRILL’s continued use of the tangible personal property located within or upon the buildings and improvements located at 626 South Carrollton Avenue in New Orleans, Louisiana is



253a

lawful in all respects and does not constitute trademark infringement under 15 U.S.C. § 1114 or any state and/or common law and that it does not violate any other applicable provision of the Lanham Act or any other state and/or common law.

By Attorneys:

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*Attorneys for UPTOWN GRILL,  
L.L.C.*

## **APPENDIX N**

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### **LICENSE AGREEMENT**

This License Agreement ("Agreement") entered into on the 26th day of August, 2006 by and between The Grill Holdings, L.L.C., a Louisiana limited liability company ("Licensee") and Camellia Grill Holdings, Inc., a Louisiana corporation ("Licensor"), which are collectively referred to as the "Parties."

#### **1. RECITALS.**

1.1 Licensor owns the intellectual property, trademarks and service marks ("Marks") described on Exhibit 1.1 annexed hereto.

1.2 Licensee desires to obtain the exclusive license to the Marks for the purposes set forth herein.

1.3 The Parties enter into this Agreement to state the terms and conditions upon which Licensee may open, operate, franchise and/or sublicense restaurants bearing the Marks and to sell ancillary products bearing the Marks.

**2. TERM AND TERMINATION.** This Agreement shall commence as of the date first set

forth above and shall continue until December 31, 2157, unless sooner terminated as set forth below.

2.1 Termination will be effective immediately upon written notice from Licensor to Licensee when Licensee: (i) fails to comply with any provision of this Agreement, or (ii) becomes insolvent, files for bankruptcy or dissolves.

2.2 Licensee may terminate this Agreement upon one (1) year's written notice to Licensor provided that (i) Licensee is not in default hereunder, (ii) Licensor shall not owe Licensee any rebate, refund, return or repayment of any amounts paid hereunder, (iii) Licensee immediately surrenders all right whatsoever Licensee may have in the Marks and assigns all franchise or sublicense agreements then in effect to Licensor, and (iv) Sections 4, 5, 12 and 14 shall survive such termination.

**3. CAMELLIA GRILL TRADEMARK LICENSE.** Licensor grants to the Licensee for the duration of this Agreement an exclusive license to use the Marks in connection with Licensee's restaurant operations and the marketing and distribution of t-shirts, aprons, sweatshirts, caps, mugs, cups, posters, coffee, golf shirts, and dress shirts bearing the Marks within the United States (the "Territory"). Licensee agrees not to change any aspect of the Marks in color, design or presentation, without the prior written

consent of Licensor. Licensee may sub-sublicense the Marks, provided that all sublicensees agree in writing that the Marks shall be used only as specified in this Agreement. Licensee shall submit all products bearing the Marks in advance to Licensor prior to marketing them to enable Licensor to approve the quality of the goods, which approval will not unreasonably be refused and shall be communicated by Licensor within 30 days of submission by Licensee of goods of appropriate quality. From time to time, Licensor may visit the restaurants and sample the food items on the menu and observe the provision of services by Licensee, franchisees and/or sublicensees; as a result of such a visit, Licensor may request Licensee to alter menu items or alter its services, but Licensor shall not make such request unreasonably.

3.1 Notwithstanding anything contained herein to the contrary, Licensee shall not open or franchise a restaurant in Oxford, Mississippi or within thirty (30) miles of Oxford, Mississippi, (the "Oxford Area") which utilizes the Marks except in compliance with the provisions of this Section 3.1. Notwithstanding anything contained herein to the contrary, Licensor reserves the right to open a restaurant in the Oxford Area which utilizes the Marks and Licensor shall not owe to Licensee any fees or other amounts for the use by Licensor of the Marks with respect to an Oxford Area restaurant. Licensor

agrees not to ship Novelty items outside of the Oxford Area.

**4. COMPENSATION.** Licensee will pay Licensor for all use of the Marks, without deduction or set-off, all amounts set forth herein.

4.1 The sum of One Million (\$1,000,000.00) and No/100 Dollars on the execution of this Agreement, receipt whereof is acknowledged by Licensor.

4.1.1 Licensee shall pay Licensor the sum of Seventy-Five Thousand (\$75,000.00) and no/100 Dollars upon the opening for business of the first restaurant owned, licensed or franchised by Licensee, or any successor or assignee of Licensee, except for 626 S. Carrollton Avenue, New Orleans, Louisiana, within six (6) months of the opening of such restaurant to the public.

4.2 Licensee shall pay Licensor royalties ("Royalties") on "Food Gross Revenue" (as hereinafter defined) and "Novelty Gross Revenue" (as hereinafter defined) as calculated pursuant to Sections 4.6 and 4.7 hereof, in the amounts, at the times and in the manner set forth hereinbelow.

