

**UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

STILLWATER LAKES CIVIC	:	NO. 3:08 CV 02264
ASSOCIATION, INC.,	:	
	:	
Plaintiff,	:	
	:	
vs.	:	
	:	
NOREEN GORKA,	:	
MICHAEL GLASSIC,	:	
STILLWATER LAKES CITIZENS, and	:	
STILLWATER LAKES COMMUNITY	:	
ACTIVIST, a Pennsylvania Corporation,	:	
	:	
Defendants.	:	

**MEMORANDUM OF LAW
IN SUPPORT OF MOTION FOR ATTORNEY'S FEES AND COSTS
PURSUANT TO SECTION 35(a) OF THE LANHAM ACT**

MARSHALL E. ANDERS, ESQUIRE
Attorney I.D. #17724
18 North 8th Street
Stroudsburg, PA 18360
(570) 424-1117
Attorney for Defendants.

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I.

BACKGROUND

The Plaintiff instituted this action asserting the following claims against the Defendants:

A. Count I – Lanham Act – Trade Name Infringement Pursuant to Section 1125(a);

B. Count II – Lanham Act – Cyber Squatting Pursuant to Section 1125(d).

C. Count III – Pennsylvania Anti-Dilution of Trade Name;

D. Count IV – Misappropriation of Corporate Name;

E. Count V – Unfair Competition;

F. Count VI – Common Law Trade Name Infringement; and

G. Count VII – Lanham Act – Anti-Dilution of Trade Name Pursuant to Section 1125(c).

These claims allegedly arose out of the Defendants' ownership, maintenance and administration of a homepage/website which the Plaintiff contended diluted its mark and created a likelihood of confusion with the goods and services it marketed in commerce.

The homepage of the website, however, was never owned by Noreen Gorka and before she became a member of the Board of Directors of the Plaintiff she stopped having any involvement with the website. At the time of the filing of this

litigation, the Plaintiff, through its agents and representatives, was aware of these facts, but nevertheless named her as a Defendant for no reason other than to harass her and cause she and her husband, Michael Glassic, financial harm.

Before the institution of the lawsuit, on or about the 25th day of September, 2008, Mr. Glassic filed a Complaint against the Association with the Bureau of Consumer Protection as a result of which he incurred the wrath of the representatives of the Plaintiff, including the property manager at the time. Because of this, the Board of Directors of the Plaintiff determined to hit him where it hurts, in his finances. Thus, the Plaintiff's reason for filing suit against Mr. Glassic, which, as was the case with Ms. Gorka, was not a proper basis or reason to institute the lawsuit, since it was brought out of vindictiveness.

As previously stated, the suit was based upon violations of the Lanham Act, Pennsylvania Anti-Dilution of Trade Name and Unfair Competition. However, contrary to the allegations in the Complaint, neither the Plaintiff nor the Defendants sold goods or services in commerce. The Plaintiff is a property owner's association, which administers one (1) of the two (2) Stillwater Lake Communities or Subdivisions.^{1 2}

As a community association, the Plaintiff in its administrative capacity, manages the community, including the roads, common areas and recreational

¹ The other community is Stillwater Lake Estates which is managed by a separate association. There is constant confusion as to which community is which and which association is which.

² Stillwater Lakes is and has been for years a geographic location.

facilities and performs other responsibilities described in its By-Laws and the Uniform Planned Community Act. Thus, its functions do not involve the sale of goods and services in commerce.

Nor was the Defendants' homepage/website used for the sale of goods and services in commerce; rather, it was used to provide information about the Stillwater Lakes Community to interested members of the Plaintiff Association. This information, at times, was critical of the actions of the Board of Directors of the Plaintiff, the publication of this information was and is protected by the First Amendment.

At the time of the filing of the lawsuit, contrary to the assertions in the Plaintiff's Brief in support of its Motion, Mr. Glassic had made the changes referenced in the Brief which the Plaintiff now admits had clearly eliminated the possibility of confusion (although none ever existed with regard to goods or services). The disclaimer was also added prior to the institution of this lawsuit. Given the Plaintiff's admission and the fact that the changes were made prior to the institution of the lawsuit, there was no reason to bring the lawsuit, other than to harass the Defendants.

After the lawsuit was filed and the Defendants' Rule 12(b) Motion was dismissed, the parties began to engage in discovery. A Request for Production of Documents was served upon the Plaintiff, pursuant to which the Plaintiff produced 15,000 pages of documents. None of these documents evidenced that the Plaintiff

was engaged in the selling of goods or services in commerce. In fact, in response to a Request for Documents to substantiate that fact, the Plaintiff responded that the information was too voluminous to produce. If that was the case, then a sampling could have been produced.

In response to Interrogatories inquiring who was confused by the homepage/website, the majority of the names given were members of the Board of Directors who clearly were not confused since they were aware of the situation and Mr. Glassic's attempt to resolve legitimate concerns. Based upon the Answers to the Interrogatories, counsel for the Defendants began scheduling depositions. After the depositions were scheduled, there was an effort to resolve the case, which failed. The Plaintiff then filed its Motion for Voluntary Dismissal. Subsequently, the individual Defendants filed a Motion for an Award of Attorney's Fees and Costs, Pursuant to Section 35(a) of the Lanham Act. This Memorandum of law is submitted in support of that Motion.

