

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

	:	
STILLWATER LAKES CIVIC	:	
ASSOCIATION, INC.,	:	
	:	
Plaintiff	:	
v.	:	3:08 CV 2264
	:	
NOREEN GORKA, MICHAEL	:	
GLASSIC, STILLWATER LAKES	:	
CITIZENS, and STILLWATER	:	
LAKES COMMUNITY ACTIVIST,	:	
a nonprofit corporation,	:	
	:	
Defendants	:	

**PLAINTIFF’S BRIEF IN OPPOSITION TO DEFENDANTS
LANHAM ACT MOTION FOR ATTORNEY FEES AND COSTS**

Counterstatement of the Facts

Defendants have not prevailed in this case. To the contrary, while Plaintiff has filed a Motion to Voluntarily Dismiss the Case with Prejudice, Defendants have purposefully acted to prevent that Motion from being granted. As it stands, due to Defendants’ own actions, the case is still outstanding.

Further, Plaintiff provided Defendants with ample warning before filing this action and did not act in bad faith. Defendants’ unauthorized use of Plaintiff’s name on their website had been of concern to Plaintiff long before Defendant Glassic filed a complaint

with the state's Office of the Attorney General.¹ Minutes for a meeting of Plaintiff's Board of Directors held on February 17, 2007, state: "At this point, if the Board does not approve the information contained on the site, they cannot use the Stillwater Lakes Civic Association name. It is the Association's reputation at risk..." (SLCA000161, SLCA01112). Minutes for the March 29, 2007 meeting reflect that a Director had spoken to Defendant Gorka about problems with the website and the need for disclosure. (SLCA000205, SLCA01113). They also state: "If they are going to use the name STILLWATER LAKES CIVIC ASSOCIATION content MUST go through the Board." Id. Further, in a letter dated September 7, 2007, Plaintiff explained that "the website is not authorized or censored by the Board of Directors [and i]n addition, it contains misinformation which prompted a lawsuit against the Association last year." See Exhibit D to Complaint and Amended Complaint. Accordingly, Plaintiff requested that the website "be removed immediately." Id.²

At a meeting held on October 18, 2008, Plaintiff's Board passed a resolution whereby it authorized "legal counsel to take any and all steps, including but not limited to filing lawsuits necessary to protect the Association's corporate name and prevent any unauthorized misappropriation of said corporate name." (SLCA01123). Defendant Gorka was present at the meeting and even abstained from the vote acknowledging that

¹ Based upon Defendants past remarks, Plaintiff is led to believe that the complaint at issue was filed by Glassic with the AG's Office on September 5, 2008, and specifically identified the owner of the community's management company at the time as the party being complained against, as opposed to the Plaintiff or any individual Director.

² Defendants acknowledge receipt of the letter. See Amended Complaint and Answer thereto at Paragraph 47; answers to requests for admission at Paragraph 10.

she thought the resolution was related to the website. Id. Defendants admit that, at the time that this resolution was passed, the website's homepage appeared as it did in Exhibit A in the Motion to Dismiss. See Answer to Motion to Dismiss at Paragraph 2. The homepage contained a large introductory banner with a photograph in the background of the community's lake and boldfaced "Stillwater Lakes Civic Association" in the foreground. Further, the first letters in each word (SLCA) were highlighted with increased font size and a different color from the rest of the text. A couple inches below the banner appeared the sentence, "Welcome to SLCA!" Underneath that salutation was a photograph of the Association's physical road sign which reads "Stillwater Lakes Civic Association." Next to the sign was a sentence that read: "Stillwater Lakes Civic Association (SLCA) is conveniently located off Route 940, near Interstates 380 & 80, in Pocono Summit, Pennsylvania." The site went on to make many other references to SLCA. Any reasonable person viewing this homepage would certainly believe that the website was owned and operated by Plaintiff.