4.3 "Gross Revenue" wherever used herein shall be defined to mean the total amount of all sales of merchandise and/or services and all other receipts received by Licensee from or in any way connected with the Marks, including but not limited to;

restaurants owned, licensed or franchised by Licensee, whether the same be for cash, barter, credit, check, charge account, or other disposition of value regardless of collection, in the event of sale upon credit or charge account, and whether made by Licensee, concessionaires, licensees, transferors or assignees of Licensee. The value of each sale shall be the actual total sales price charged the customer, and shall be reported in full in the month that the transaction occurs irrespective of when, or if, payment is received. Gross Revenue includes orders or sales which originate in, at, or from a particular site, whether delivery or performance is made from such site or from another place, and orders and sales of goods and services delivered and performed from a site as a result of orders taken elsewhere; orders or sales mailed, telephoned, telegraphed, faxed or sent by e-mail or over the internet, which are received at or filled from a site; all sales and revenue accruing by means of mechanical, self-operated, or automatic vending devices on any site. There shall be no deduction or exclusion from Gross Revenue except as specifically permitted hereafter. Any deposit not refunded shall be included in Gross Revenue.

4.3.1 The following, and no other amounts shall be excluded from Gross Revenue:

(a) Merchandise returned in the amount of cash refunded or credit given, and

discounts and allowances granted or exchanges made, provided that the sale price of such items was originally included in Gross Revenue.

(b) The amount of any sales, use or gross receipts tax, or excise tax, imposed by any governmental authority upon the sale of merchandise or services, or both, which such taxes are added separately to the selling price thereof and collected from customers or paid by Licensee and included in the retail selling price, providing the amount of such tax is separately recorded.

(c) The exchange of merchandise between sites of Licensee, when such exchanges are made solely for the operation of Licensee's business and not for the purpose of consummating a sale which have been made at, in or from a site.

(d) Merchandise returned for credit to shippers, jobbers, wholesalers or manufacturers.

(e) The amount of any tips paid to or on behalf of any employee.

4.4 "Food Gross Revenue" wherever used herein shall be defined to mean the total Gross Revenue from all sales of food or food items.

4.5 "Novelty Gross Revenue" wherever used herein shall be defined to mean the total Gross Revenue from the sale oft-shirts, aprons, sweatshirts, caps, mugs, cups, posters, coffee, golf shirts, and dress shirts bearing any of the Marks.



4.6 Licensee shall pay to Licensor Royalties equal to the percentage of Food Gross Revenue set forth on Exhibit 4.6 annexed hereto.

4.7 Licensee shall pay to Licensor Royalties equal to the percentage of Novelty Gross Revenue set forth on Exhibit 4.7 annexed hereto.

4.8 All Gross Revenue shall be reported as hereinafter set forth:

4.8.1 Licensee shall submit to Licensor, on or before the 10th day of every April, July, October and January of the Term, a written statement signed by Licensee showing Licensee's Gross Revenue, as herein defined, for the preceding calendar quarter, and shall pay to Licensor all Royalties due for that calendar quarter.

4.8.2 On or before March 15 of each year, Licensee shall furnish to Licensor a statement certified by an officer or manager of Licensee, of Licensee's Gross Revenue during the preceding calendar year, detailed by source, location, franchisee and/or sublicensee.

4.8.3 For the purpose of ascertaining the amount of reportable sales and revenue, Licensee agrees to record each and every sale at the time of the transaction on (i) a cash register having a sealed, continuous, cash register tape with cumulative totals, which numbers, records, and duplicates each transaction entered into the register, (in any event

such cash register must have a non-resettable grand total), (ii) serially prenumbered sale slips, or (iii) a computer system that produces and maintains comparable records. If Licensee chooses to record each sale by using a cash register, Licensee agrees that the continuous, cash register tape will be sealed or locked in such a manner that it is not accessible to the person operating the cash register. If Licensee chooses to record each sale on a computer system, Licensee agrees that such computer system will be set up so that such records cannot be changed by the person operating the computer system. If Licensee chooses to record each sale on individual sales slips, Licensee agrees that said sales slips (including those canceled, voided, or not used) will be retained in numerical sequence for a period of three (3) years.

4.8.4 If Licensee shall fail to prepare and deliver any statement of Gross Revenue in a timely manner as required herein, Licensors, may do any or all of the following: (i) within thirty (30) days after written notice thereof to Licensee, and Licensee's failure to cure, elect to treat Licensee's failure to report as a default of this Agreement; (ii) elect to make an audit of all books and records of Licensee which in any way pertain to or show Gross Revenue and to prepare the statement or statements which Licensee has failed to prepare and deliver; or (iii) impose a late/non-reporting fee of One Hundred Dollars

(\$100.00) for each such failure by Licensee. The statement or statements so prepared shall be conclusive on Licensee, and Licensee shall pay on demand all reasonable expenses of such audit and of the preparation of any such statements and all sums as may be shown by such audit to be due as Royalties.

