1	KATTEN MUCHIN ROSENMAN LLP		
2	Noah R. Balch (SBN 248591)		
3	noah.balch@kattenlaw.com		
	Joanna M. Hall (SBN 301515)		
4	2029 Century Park East, Suite 2600 Los Angeles, CA 90067-3012		
5			
6			
7	Facsimile: 310.788.4471		
8	Attampage for Plaintiff		
9	Attorneys for Plaintiff RABBINICAL COUNCIL OF CALIFORNIA		
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11	UNITED STATES DISTRICT COURT  CENTRAL DISTRICT OF CALIFORNIA		
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13	DADDINICAL COLINCIL OF	Case No. CV-15-4620	
14	RABBINICAL COUNCIL OF CALIFORNIA,		
15		COMPLAINT FOR:	
16	Plaintiff,	(1) TRADEMARK	
17		INFRINGEMENT [15 U.S.C.	
18	VS.	) <b>§ 1114]</b> ;	
19	JAKMA, INC. dba SCHWARTZ	(2) VIOLATION OF LANHAM	
20	BAKERY; ELIZABETH HECHT dba	ACT SECTION 43(a) [15 U.S.C.	
21	SCHWARTZ BAKERY; MARK	§ 1125(a)];	
22	HECHT dba SCHWARTZ BAKERY; AND DOES 1-10,	) (3) FALSE ADVERTISING [CAL.	
	THIND DOEST TO,	BUS. & PROF. CODE § 17500];	
23	Defendants.	(4) LINIE A ID COMPETITION ICAL	
24		(4) UNFAIR COMPETITION [CAL. BUS. & PROF. CODE § 17200].	
25	,	)	
26		DEMAND FOR JURY TRIAL	
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- 1	I .		

Plaintiff Rabbinical Council of California ("RCC") brings this complaint against defendants Jakma, Inc., dba Schwartz Bakery, Elizabeth Hecht dba Schwartz Bakery and Mark Hecht dba Schwartz Bakery (collectively, "Schwartz") based on Schwartz's ongoing willful and fraudulent efforts to profit from the use of RCC's logo by placing its logo on Schwartz's food packaging and advertisements without RCC's permission.

### **JURISDICTION AND VENUE**

- 1. This is an action for trademark infringement brought pursuant to Section 32 of the Lanham Act, 15 U.S.C. § 1114 and Section 43(a) of the 10 | Lanham Act, 15 U.S.C. § 1125; and for related state law causes of action under Sections 17200 and 17500 of the California Business and Professions Code.
  - This Court has subject matter jurisdiction over the federal 2. question claims pursuant to 17 U.S.C. §§ 101 et seq., 15 U.S.C. § 1125(a), and 28 U.S.C. §§ 1331 and 1338. This complaint also alleges violations of California law. This Court has jurisdiction over these state law claims pursuant to its supplemental jurisdiction, 28 U.S.C. § 1367(a), in that the claims are so related to the above federal claims that they form part of the same case or controversy.
  - This Court has personal jurisdiction over the defendants in that 3. the acts complained of herein occurred in the Central District of California. In addition, plaintiff is informed and believes, and on that basis alleges, that defendants reside in and are doing business in the State of California and in this judicial district.
  - Venue is proper in this district under 28 U.S.C. § 1391(a), (b) and 4. (c).

### THE PARTIES

5. Plaintiff Rabbinical Council of California ("RCC") is a California corporation with a principal place of business in Los Angeles, California.

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- 6. On information and belief, Defendant Jakma, Inc., dba Schwartz Bakery ("Schwartz") is a California corporation having its principal place of business at 8622 West Pico Boulevard, Los Angeles, California 90035.
- 7. On information and belief, Defendant Elizabeth Hecht dba Schwartz Bakery is an individual domiciled in California in the county of Los Angeles.
- 8. On information and belief, Defendant Mark Hecht dba Schwartz Bakery is an individual domiciled in California in the county of Los Angeles.
- 9. RCC is currently unaware of the true names and capacities, whether individual, corporate, associate or otherwise, of defendants sued herein as Does 1 through 10 ("Doe Defendants"), inclusive, and therefore sues these Doe Defendants by such fictitious names. RCC will seek leave of this Court to amend its Complaint to allege the true names and capacities of the fictitiously named Doe Defendants when their identities have been ascertained. RCC is informed and believes, and on that basis alleges, that each of the fictitiously named Doe Defendants is responsible in some manner for the occurrences herein alleged, and that RCC's damages were proximately caused by such Doe Defendants.
- 10. RCC is informed and believes, and on that basis alleges, that at all times herein mentioned, each defendant and each of the fictitiously named Doe Defendants, was the agent, affiliate, servant, employee, representative, partner, limited partner, principal, aider and abettor, co-conspirator, and/or alter ego of the other Defendants, and, in doing the things herein described, was acting within the course and scope of such relationship, and with the permission and consent of each of the other Defendants, and that each is responsible in some manner for the occurrences herein alleged.