II.

ISSUE

WHETHER THE INDIVIDUAL DEFENDANTS SHOULD BE AWARDED
ATTORNEY'S FEES AND COSTS PURSUANT TO THE LANHAM ACT?

Suggested Answer:

Affirmative.

III.

ARGUMENT

THE INDIVIDUAL DEFENDANTS ARE ENTITLED TO AN AWARD OF ATTORNEY'S FEES AND COSTS PURSUANT TO SECTION 35(a) OF THE LANHAM ACT.

Section 35(a) of the Lanham Act provides for an award of attorney's fees to the prevailing party in an exceptional case. See 15 U.S.C., Section 1117, which provides in applicable part:

“The Court in exceptional cases may award reasonable attorney's fees to the prevailing party.”

In this regard, it is submitted that a voluntary dismissal is a final adjudication on the merits in favor of the non-moving party. See Olsen vs. Muskegon Piston Ring Co., 117 F.2d 163 (6th cir. 1941),, and Fitzgerald vs. Allegheny Corp., 882 F.Supp. 1433 (S.D. N.Y. 1995).

In Ferrero U.S.A. vs. Ozak Trading, Inc., 952 F.2d 44 (3rd Cir), the Court determined that an exceptional case exists where there is culpable conduct on the part of the losing party, such as bad faith, fraud, malice, etc., stating at page 47:

“We are persuaded by the line of cases holding that a district court must make a finding of culpable conduct on the part of the losing party, such as bad faith, fraud, malice, or knowing infringement, before a case qualifies as “exceptional.” See, e.g., Safeway Stores, Inc. v. Safeway Discount Drugs, Inc., 675 F.2d 1160, 1169, 216 U.S.P.Q. (BNA) 599 (11th Cir. 1982) (“an award of attorneys' fees ... should be made only in exceptional circumstances and on evidence of fraud or bad faith.”)”

The Court, in Beckman Instruments vs. LKB Produkter, AB, 892 F.2d 1574 (Fed. Cir. 1989), recognized that unjustified litigation or a frivolous suit can form the basis of an exceptional case. A frivolous infringement suit is one where the Plaintiff knew or upon reasonable investigation should have known was baseless. See Stephens vs. Tech International, Inc., 393 F.3d 1269 (Fed. Cir. 2004).

No matter which standard is applied, in the present case it is clear that this case is an exceptional case, based upon which attorney's fees should be awarded to the Defendants.

At the time this suit was filed, the representatives of the plaintiff were aware that Noreen Gorka did not own the homepage/website and that she was not involved in the operation, management or administration of same. If the representatives of the Plaintiff were not aware of this, the briefest inquiry would have resolved the issue. Notwithstanding that such was the case, Ms. Gorka was named as a Defendant.

It is, therefore, submitted that the case against her was and is baseless and brought by the Plaintiff in bad faith because the representatives of the Plaintiff were angry that she took issue with the actions of the Board of the Plaintiff and wanted to silence her.

The suit against Michael Glassic was brought in retaliation for his filing a complaint about the Plaintiff with the Bureau of Consumer Protection and to silence him by hurting him financially, because the homepage/website published

legitimate criticism of the actions of the Board of Directors of the Plaintiff. Thus, the litigation against Mr. Glassic was also brought in bad faith.

In addition, the representatives of the Plaintiff knew that the suit was baseless, but molded, changed and manipulated facts to attempt to allege the causes of action in the Complaint. At the time the suit was filed, neither the Plaintiff nor the Defendants were engaged in the commercial sale of goods or services. Hence, they could not have been in competition with one another in such activity. Nor, had the Plaintiff lost any profits due to unfair competition. Finally, in this regard, it had no common law trademark for its name.

It is also clear at the time of the filing of the Complaint that the use of the homepage/website did not dilute the name of the Plaintiff or create the likelihood of confusion between the website and the Plaintiff. That such is and was the case is evidenced by the Plaintiff's Motion for Voluntary Dismissal with prejudice which states that certain modifications were made to the homepage/website which made it acceptable to the Plaintiff. While the Plaintiff contends that these changes were made after the filing of this case, the statement is simply not accurate since they were made before the suit was filed. Thus, the suit was baseless and the representatives of the Plaintiff were aware that such was the case at the time of filing.

Thus, the suit filed by the Plaintiff against the individual Defendants was baseless and brought in bad faith. Therefore, it is an exceptional case and since the

Defendants are the prevailing parties, they should be awarded attorney's fees and costs.

IV.

CONCLUSION

For the reasons hereinbefore set forth, the Defendants' Motion for Attorney's Fees and Costs Pursuant to Section 35(a) of the Lanham Act should be granted.

RESPECTFULLY SUBMITTED

ANDERS & MASINGTON, L.L.C.

By: 

MARSHALL E. ANDERS, ESQUIRE
Attorney I.D. #17724
18 North 8th Street
Stroudsburg, PA 18360
(570) 424-1117
Attorney for Defendants.