4.8.5 All such statements and reports shall be kept in confidence by Licensor except in connection with a sale, mortgage, administrative or judicial proceedings.

4.9 Licensee agrees to maintain the following books and records:

4.9.1 Licensee agrees to keep at its principal office (which shall be a single location within Louisiana or Mississippi), and Licensee shall immediately notify Licensor of any change of such location, accurate books and records (as more specifically identified below) of all business conducted by Licensee in accordance with generally accepted accounting practices consistently applied, and said records shall be open and available for examination at the principal office at all reasonable times to Licensor, or Licensor's representatives, upon reasonable notice to Licensee, for the purpose of ascertaining or verifying the Gross Revenue. All records shall be retained by Licensee for examination by Licensor for a period of at least 3 years following the end of the calendar year for which said records apply.

4.9.2 Licensee further agrees that for the purposes hereinbefore recited, Licensee shall prepare, preserve and maintain for a period of three years, the following documents, books, accounts and records:

4.9.2.1 Daily cash register summary tapes (normally referred to as "Z Tapes") and sealed, continuous, cash register tapes, prenumbered sales slips or comparable computer records, maintained as recited herein;

4.9.2.2 All bank statements detailing transactions in or through any business bank account;

4.9.2.3 Daily or weekly sales recapitulations;

4.9.2.4 A sales journal;

4.9.2.5 A general ledger or a summary record of all cash receipts and disbursements from operations on or from any location;

4.9.2.6 Copies of all sales or use tax returns and all income tax returns filed with any governmental authority which reflect in any manner sales, income or revenue generated in or from the Premises; and

4.9.2.7 Such other records or accounts as Licensor may reasonably require in order to ascertain, document, or substantiate reportable Gross Revenue as defined herein.

4.9.3 If upon inspection or examination of Licensee's available books and records of account, Licensor determines that Licensee has failed to

maintain, preserve, or retain the above-recited documents, books, and records of account in the manner detailed herein, Licensor shall give Licensee sixty (60) days to cure said deficiencies. Further, if Licensee is found to be deficient in maintaining any of the above-recited documents, books or records of account, Licensee shall reimburse Licensor for reasonable expenses incurred by Licensor in determining said deficiencies, including, but not limited to, any audit or examination fees incurred by Licensor.

If after receiving the aforesaid notice, and upon expiration of the sixty (60) day time period specified herein, Licensee fails to cure the noted deficiencies, Licensor may, at its option, either grant Licensee additional time to cure the deficiencies, hold Licensee in default of this Agreement, or at Licensee's expense, and for its benefit, retain a good and reputable independent accounting or bookkeeping firm to prepare and maintain the above-recited documents, books and records of accounts. If Licensor elects the latter option, Licensee agrees and covenants that the representative or representatives of said accounting or bookkeeping firm will have full right of entry and access to the Premises and existing financial records, and full cooperation by Licensee, for the purpose of establishing and maintaining the documents, records and books of account recited hereinabove. Any

expenses incurred by Licensor in furtherance of its rights hereunder will be considered Royalties due and payable by Licensee with the next due installment of royalties.

4.9.4 In the event an examination of the records of Licensee to verify said Gross Revenue shall disclose a deficiency in excess of two percent (2%) of the Gross Revenue reported for twelve-month period, (1) Licensee agrees to pay to Licensor the reasonable costs and expenses of such audit, and (2) any additional royalties found due and owing as a result of said audit shall be immediately paid by Licensee to Licensor upon demand. If an examination by Licensor or its representative discloses that Licensee has overreported Gross Revenue and that, as a result of said overreporting, Licensee has overpaid Royalties, Licensor shall give Licensee credit against the next due installment of Royalties due and owing by Licensee for the overpaid Royalties.

4.10 For purposes of this Agreement, the term "Licensee" shall mean all affiliates, subsidiaries or related companies of Grill Holdings, LLC.

**5. OWNERSHIP.** Licensee acknowledges and agrees that all of the Licensor's right, title and interest in and to the Marks shall remain the property of Licensor. Where appropriate, Licensee agrees to use the designations™,® or@ with respect to its use of the Marks.

**6. USE OF TRADEMARKS.** Licensee will: (i) use the Marks only as set forth herein; (ii) refrain from use of the Marks except under the terms of this Agreement; (iii) notify Licensor in writing of any conflicting uses, applications for registration or registrations of the Mark or Marks similar thereto of which it has actual knowledge; and (iv) execute any documentation requested by Licensor relating to the Marks.

6.1 Licensee shall not use any part of the Marks in combination with any other trademark, word, symbol, letter or design. Licensee shall not use any of the Marks as a part of its company name, but Licensee shall use "Camellia Grill" as the name of each of its restaurants in which the marks are used. Licensee agrees not to adopt any trademark, tradename, design, logo or symbol, which, is similar to or likely to be confused with any of the Marks.