#### **GENERAL ALLEGATIONS**

- 11. RCC is the largest body of Orthodox Rabbis in the Western United States. Its seventy members serve as pulpit Rabbis ministering to congregations and heads of educational institutions. These Rabbis directly serve an estimated six thousand families, and network with a far greater population in both the Orthodox and non-Orthodox Jewish communities.
- RCC has expended considerable time and effort to build its 12. reputation for endorsing and certifying certain Kosher products and purveyors. In order to receive this endorsement and certification, a company must enter into a contract with RCC whereby RCC monitors and inspects the company's manufacturing facilities for strict compliance with all Kashrus and Halachic regulations. These regulations determine the ingredients and manufacturing processes used in food production to ensure they comply with Jewish religious dietary law, known as Kashrus (Kosher) or Halacha. RCC also analyzes all records pertaining to the sources of the company's supplies. A company may not substitute any ingredients without the specific written approval of RCC. All ready-made products sold or used at the company's place of business must be acceptable as Kosher under reliable supervision as decided upon by the RCC. Finally, the company must observe all Jewish law in its operation.
- 13. As a food supervisory organization, RCC has created a logo to signify its efforts and brand ("RCC Logo"). It is registered as Number 4,487,589 in the United States Patent and Trademark Office. Attached hereto as **Exhibit 1** is a true and correct copy of the trademark registration for the RCC Logo.
- 14. On or about January 3, 2007, RCC and Schwartz entered into a contract ("Contract") for food supervision services. Attached hereto as **Exhibit 2** is a true and correct copy of the Contract. The Contract provided,

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among other things, that RCC would supervise the Kashrus of Schwartz's products in exchange for a quarterly certification fee. Additionally, the Contract provided that all "food prepared for outside use shall be packaged in a matter guaranteeing [its] Kashrus and shall bear an insignia of The RCC." (Contract, ¶ 14.) In the event of termination of the Contract, Schwartz was required to immediately cease using any form of RCC endorsement and either destroy any packaging bearing the RCC Logo or remove the RCC Logo from said packaging. (Contract, ¶ 27.)

- 15. After January 3, 2007, RCC and Schwartz entered into oral agreements ("Oral Agreements") for RCC's supervision of the "Kashrus" of Schwartz's other establishments located at 1730 Cordova Street, Los Angeles, California 90007; 7113 Beverly Boulevard, Los Angeles, California 90036; 12430 Montague Street, Suite 230, Pacoima, California 91331; 12519 Burbank Boulevard, Valley Village, California 91607 and; 433 North Fairfax Avenue, Los Angeles, California 90036 (collectively, the "Establishments").
- 16. In May 2013, Schwartz terminated the Contract and Oral Agreements and refused to pay to RCC \$825.00 that Schwartz owed from Invoice Nos. 17306, 17318, 17404, 17416, 17420 and 17663 ("Invoices") for RCC's past services rendered.
- 17. In May 2013, July 2013 and October 2013, the RCC's Rabbi Nissim Davidi repeatedly admonished Schwartz to stop using the RCC Logo; however, Schwartz failed to comply.
- 18. On February 13, 2014, RCC demanded that Schwartz cease and desist Schwartz's illegal use of the RCC Logo on Schwartz's products, advertisements, website and on property signage.
- 19. On April 7, 2014, RCC for the second time demanded that Schwartz cease and desist Schwartz's illegal uses of the RCC Logo on Schwartz's products, advertisements, website and on property signage.

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- 20. On February 12, 2015, RCC again demanded that Schwartz discontinue any use of the RCC Logo or name on Schwartz's property, food packaging and advertisements, but Schwartz has refused to comply.
- 21. Schwartz continues to use the RCC logo on its food packaging and advertisements and on its property at multiple of its establishments. A true and correct copy of such illegal uses is attached hereto as **Exhibit 3.**

### FIRST CLAIM FOR RELIEF

## Trademark Infringement Against All Defendants

- 22. RCC incorporates by reference paragraphs 1 through 21 above, as though fully set forth herein.
- 23. RCC is the exclusive owner of the trademark in the RCC Logo. RCC has complied with the Lanham Act by filing for registration of the RCC Logo.
- 24. After the termination of the Contract and Oral Agreements, Schwartz's right to use the RCC Logo ended. RCC did not authorize Schwartz's continued use of the RCC Logo. To the contrary, RCC warned Schwartz that RCC owned the trademark in the RCC Logo and that Schwartz was not permitted to use it in conjunction with any of Schwartz's businesses, including its restaurant and food services. Nevertheless, Schwartz willfully continued to use the RCC Logo.
- 25. Section 32 of the Lanham Act is designed to protect owners of trademarks. It provides in relevant part:
  - (1) Any person who shall, without the consent of the registrant—
    - (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising

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of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, wrappers, receptacles or packages, advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1114(1).