Prior to filing this action, Plaintiff's counsel sent another warning letter to Defendants dated October 23, 2008.³ See Exhibit E to Complaint and Amended Complaint. This letter states, in part, that "[y]ou are misappropriating the Association's corporate name without its authorization, which constitutes unfair competition and common law trademark infringement. Your tortious interference with the Association's

³ Defendants admit receiving this letter as well. See Amended Complaint and Answer thereto at Paragraph 49; Answers to requests for admission at Paragraph 18.

trade name is in bad faith, adversely affects the Association's operations, and must cease immediately.... While the Association cannot impinge upon any unit owner's free speech rights, it can take action to protect against the misappropriation of its valid corporate name."

Rather than heed the Association's warnings, Defendants took action that clearly evidenced their own bad faith. Within days of the letter, Defendant Stillwater Lakes Community Activist was incorporated as a Pennsylvania nonprofit corporation. See SLCA00112, SLCA00156, SLCA00220, SLCA01155. Within a few weeks, the domain names were transferred to Activist. See SLCA01147, SLCA01142. Activist has always been a sham. As recently as January of this year, Defendants could not identify any person, aside from Glassic who had "been involved in and/or affiliated the operation of Stillwater Lake Community Activist..." See Plaintiff's Interrogatories and Defendants Answers to Interrogatories at Paragraph 9. Further, in reply to Plaintiff's document request (and more than two years after Activist was incorporated and holding the domain names), Defendants were unable to provide any of the following documents regarding Stillwater Lakes Community Activist: bylaws, corporate resolutions, meeting minutes, rules or operating procedures, lists of Directors and officers, or documents relating to corporate structure. As for membership lists, Defendants merely provided copies of all the users who had registered to use the website's forum, irrespective of whether those users provided real names or registered before the corporation was even in existence. In fact, Glassic and Gorka's "close friend" and one time forum administrator, David Nieves,

was deposed and testified as follows:

Q. Do you know how many members are involved with the Activists?

A. Of the Activists, I don't know of any members that even exist. I do know that there are 200 members of the forum. But as far as them being members of the Activists, two different, separate entities.

David Nieves Deposition, 2/22/11, at pp. 17-18.

At around the time of Plaintiff's counsel's letter, Defendants also made changes to the website so as create even more confusion. See Exhibit C and F to Complaint.

Defendants claim that the changes were made prior to the letter being sent but after the

Board had authorized legal action to protect the Association's trade name. See

Defendants Answer to Motion to Dismiss at Paragraphs 2 and 3. This is an admission

that Defendants realized, without prompting, that the website infringed upon the

Association's rights and needed correcting. In any event, the wording in the banner was

changed. Being sure to use a phrase with the same "SLCA" acronym, the banner now

read: "Stillwater Lakes Community Activists" with the first letters of each word still

highlighted by being increased in font size and a different color from the rest of the text.

The updated website still proclaimed, "Welcome to SLCA!" It also, however, contained

this passage: "Stillwater Lakes Community Activists (SLCA) is a growing group of

property owners in the planned community known as Stillwater Lakes Civic

Association." This phrase, alone, is inaccurate and confusing. Plaintiff Stillwater Lakes

Civic Association is not a planned community, rather it is the planned community's unit

owners association. See 68 Pa. C.S. § 5103.

The updated site also made constant mention of the Association and repeatedly confused the reader by utilizing the acronym “SLCA” to reference both the Stillwater Lakes Community Activists and the Association without distinction. Finally, at the bottom of the homepage, there was a disclaimer, in small font, that read: “The articles, notices, advertisements and any other information on this site may or may not reflect the views or opinions of the publisher or the Board of Directors and management, unless expressly and specifically stated therein.” The disclaimer was problematic in that (1) it was located at the bottom of the page, thus making it less noticeable, (2) it was in small font, (3) it left the reader to guess whether it was referencing Plaintiff’s Board or Defendant Activist’s Board, and (4) by using the phrase “may or may not reflect,” it left the reader to guess whether the “Board” did or did not endorse the advertisements and other material on the website. Most importantly, this is how the homepage appeared at the time this lawsuit was filed in December of 2008. See Defendants’ Answer to Request for Admission at No. 5 and Defendants Answer to Motion to Dismiss at Paragraph 3.