6.2 Licensor makes no representation or warranty as to the viability of Licensee's operation nor as to the marketability of the Marks or of products or restaurants bearing the Marks. Licensor will not be liable for any actions or claims by third parties, or any expenses, costs or damages related thereto or resulting therefrom, arising in connection with Licensee's use of the Marks.

6.3 Licensee shall provide to Licensor a copy of any franchise agreement, license, sub-license or any

other agreement with respect to the use, transfer, assignment, franchise, or alienation of all or any of the Marks within two (2) business days of the execution of any such agreement.

6.4 Licensee shall cause any franchisee, licensee, transferee, assignee or sublicense of any or all of the Marks to abide by all of the provisions of this Agreement, and in particular, with the provisions of Articles 4, 5 and 6.

**7. INFRINGEMENT PROCEEDINGS.**

Licensee shall take all necessary action to prevent infringement, dilution or unfair competition with respect to the Marks. Infringement or unfair competition proceedings concerning the Marks shall be initiated entirely by Licensee. In the event that Licensee does not initiate such proceedings, Licensor, at its option, may initiate such proceedings on Licensee's behalf and at Licensee's expense.

**8. ADVERTISING.** Licensee shall, at its own expense, advertise the Marks as is necessary to adequately promote them in his discretion.

**9. BUSINESS CODE OF ETHICS.**

Licensee agrees that it and each of its franchisees, licensees, transferees and sublicensees, will meet standards that protect labor and human rights. Licensee certifies that it maintains a business code of ethics which ensures that all laws relating to labor standards and conditions, including the protection of



minors, are enforced, and that employees are provided with a living wage that ensures work with dignity, appropriate to the particular economy where such operations are located.

9.1 Licensee agrees that it will not knowingly use suppliers whose working conditions do not consistently meet standards that protect labor and human rights. Licensee shall strive to ensure that such suppliers shall have a business code of ethics which ensures that all laws relating to labor standards and conditions, including the protection of minors, are enforced, and that employees are provided with a living wage that ensures work with dignity, appropriate to the particular economy where such operations are located.

## **10. LICENSEE OBLIGATION.**

10.1 Licensee will not use the Marks, for purposes other than pursuant to this Agreement.

10.2 Licensee will use the Marks in a manner, and in accordance with the best standards and practices, such as not to diminish the value or stature of the Marks.

10.3 Licensee will not attack the title or any rights of Licensor in and to the Marks, attack the validity of this Agreement, or do anything either by omission or commission which might impair, violate or infringe the Marks. Licensee will not claim adversely to Licensor or anyone claiming through

Licensor with respect to any right, title or interest in or to the Marks.

10.4 Licensee will cooperate fully and in good faith with Licensor for the purpose of securing and preserving Licensor's rights in and to the Marks.

**11. SUBLICENSING.** Licensee may sublicense the Marks to any third party upon prior written notice to Licensor. Licensor may assign this Agreement without the prior approval of Licensee.

**12. EFFECT OF TERMINATION.**

**12.1 Licensee to Prevent Consumer Confusion.** Upon termination of this Agreement, Licensee shall avoid any action or the continuance of any condition which might suggest to the public that Licensee has any right to the Marks, or that Licensee continues to be associated with Licensor.

**12.2 Effect of Termination.** Upon termination of this Agreement for any reason, all rights and privileges granted to Licensee hereunder will immediately cease and will revert to Licensor. Licensee will discontinue use of all Marks.

**12.3 Late Payment.** In the event Licensee fails to pay any amount which may be due Licensor hereunder, in addition to any other rights or remedies Licensor may have, Licensee shall pay Licensor interest on all such late payment at the rate of 1.5% per month.

**13. WARRANTIES.** Licensee hereby guarantees that, as of the date of shipment or delivery, any food products bearing the Marks: (a) is not adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act (the "Act") (b) is not an article which cannot be introduced into interstate commerce under the provisions of Sections 404 and 505 of the Act and (c) is in compliance with all applicable federal, state and local laws. Licensee further warrants and represents that (a) it shall use reasonable efforts to procure the greatest volume of Gross Revenue consistent with high quality, (b) it has the right to enter into this Agreement and to agree to the terms and conditions of this Agreement, and (c) the person executing this Agreement on behalf of Licensee has the authority to act on behalf of Licensee.

Licensor warrants and represents that, it has all right, title, and interest in and to the Marks and the right to license the Marks, to enter this Agreement, and to agree to the terms and conditions of this Agreement, and the person executing this Agreement on behalf of Licensor has the authority to act on behalf of Licensor. Except to the extent set forth in Section 7, Licensor agrees to take all necessary action to protect its ownership interest in the Marks and to indemnify and hold licensee harmless with respect thereto, including attorney fees and costs.