- Schwartz continues to reproduce and use the RCC Logo on its 26. property and as part of its food packaging.
- 27. Schwartz's conduct is deceitful, has caused confusion and continues to pose a likelihood of causing mistake among a substantial segment of the public because consumers have believed and continue to believe that Schwartz's food products are sponsored or approved by RCC.
- 28. Schwartz's deception is material, because whether Schwartz's food products complied with RCC standards and Kashrus regulations would be a fact of consequence to consumers.
- Schwartz caused its false representations about the quality of its 29. foods to enter commerce through its use of the RCC Logo on its food packaging and on its property.
- RCC has been and is likely to be injured as a result of Schwartz's 30. false representations by a direct diversion of RCC's ability to commercially

- 31. Schwartz had full knowledge that its uses of the RCC Logo were illegal and unauthorized, yet proceeded despite several warnings to cease and desist. Schwartz obtained substantial profits through the sales of food products by falsely advertising that RCC endorsed and supervised Schwartz's products.
- 32. Accordingly, Schwartz has engaged in trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114, and is liable to RCC for all damages related thereto, including but not limited to actual damages, infringing profits and/or statutory damages, as well as costs and attorney's fees.
- 33. Schwartz's egregious conduct in its illegal use of the RCC Logo was willful and intentional, and this constitutes an exceptional case. Under 15 U.S.C. § 1117, RCC is entitled to its attorney's fees.
- 34. RCC has been, and unless enjoined by this Court will continue to be, damaged and irreparably harmed by Schwartz's acts of trademark infringement. Such irreparable harm constitutes an injury for which RCC has no adequate remedy at law. Accordingly, RCC is entitled to injunctive relief pursuant to Section 34 of the Lanham Act, 15 U.S.C. § 1116(a).

## SECOND CLAIM FOR RELIEF

# Violation of Lanham Act Section 43(a) [15 U.S.C. § 1125(a)] – Against All Defendants

35. RCC incorporates by reference paragraphs 1 through 34 above, as though fully set forth herein.

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- Section 43(a) of the Lanham Act is designed to protect consumers 36. and competitors. It provides, in relevant part:
  - (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any . . . false or misleading representation of fact, which --

- (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person... shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.
- 15 U.S.C. § 1125(a).
- Schwartz made false statements of fact through its use of the RCC 37. Logo on its food packaging and on its property.
- Schwartz's statements were misleading and likely to cause 38. confusion as to whether its food products were endorsed and/or made under the supervision of the RCC. A third party who sees an RCC Logo on a restaurant's property and/or on its packaging is likely to believe that the restaurant and the food products are prepared under the supervision of RCC and in conformity with its regulations.
- 39. Schwartz caused its misleading representations to enter interstate commerce through its food packaging and through its sales to the public.
- Schwartz had full knowledge that its use of the RCC Logo was 40. impermissible and misleading, yet continued to use the RCC Logo without authorization.
- Schwartz's activities complained of herein were and continue in 41. bad faith, are intentional, are likely to create confusion to the public and

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have, and continued to misappropriate RCC's rights and RCC's established goodwill and reputation, all to the irreparable injury of RCC.

- Accordingly, Schwartz has engaged in false representations in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and is liable to RCC for all damages related thereto, including but not limited to actual damages, infringing profits and/or statutory damages, as well as costs and attorney's fees.
- Schwartz's activities complained of herein have caused and, unless restrained and enjoined, will continue to cause substantial and irreparable damage and injury to RCC, for which RCC has no adequate remedy at law. Accordingly, RCC is entitled to injunctive relief pursuant to Section 34 of the Lanham Act, 15 U.S.C. § 1116(a).