In sum, rather than retaliate against Defendants for filing a complaint with the AG’s office, Plaintiff provided them with ample time and warning regarding the website prior, not only the filing of this legal action, but also to the AG complaint itself. It was only after Defendants failed to take proper corrective action and evidenced their own bad faith that Plaintiff filed this case in December of 2008.

Defendants also allege that the “homepage of the website... was never owned by Noreen Gorka and before she became a member of the Board of Directors of the Plaintiff

she stopped having involvement with the website.” Memorandum in Support of Lanham Act Motion at p. 1. Plaintiff acknowledges that, prior to the filing of this action, Gorka sent Plaintiff’s counsel a letter wherein she claimed that she had stopped being “part of” the website since she became a director⁴ and that “[t]he site was originally registered under Mike Glassic’s name, but never mine.” (SLCA01153). There was and is, however, ample reason to discount these assertions.

First, it is worth noting that Defendants, without any qualification, admitted Paragraph 23 in the original Complaint which reads: “On or about August 2006 and June 2008, Defendants Gorka, Glassic and Citizens registered the domain names www.stillwaterlakes.net and www.stillwaterlakes.com, respectively.” Further, as part of discovery, Defendants produced a completed questionnaire whereby Gorka specifically admits that “my husband, Michael Glassic, **and myself**, registered the domain name stillwaterlakes.net and started a website.” Exhibit A attached hereto (emphasis added).⁵ Defendants also produced no less than three different documents wherein they acknowledge that “Glassic and Gorka started the website” Exhibits B, C, D attached hereto. Defendants also admit, in the joint case management plan, that “Defendants Gorka and Glassic licensed the domain name of stillwaterlakes.net...” Joint Case Management Plan at 5.

In discovery, Plaintiff either provided or made available the following: (1)

⁴ Plaintiff’s minutes reflect that Gorka first attended a Board meeting as a director on June 12, 2008. (SLCA01128)

⁵ Unfortunately, Defendants did not number/stamp their documents prior to providing them to Plaintiff. It should also be noted that the yellow highlights were placed upon these documents by Plaintiff.

audiotape from an October 24, 2006 meeting whereat Gorka admits to being involved in beginning the website, (2) a disclosure on the website that “Glassic and Gorka started the website...” (SLCA01150); and (3) Gorka’s letter dated December 12, 2007 wherein she specifically states “we started the website, www.stillwaterlakes.net” (SLCA01206).

Further, at all times, Plaintiff has been aware that 2339 Nadine Bld., Pocono Summit, PA 18346 was a property where Gorka lived, was an owner and used as an address.⁶ Importantly, this property has always been identified as the Registered Office Address provided to the Pennsylvania Department of State for Stillwater Lakes Community Activist, Inc. (SLCA00112, SLCA00156, SLCA00220, SLCA01155, Exhibit E attached hereto). Moreover, since June 7, 2010, Gorka has owned the property by herself. See Exhibit F attached hereto. In other words, the domain names are currently registered to a company whose office is owned solely by Gorka.

As part of Discovery, Defendants produced fifty-six pages showing the registration/contact history for the domain names. See Exhibit G attached hereto. Importantly, these documents show that 2339 Nadine Bld., Pocono Summit, PA 18346 was the address for the Registrant Contact, Administrative Contact, and Technical Contact for stillwaterlakes.net on November 7, 2007 (p. 1-2), April 30, 2008 (p. 3-4) August 8, 2008 (p. 5) and for stillwaterlakes.com on June 21, 2008 (p. 35). Keep in mind that the June and August dates were after Gorka became a director.