**14. INDEMNITY.** Licensee agrees to indemnify and hold Licensor, and its respective agents, employees, shareholders, directors, officers, assigns and/or affiliates harmless for, from and against any claims, demands, actions, causes of action, obligations, damages, debts, liabilities, expenses and losses, including court costs and attorney's fees, arising directly or indirectly out of or in connection with i) any breach by Licensee, its officers, agents or Employees of any term or condition of this Agreement, including, but not limited to any representation, warrant or guaranty made by Licensee; and ii) all products liability or warranty claims relating to the Marks, including without limitation, any claims arising from adulterated or contaminated food or products; and iii) any injury or damage to persons or property arising out of or resulting from the negligence or misconduct of Licensee, or its officers, agents or employees, by or on behalf of any person or entity in connection with the cultivation of the Marks; and iv) any contravention by Licensee, its officers, agents or employees of any instruction, condition, requirement, rule, regulation or law; and v) Licensee's failure to pay any costs or expenses required to be paid by the Licensee pursuant to this Agreement; and vi) any labor claims arising from Licensee's business.

**15. INSURANCE.** Licensee agrees to maintain in effect insurance coverage with insurance companies rated "A" or better covering comprehensive general liability, including product liability and excess liability, written on an occurrence basis, in amounts and with deductibles, all as acceptable to Licensor. Licensee shall be responsible for any deductibles arising from any claims under such policies. These policies shall name Licensor, its officers and agents, as additional insured parties. Copies of such policies or certificates together with copies of all endorsements shall be provided to Licensor when requested. The obligation to provide insurance set forth in this Section is separate and independent of all other obligations contained in this Agreement.

**16. DEFAULT.** Licensor may, in its sole discretion, terminate all or part of this Agreement in the event that:

16.1 If Licensee at any time after January 1, 2007 fails to continue active marketing of the Marks and fails to cure such default within fifteen (15) days after written notice from Licensor. For purposes hereof, maintaining restaurant operations at normal times during normal business hours, except for holidays, acts of God, governmental action, terrorism and other events of force majeure shall constitute "active marketing."

16.2 Licensee files a petition in bankruptcy or is adjudged bankrupt, or if a petition in bankruptcy is filed against Licensee, or if Licensee becomes insolvent, or makes an assignment for the benefit of creditors, or if Licensee discontinues its business or if a receiver is appointed for Licensee or Licensee's business who is not discharged within days .

16.3 Licensee defaults under any of its obligations hereunder and fails to cure such default within fifteen (15) days after written notice from Licensor.

## **17. MISCELLANEOUS.**

**17.1 Amendment.** This Agreement may not be amended, modified or supplemented except by a written agreement executed by all the Parties.

**17.2 Attorneys' Fees.** In the event any Party hereto institutes an action or proceeding to enforce any rights arising under this Agreement, the Party prevailing in such action or proceeding shall be paid all reasonable attorneys' fees and costs. These costs include, without limitation, expert witness fees, investigation costs, costs of tests and analysis, travel and accommodation expenses, deposition and trial transcript costs and court costs. A court, and not a jury, will set all such fees and costs, all of which will be included in the judgment entered in such proceeding.

**17.3 Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their permitted successors and assigns, and any reference to a Party hereto shall also be a reference to a permitted successor or assign.

**17.4 Captions.** The titles and captions contained in this Agreement are inserted herein only as a matter of convenience and for reference and in no way define limit, extend or describe the scope of this Agreement or the intent of any provision hereof. Unless otherwise specified to the contrary, all references to Sections are references to Sections of this Agreement

**17.5 Complete Agreement.** This Agreement and the attached Exhibits constitute the complete and exclusive statement of agreement among the Parties with respect to the subject matter herein, and therein replace and supersede all prior written and oral agreements or statements by and among the Parties. No representation, statement, condition or warranty not contained in this Agreement, or the attached Exhibits, will be binding on the Parties or have any force or effect whatsoever.

**17.6 Controlling Law.** This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Louisiana without reference to Louisiana's choice of law rules.

**17.7 Fees and Expenses.** Each Party shall pay its own fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, including, but not limited to, the fees, costs and expenses of its accountants and counsel, except where expressly provided otherwise.

**17.8 Further Documents and Acts.** The Parties to this Agreement will, in good faith, exercise and perform such other acts as are reasonably necessary and appropriate to consummate and carry out the terms and conditions and other contracts described under this Agreement. The Parties agree to execute and deliver such further instruments, agreements, contracts and documents, as may be reasonably required to effectuate the stated and intended purposes of this Agreement.

**17.9 Interpretation.** In the event any claim is made by any Party relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Party or his or its counsel.