### **THIRD CLAIM FOR RELIEF**

# False Advertising [Cal. Bus. & Prof. Code §§ 17500 et seq.] -**Against All Defendants**

- RCC incorporates by reference paragraphs 1 through 43 above, as 44. though fully set forth herein.
- 45. California's unfair competition law ("UCL") protects both consumers and competitors by promoting fair competition in commercial markets for goods and services. The UCL makes it unlawful:
  - for any person, . . . corporation . . . or any employee thereof with intent directly or indirectly to dispose of real or personal property or to perform services . . . or to induce the public to enter into any obligation relating thereto, to make or disseminate . . . before the public in this state, . . . in any newspaper or other publication . . . or in any other manner or means whatever . . . any statement, concerning that real or personal property or those services . . . which is untrue or misleading, and which is known, or which by

the exercise of reasonable care should be known, to be untrue or misleading . . . .

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Cal. Bus. & Prof. Code § 17500.

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Schwartz's use of the RCC Logo on its property and on its food packaging constitutes advertisements of Schwartz's products because the use

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advertisement.

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- of the RCC Logo is intended to inform consumers that Schwartz's food products are Kosher certified and made under the supervision of RCC, and have thereby increased Schwartz's food sales and benefitted Schwartz's businesses. 47. These advertisements were both untrue and misleading and
- Schwartz knew, or by the exercise of reasonable care should have known, that the advertisements were untrue and/or misleading. 48. Members of the public were likely to be deceived by the false advertisement that Schwartz was offering for sale products made in
- conformity with RCC regulations and standards and thereby endorsed by the RCC. Any reasonable consumer would have been misled by Schwartz's false
- 49. RCC has suffered harm and lost money as a result of Schwartz's violations of the UCL, including but not limited to, the inability for RCC to exclusively exploit the commercial value of its logo; the loss of value in RCC's trademark because of Schwartz's false claims that its products conformed to RCC's regulations; and the diminished reputation of RCC as a result of Schwartz's illegal use of the RCC Logo.

## FOURTH CLAIM FOR RELIEF

# Unfair Competition [Cal. Bus. & Prof. Code §§ 17200 et seq.] -**Against All Defendants**

RCC incorporates by reference paragraphs 1 through 49 above, as 50. though fully set forth herein.

[U]nfair competition shall mean and include any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising and any act prohibited by . . .

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Section 17500 . . . of the Business and Professions Code.

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Cal. Bus. & Prof. Code § 17200.

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52. Schwartz's conduct as alleged herein was unlawful, unfair, a fraudulent business act, deceptive, untrue, consisted of misleading representations and was prohibited by Section 17500 of California Business

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and Professions Code.

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53. Schwartz committed the acts alleged in this Complaint by, among other things: (1) engaging in trademark infringement in violation of the

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Lanham Act section 32; (2) using the RCC logo and leading the public to

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believe that its products were approved by the RCC; (3) making or

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authorizing statements to consumers written or oral that are untrue,

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misleading, and deceptive, and which are known, or which by the exercise of

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reasonable care should be known, to be untrue, misleading, and deceptive; (4) unfairly, fraudulently, and by misleadingly advertising, offering for sale

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at the Establishments, food products that have allegedly been prepared in

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conformity with Kashrus regulations and under the supervision of RCC and

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(5) violating Business and Professions Code section 17500 as set forth in

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paragraphs 44-49 above.

23 24 54. Schwartz has committed and continues to commit such unlawful business acts or practices by offering for sale food products with the RCC

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Logo for Schwartz's sole financial gain.

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55. Pursuant to California Business and Professions Code Section 17203, RCC seeks an order of this Court enjoining Schwartz from continuing

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to engage, use, or employ the unlawful business acts or practices complained of herein.

- RCC will be irreparably harmed and/or denied an effective and 56. complete remedy if such an order as requested herein is not granted. The aforementioned acts and practices of Schwartz, and each of them, as described herein, present a serious threat to RCC.
- RCC has suffered harm and lost money as a result of Schwartz's 57. unfair, unlawful, fraudulent, deceptive, untrue, and misleading business practices, including but not limited to, the inability for RCC to exclusively exploit the commercial value of its logo; the loss of value in RCC's trademark because of Schwartz's false claims that its products conform to RCC's regulations; and the diminished reputation of RCC as a result of Schwartz's illegal use of the RCC Logo.

## WHEREFORE, RCC prays for judgment as follows:

- On The First Claim For Relief 1.
- For all damages recoverable under the Lanham Act, including trebling the following:
  - Schwartz's profits from food sales that included the a. RCC Logo on its packaging; and
  - b. Damages sustained by RCC, as proved at trial, including monetary damages to compensate RCC for lost sales or loss of goodwill, RCC's damage control costs;
  - All of RCC's costs of the action;
- As this is an exceptional case, reasonable attorney's fees under 15 U.S.C. § 1117;
- Pursuant to Section 34 of the Lanham Act, 15 U.S.C. § 1116(a), for preliminary and permanent injunctions directing Schwartz, and its attorneys, representatives, agents and anyone acting in concert with them, to (1) cease

any use of the RCC Logo on Schwartz's property and in its food packaging; (2) refrain from representing to existing and prospective customers and third parties that Schwartz's products are made with the approval or under the supervision of RCC; and (3) refrain from soliciting or accepting any money or other benefit derived from the exploitation of the RCC Logo;

 For such sum as this Court shall find to be just, according to the circumstances of the case.