Moreover, the fax that was sent to the Department of State registering Defendant

⁶See Defendants Answer to Complaint at Paragraph 14 and Answers to Interrogatories at Paragraph 1.

Stillwater Lakes Community Activist, Inc. as a nonprofit corporation came from a fax machine belonging to YSTRESS (SLCA00220). Y-Stress, Inc. is a company for which Gorka is, self-admittedly, the President (Answers to Interrogatories at Paragraph 1) and has been identified as owner (see

<http://www.poconorecord.com/apps/pbcs.dll/article?AID=/20080706/NEWS02/807060307/-1/rss01>).

Y-Stress is also important in that Defendants produced documents showing that Y-Stress, Inc., as well as a y-stress.com email account, were listed in the Registrant, Administrative and Technical Contact information for stillwaterlakes.net on November 14, 2007 (Exhibit G at p.1-2), April 30, 2008 (Id. at p.3-4) and August 8, 2008 (Id. at p. 5). The email address listed for the Administrative and Technical Contacts were also from a y-stress.com account for stillwaterlakes.com on June 21, 2008. (Id. at p. 35).

Further, Plaintiff produced letters from Gorka, dated December 30, 2006 and December 12, 2007, wherein she specifically uses Box 2286, Pocono Summit, Pennsylvania 18346 for her return address (SLCA01205, SLCA01206). This is important because Defendants produced documents showing that on June 21, 2008 (Exhibit G at p. 35), December 30, 2008 (Id. at p. 39-40), March 14, 2009 (Id. at p. 41-42), May 27, 2009 (Id. at p. 43-44), June 17, 2009 (Id. at p. 45-46), June 21, 2009 (Id. at 47-48), September 6, 2009 (Id. at p. 49-50) and October 15, 16 and 18, 2009 (Id. at p. 51-56) the address for the Registrant, Administrative Contact, and Technical Contact for

stillwaterlakes.com was Box 2286, Pocono Summit, Pennsylvania 18346.⁷ This was also the address for the Registrant of stillwaterlakes.net as of November 16, 2008 (Id. at p. 7), January 15, 2009 (Id. at p. 9), January 30, 2009 (Id. at p. 11), February 16, 2009 (Id. at p. 13), April 24, 2009 (Id. at p. 15), June 15, 2008 (Id. at p.17), August 6 and 10, 2009 (Id. at p. 19, 21) and October 1, 18 and 19, 2009 (Id. at p. 23, 25, 27).⁸

Documents subpoenaed from godaddy.com also reveal that, at all times from June 20, 2007 through July 23, 2010 (the date of the response), the Billing Information as well as the Shipping Information for each charge related to the domain names and/or website showed an address as 2339 Nadine Blvd., Box 2286, Pocon Summit, PA 18346 (GD000071-000208).⁹ They all show a y-stress.com email account on the contact info.

Additionally, Defendants admit that both Gorka, as well as Glassic, used the phone number 5708942371. See Answers to Complaint and Amended Complaint at Paragraph 28. This number has also been used by Y-Stress, Inc. (SLCA00220). This is the same phone number that is listed for the shipping and billing information on the records from godaddy.com (GD000071-000208). It was also in the information for Administrative Contact and Technical Contact for stillwaterlakes.com on June 21, 2008 (Exhibit G at 35-36) and October 17, 2008 (Id. at p. 37-38), for the Registrant Contact, Administrative

⁷ Plaintiff produced a document showing the same for November 28, 2008. See SLCA01142.

⁸ It should be noted that false information was most provided to godaddy.com with respect to the Administrative and Technical contacts. See Defendants Answers to Request for Admissions at No. 6 and 7.

⁹ Defendants objected to Plaintiff's request for documents showing who owned the credit cards that were used to pay for the website hosting and domain name registration and the source of the money to pay those charges.