**17.10 Investigations, Representations and Warranties.** The representations and warranties, covenants and agreements of the Parties set forth in this Agreement shall remain in full force and effect until duly satisfied or performed by the



appropriate Party hereto. This Section shall not limit or restrict the Parties' remedies against each other or any other person for fraud, willful misconduct, bad faith or any other intentional breach of any representation, warranty, covenant or agreement contained herein. The respective representations and warranties of the Parties contained herein or in any certificate, or other document delivered by any Party, shall not be deemed waived or otherwise affected by any investigation made by a Party hereto.

**17.11 Jurisdiction and Venue.** The Parties acknowledge and understand that the making of this Agreement is in Orleans Parish, Louisiana. Any suit, arbitrations, mediation or other remedial process shall be filed and maintained in Orleans Parish, Louisiana.

**17.12 Notices.** All notices, communications and deliveries hereunder shall be made in writing signed by the Party making the same, shall specify the Section hereunder pursuant to which it is given or being made, and shall be deemed given or made on either 1) the date delivered if delivered in person, 2) on the date initially received if delivered by facsimile transmission followed by registered or certified mail confirmation, 3) on the date delivered if delivered by a nationally recognized overnight courier service or 4) on the third (3rd) business day after it is mailed if mailed by registered or certified mail (return receipt

requested) (with postage and other fees prepaid) as follows:

**LICENSOR:**

Camellia Grill Holdings, Inc.  
c/o Country Inn & Suites  
255 Southwest Frontage Rd., Room 331  
Grenada, Mississippi, 38901  
Telephone: (662) 227 8444  
E-mail: Vendomecats@aol.com

With a copy to:

Mark S. Stein, Esq.  
Lowe, Stein, Hoffman, Allweiss & Hauver, LLP  
701 Poydras Street, Suite 3600  
New Orleans, LA 70139  
Telephone: (504) 581-2450  
Facsimile: (504) 581-2461  
E-mail: mstein@lshah.com

**LICENSEE:**

The Grill Holdings, L.L.C.  
104 Metairie Heights  
Metairie, Louisiana, 70001  
Telephone: (504) 421 4601  
E-mail: Khodr@cox.net

With a copy to:

David H. Bernstein, Esq.

279a

Suite 1100, 1 Galleria Blvd.  
Metairie, Louisiana, 70001  
Telephone: (504) 833 5600  
Facsimile: (504) 833 8080  
E-mail: dhb@chehardy.com

or to such other representative or at such other address of a Party as such Party hereto may furnish to the other Party in writing.

**17.13 Exhibits.** Exhibits duly executed by the Parties and attached hereto are incorporated into and made a part of this Agreement as if set out in full in this Agreement.

**17.14 Number; Gender.** Whenever the context so requires, the singular number shall include the plural and the plural shall include the singular, and the gender of any pronoun shall include the other genders.

**17.15 Reliance on Authority of Person Signing Agreement.** If a Party is not a natural person, then no other Party will (a) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of such entity or to determine any fact or circumstance bearing upon the existence of the authority of such individual, or (b) be responsible for the application or distribution of proceeds paid or

credited to individuals signing this Agreement on behalf of such entity.

**17.16 Remedies Cumulative.** The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any person may be lawfully entitled.

**17.17 Severability.** The unenforceability, invalidity or illegality of any provision of this Agreement shall not render the other provisions unenforceable, invalid, or illegal. If any provision of the Agreement is held invalid or unenforceable, then the remainder of this Agreement shall nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances. If any provision of this Agreement is unenforceable under the law prevailing on the date hereof, but is enforceable under the law prevailing at a subsequent time, then such originally unenforceable provision shall be deemed to take effect at the time when it becomes enforceable. As used herein, the term "unenforceable" is used in its broadest and most comprehensive sense and includes the concepts of void or voidable.

**17.18 Waiver.** The Parties hereto, by or pursuant to action taken by their respective members, partners or officers, may, to the extent legally

permitted: (i) extend the time for the performance of any of the obligations or other acts of any other Party; (ii) waive any inaccuracies in the representations or warranties of any other Party contained in this Agreement or in any document or certificate delivered pursuant hereto; (iii) waive compliance or performance by any other Party with any of the covenants, agreements or obligations of such Party contained herein; and (iv) waive the satisfaction of any condition that is precedent to the performance by the Party so waiving of any of its obligations hereunder. Any agreement on the part of a Party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing 'signed on behalf of such Party. A waiver by one Party of the performance of any covenant, agreement, obligation, condition, representation or warranty shall not be construed as a waiver of any other covenant agreement, obligation, condition, representation or warranty. A waiver by any Party of the performance of any act shall not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

282a

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

**Camellia Grill Holdings, Inc.**

By: 

**Michael Schwartz**

**Grill Holdings, LLC**

By: 

**Exhibit 1.1**

**Licensed Intellectual Property**




All "Camellia Grill" marks on file with the United States Patent and Trademark Office, including, but not limited to, Serial Nos. 73561921, 73503693, 735603694, 73503696, now registration numbers 1440249, 1471729, 1471728, and 1446870, all as reflected on Exhibit 1.1(a) attached hereto.