#### 2. On The Second Claim For Relief:

- For all damages recoverable under the Lanham Act, including trebling the following:
  - a. Schwartz's profits from food sales that included the RCC Logo on its packaging; and
  - b. Damages sustained by RCC, as proved at trial, including monetary damages to compensate RCC for lost sales or loss of goodwill, RCC's damage control costs;
  - All of RCC's costs of the action;
- As this is an exceptional case, reasonable attorney's fees under 15
   U.S.C. § 1117;
- Pursuant to Section 34 of the Lanham Act, 15 U.S.C. § 1116(a), for preliminary and permanent injunctions directing Schwartz, and its attorneys, representatives, agents and anyone acting in concert with them, to (1) cease any use of the RCC Logo on Schwartz's property and in its food packaging; (2) refrain from representing to existing and prospective customers and third parties that Schwartz's products are made with the approval or under the supervision of RCC; and (3) refrain from soliciting or accepting any money or other benefit derived from the exploitation of the RCC Logo;
- For such sum as this Court shall find to be just, according to the circumstances of the case.

#### 3. On The Third Claim For Relief:

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• That Schwartz, its successors, agents, representatives, employees, and all persons who act in concert with Schwartz be permanently enjoined from making any untrue or misleading statements in violation of Business and Professions Code section 17500, including but not limited to, the untrue

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or misleading statements alleged in this Complaint;

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0 representatives, agents and anyone acting in concert with them, to (1) cease

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any use of the RCC Logo on Schwartz's property and in its food packaging; (2) refrain from representing to existing and prospective customers and third

For an injunction directing Schwartz, and its attorneys,

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parties that Schwartz's products are made with the approval or under the

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supervision of RCC; and (3) refrain from soliciting or accepting any money or

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other benefit derived from the exploitation of the RCC Logo;

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For restitution pursuant to Business and Professions Code section
 17535 to restore to RCC all money which may have been acquired by
 Schwartz by means of such untrue or misleading statements or other

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• For RCC's attorney's fees pursuant to Code of Civil Procedure

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section 1021.5; and

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For such further relief as this Court deems just.

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### 4. On The Fourth Claim For Relief:

unlawful activity as alleged in this Complaint;

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Pursuant to Business and Professions Code section 17203,
 Schwartz, its successors, agents, representatives, employees, and all persons

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who act in concert with Schwartz be permanently enjoined from engaging in unfair competition as defined in Business and Professions Code section

1	17200, including but not limited to, the acts and practices alleged in this	
2	Complaint;	
3	<ul> <li>For an injunction directing Schwartz, and its attorneys,</li> </ul>	
4	representatives, agents and anyone acting in concert with them, to (1) cease	
5	any use of the RCC Logo on Schwartz's property and in its food packaging,	
6	(2) refrain from representing to existing and prospective customers and third	
7	parties that Schwartz's products are made with the approval or under the	
8	supervision of RCC; and (3) refrain from soliciting or accepting any money or	
9	other benefit derived from the exploitation of the RCC Logo;	
10	<ul> <li>For restitution pursuant to Business and Professions Code section</li> </ul>	
11	17535 to restore to RCC all money which may have been acquired by	
12	Schwartz by means of such untrue or misleading statements or other	
13	unlawful activity as alleged in this Complaint;	
14	For RCC's attorney's fees pursuant to Code of Civil Procedure	
15	section 1021.5; and	
16	For such further relief as this Court deems just.	
17	5. On All Claims for Relief:	
18	<ul> <li>For attorney's fees as permitted by law, statute, and/or contract;</li> </ul>	
19	<ul> <li>For costs of suit incurred herein; and</li> </ul>	
20	<ul> <li>For such other and further relief as this Court may deem just and</li> </ul>	
21	proper.	
22		
23	Dated: June 18, 2015 KATTEN MUCHIN ROSENMAN LLP Noah R. Balch	
24	Joanna M. Hall	
25		
26	By: /s/	
27	Noah R. Balch Attorneys for Plaintiff Rabbinical Council	
28	of California	

16 COMPLAINT

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