Contact and Technical Contact for stillwaterlakes.net on November 14, 2007 (Id. at p. 1-2) and April 30, 2008 (Id. at p. 3-4) and for the Administrative and Technical Contacts for stillwaterlakes.net on August 8, 2008 (Id. at p. 5).

Further, Defendants cannot deny that Gorka was extremely active with the website at least prior to becoming a director. She was repeatedly listed as the “Administrator” in the forum (ex SLCA00273, SLCA00276) and she solicited and received payment for an advertisement. See Jack Johnson Deposition, 8/26/10, at pp. 12-13. Moreover, on February 28, 2009, Defendants provided this Court with a document showing the website’s vital statistics. See Exhibit A, p. 10, to Defendants Reply Brief in Support of 12(b)(6) Motion. This document reveals that even then, eight months after Gorka had become a director and two months after this case was filed, she rated 3rd on Top Topic Starters and 7th on Most Time Spent Online. See Exhibit H attached hereto.

Additionally, prior to transferring the domain names to Activist, they had been registered in the name of Defendant “Stillwater Lakes Citizens.” While Defendants now claim that “Stillwater Lakes Citizens is simply a name,”¹⁰ it is certainly reasonable to conclude that Gorka was part of this group.

Finally, even if she had truly removed herself from the website when she became a director, she would have still been responsible for her past actions. See Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211, 217 (3rd Cir. 2005); Shields v Zuccarini, 254 F.3d 476, 486 (3rd Cir. 2001) (changes to a website cannot absolve a “defendant from

¹⁰ See Defendants Answers to Interrogatories at paragraph 21.

liability for his earlier unlawful activities. Indeed, were there such authority we think it would be contrary to the orderly enforcement of trademark and copyright laws.”); Brand v. NCC Corp., Through its Div. Nat. Toll Free Marketing, 540 F.Supp. 562, 564 (E.D.Pa. 1982) (defendant “claims use of the mark was discontinued July 1, 1980... this is no defense to NCC's use of the mark before July 1, 1980”). In sum, there was and is ample evidence to show Gorka’s involvement with the site so as to include her in this action.

Defendants also claim that Plaintiff’s Motion to Dismiss somehow shows its bad faith. They assert that Plaintiff has admitted that the changes to the website have “clearly eliminated the possibility of confusion.” Memorandum in Support of Motion for Attorneys Fees at 3. This is false. In filing its Motion to Dismiss, Plaintiff candidly explained that since the initiation of this case, Defendants have made changes to the website that “decrease the chance of confusion regarding Plaintiff’s involvement and/or affiliation with the website.” Plaintiff’s Motion to Dismiss at Paragraph 4. All possibility of confusion has not been eliminated.

Defendants assert that the changes were made to the site on February 28, 2009. See Answer to Plaintiff’s Motion to Dismiss at Paragraph 6. That would be more than two months *after* this case was filed. If anything, these changes are Defendants’ admission that the site was problematic at the time this case was filed and needed correcting.

Further, as part of discovery, Defendants provided Plaintiff with an email dated April 13, 2009, wherein a viewer of the website explained: “On the Web site lawsuit, I

believe the key issue for a judge will be does your Web site cause confusion. That's the key to trademark infringement. I think the argument can be made, and *looking at the cite (sic), it's not clear when you log on who you are.*" Exhibit I attached hereto (emphasis added). Accordingly, Defendants' own evidence shows that there is still a risk of confusion despite the more recent changes to the site.

Further, even if Defendants had "clearly eliminated the chance of confusion" with the changes, Plaintiff would not have been obligated to immediately seek to dismiss this case. As explained above, Plaintiff is entitled to seek relief for Defendants' past actions as well as an injunction to insure that the website is not changed back. See Century 21 Real Estate Corp.; supra.; Shields, supra.; Brand, supra.¹¹

Counterstatement of the issues.