All "trade dress" associated with the "Camellia Grill" Restaurant.

All rights to the blueprints, plans and specifications developed by Michael Schwartz for ancillary "Camellia Grill" restaurants.

All menus and recipes developed by or used in the "Camellia Grill" restaurants.

**Exhibit 1.1(a)**

| <b>Mark<br/>Country<br/>Application no.<br/>Filing date</b>  | <b>Registration No. /<br/>Registration Date<br/>Goods/Services<br/>(GSNN File No.)</b> | <b>Status/ upcoming<br/>deadlines/</b> | <b>Owner of record<br/>First use date</b>          |
|--|--|--|--|
| CAMELLIA GRILL<br>US<br>73503693<br>October 15, 1984   | 1446870<br>July 7, 1987<br>Restaurant Services<br>(98865.2)                            | Renewal due 7 July<br>2007             | Camellia Grill<br>Holdings, Inc.<br>1 Jan. 1949    |
| <br>US<br>735603694<br>October 15, 1984 | 1471728<br>January 5, 1988<br>Restaurant Services<br>(98865.3)                         | Renewal due 5<br>January 2008          | Camellia Grill<br>Holdings, Inc.<br>5 March 1984   |
| <br>US<br>73503696<br>October 15, 1984  | 1471729<br>January 5, 1988<br>Restaurant Services<br>(98865.4)                         | Renewal due 5<br>January 2008          | Camellia Grill<br>Holdings, Inc.<br>1 January 1965 |
| <br>US<br>73561921<br>October 7, 1984 | 1440249<br>May 19, 1987<br>Restaurant Services<br>(98865.5)                            | Renewal due 19 May<br>2007             | Camellia Grill<br>Holdings, Inc.<br>1971 or 1981   |



**Exhibit 4.6**

**Royalties on Food Gross Revenue**

Food Gross Revenue from 626 S. Carrollton Ave.,  
N.O., Louisiana:

0%

Each Franchised Unit or Sublicensed Unit:

1% of Food Gross Revenue

Internet, mail order, fax sales of pies:

3½% of Gross Revenue

Each License owned unit (except 626 S. Carrollton)  
until there are 10 units, whether Licensee owned,  
franchised, or sub-licensed:

1% of Food Gross Revenue

Thereafter, each Licensee owned unit, computed on a  
calendar year:

1% of Food Gross Revenue up to \$2,000,000

2% of Food Gross Revenue up to \$2,000,001 to  
\$4,000,000

3% of Food Gross Revenue over \$4,000,000

286a

**Exhibit 4.7**

**Royalties on Novelty Gross Revenue**

Novelty Gross Revenue from 626 S. Carrollton Ave.,  
N.O., Louisiana:

5%

Each Licensee Owned Unit (except for 626 S.  
Carrollton):

10% of Novelty Gross Revenue

Each Franchised Unit or Sublicensed Unit up to Ten  
units in the aggregate (whether Licensee owned,  
franchised or sublicensed):

10% of Novelty Gross Revenue

Each Franchised Unit or Sublicensed Unit over Ten  
units in the aggregate (whether Licensee owned,  
franchised or sublicensed):

30% of Novelty Gross Revenue

Internet and Mail Order Sales:

Computed on a calendar year basis:

8% of Novelty Gross Revenue up to  
\$10,000,000

10% of Novelty Gross Revenue in excess  
of \$10,000,000

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**APPENDIX O**

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**BILL Of SALE**

This BILL OF SALE is entered into on the 11th day or AUGUST, 2006, by and between:

MICHAEL LOUIS SHWARTZ a/k/a MICHAEL L. SHWARTZ, a person of the full age of majority, and a resident of Orleans Parish, Louisiana;

CAMELLIA GRILL, INC., a Louisiana corporation domiciled in the Parish of Orleans, represented herein by Its undersigned officer; and

CAMELLIA GRILL HOLDINGS, INC., a Louisiana corporation domiciled in the Parish of Orleans, represented herein by Its undersigned officer;

(hereinafter collectively referred to as "Seller", whose mailing address is c/o Mark Stein, Esq., Lowe, Stein Hoffman, Allweiss & Hauer, LLP, 701 Poydras Street, Suite 3600, New Orleans, LA 70139)

AND

UPTOWN GRILL, L.L.C., a Louisiana Limited Liability Company, domiciled in the Parish of Jefferson, represented herein by its undersigned sole Member/Manager;

(hereinafter referred to as "Purchaser", whose mailing address is 103 Metairie Heights, Metairie, Louisiana 70001)

FOR AND IN CONSIDERATION of the price and sum of TEN THOUSAND AND NO/100 (\$10,000.00) DOLLARS, which Purchase has well and truly paid unto Seller, the receipt and sufficiency whereof is acknowledged, Seller does by these presents, hereby sell, transfer, and convey unto Purchaser, its successors and assigns, all of Seller's right, title and interest in and to the following tangible personal property located within or upon the real property described in Exhibit "A" annexed hereto and within or upon the building and improvements located thereon:

All furniture, fixtures and equipment, cooking equipment, kitchen equipment, counters, stools, tables, benches, appliances, recipes, trademarks, names, logos, likenesses, etc., and all other personal and/or movable property owned by Seller located within or upon the property described in Exhibit A annexed hereto and within or upon the buildings

and improvements thereon (the  
“Personal Property”).

Seller conveys and delivers the Personal Property unto Purchaser without recourse and without representation or warranty of any kind, express or implied.

TO HAVE AND TO HOLD, the Personal Property, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Purchaser, its successors and assigns, forever.

SELLER MAKES NO WARRANTY  
WHATSOEVER THAT THE  
PERSONAL PROPERTY COVERED  
BY THIS BILL OF SALE IS  
MERCHANTABLE OR FIT FOR ANY  
PARTICULAR PURPOSE AND THE  
SAME IS SOLD IN “AS IS” “WHERE  
IS” CONDITION. BY ACCEPTANCE  
OF DELIVER, PURCHASER  
AFFIRMS AND ACKNOWLEDGES  
THAT IT HAS NOT RELIED ON  
SELLER’S SKILL OR JUDGE TO  
SELECT OR FURNISH THE  
PERSONAL PROPERTY FOR ANY  
PARTICULAR PURPOSE, AND NO  
WARRANTY THAT THE PERSONAL  
PROPERTY IS FIT FOR ANY  
PARTICULAR PURPOSE AND THAT  
THERE ARE NO

290a

REPRESENTATIONS OR  
WARRANTIES, EXPRESSED,  
IMPLIED OR STATUTORY.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Louisiana.

THIS INSTRUMENT MAY BE EXECUTED IN COUNTERPARTS.

The Seller and Purchaser have executed this instrument on the dates and at the places hereinafter set forth.

PURCHASER:

UPTOWN GRILL, L.L.C.

By

Richard [Signature], Suite Member/Manager

Date:

9/11/06

Place:

New Orleans, LA

SELLER:

MICHAEL LOUIS SHWARTZ  
a/k/a MICHAEL L. SHWARTZ

Date:

August 9, 2006

Place:

GRENADA, MS

CAMELLIA GRILL, INC.

By

Michael Louis Shwartz  
a/k/a Michael L. Shwartz, President

Date:

August 9, 2006

Place:

GRENADA, MS

CAMELLIA GRILL HOLDINGS, INC.

By

Michael Louis Shwartz  
a/k/a Michael L. Shwartz, President

Date:

August 9, 2006

Place:

GRENADA, MS

A CERTAIN PORTION OF GROUND, together with all of the building and improvements thereon, and all or the rights, servitudes, advantages, and appurtenances thereunto belonging or in anywise appertaining, situated in the State of Louisiana, Parish of Orleans, Seventh Municipal District of the City of New Orleans, in the square designated by the Letter 8-V on the old plan of Carrollton, now designated on the City Plan as SQUARE NO. 70, bounded by Carrollton Avenue, St. Charles Avenue, Dublin and Hampson Streets; which portion of ground begins at a point situated at a distance of 9 feet from the Intersection of Hampson Street, measures 42 feet 6 inches front on CARROLLTON AVENUE, by a depth of 120 feet, between parallel lines, being composed of the whole of the original Lot No. 7 and apportion of the original Lot No. 8.

According to a survey by Adloe Orr, C.E., dated June 8, 1946, print of which is annexed to an act before Isaac S. Heller, Notary Public, dated June 4, 1946, said portion of ground is situated in Square No. 70, bounded by Carrollton Avenue, Hampson Street, Dublin Street, Leake Avenue, and St. Charles Avenue, commences at a distance of 49 feet 1 inch 7 lines from the corner of Carrollton Avenue and Hampson Street, and measures thence 42 feet 6 inches front on CARROLLTON AVENUE, the same in width in the rear, by a depth of 120 feet 8 inches (actual measurement) (120 feet – title measurement, between equal and parallel lines; all as further shown on a survey by Gilbert, Kelly, & Couturie, Inc., S. & E., dated July 28, 2006, except that the depth on each

292a

sideline is shown to be 120 feet, without reference to title or actual measurements.

Improvements thereon bear Municipal No. 626 S. Carrollton Avenue).

#### EXHIBIT "A"

Annexed to Bill of Sale by and between Michael Louis Shwartz, et al, and Uptown Grill, L.L.C., dated August \_\_\_\_\_, 2006.