A. WHETHER DEFENDANTS CAN BE AWARDED FEES PURSUANT TO THE LANHAM ACT WHERE THEY HAVE NOT YET PREVAILED.

SUGGESTED ANSWER: NO

B. WHETHER THIS IS AN EXCEPTIONAL CASE WARRANTING AN AWARD OF FEES.

SUGGESTED ANSWER: NO

C. WHETHER DEFENDANTS MUST OFFER PROOF FOR FEES.

SUGGESTED ANSWER: YES

¹¹ It should be noted that the changes to the website are not the only factor behind the Motion to Dismiss. The changes, coupled with Plaintiff's financial situation, led to the filing of the Motion to Dismiss.

Argument

A. SINCE THE DEFENDANTS HAVE NOT YET PREVAILED, THEY CANNOT BE AWARDED FEES PURSUANT TO THE LANHAM ACT.

At the outset, fees and costs may only be awarded under the Lanham Act in “exceptional cases” to the “prevailing party.” 15 U.S.C. § 1117(a). Defendants are well aware that they have not yet prevailed in this case. They are aware of this fact because they have purposely acted to prevent the case from ending. Plaintiff filed a Motion to Voluntarily Dismiss the Case with Prejudice. Rather than agreeing to that relief, Defendants filed an “Answer with New Matter” and a Memorandum in Opposition. Fully aware that they solely prevented the case from being dismissed with prejudice, Defendants nonetheless filed the Motion for Lanham Act Attorneys Fees and Costs.

B. THIS IS NOT AN EXCEPTIONAL CASE WARRANTING AN AWARD OF FEES.

Defendants correctly note that, under the Lanham Act, the court, “in exceptional cases,” may award “reasonable attorney fees” to the prevailing party. 15 U.S.C. § 1117(a). This Honorable Court has explained:

“Exceptional cases involve culpable conduct on the part of the losing party, ‘such as bad faith, fraud, malice, or knowing infringement.’” Acumed LLC v. Advanced Surgical Servs, Inc., 561 F.3d 199, 230 (3d Cir.2009) (quoting Securacomm Consulting, Inc. v. Securacom Inc., 224 F.3d 273, 280 (3d Cir.2000). In determining whether a case is “exceptional,” the court engages in a two-step inquiry. First, the court must ascertain whether the losing party engaged in culpable conduct. If there was culpable conduct, the court determines if the “circumstances are ‘exceptional’ enough to warrant a fee award.” Green v. Fornario, 486 F.3d 100, 103 (3d Cir. 2007).

U.S. Olympic Committee v. Tobyhanna Camp Corp. 2010 WL 4617429, 5 (M.D.Pa. 2010). Moreover, this Honorable Court has utilized a “clear and convincing evidence” standard in examining exceptionality. See id at 6.

In the case at hand, Defendants fall short in every respect regarding exceptionality. First of all, as explained above, Defendants cannot show culpable conduct, such as bad faith, on behalf of Plaintiff. Secondly, the circumstances of this case certainly are not exceptional enough to warrant fees.

With respect to the various alleged defects in Plaintiff’s case, Defendants have cited absolutely no legal authority to establish how these alleged deficiencies, if true, would be fatal to the case. In other words, Defendants have simply thrown out accusations and left it to Plaintiff and the Court to determine their legal significance, if any. Nonetheless, even without deposing Defendants, Plaintiff possesses sufficient evidence to rebut all of Defendants claims.

Defendants claim that Plaintiff does not sell products or services in commerce. This allegation is baseless. The fact that an organization is a nonprofit and sells no goods does not take it out of the protection of the law of unfair competition. See 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 9:5 (4th ed. 2011). Further, the Patent and Trademark Office (the “PTO”) has registered many third-parties service marks for homeowner association services. Examples, taken from the PTO’s online database, are attached hereto as Exhibit J. The PTO classifies such services into Classes 35, 36 and 37. Acceptable descriptions of services from the PTO’s online

database “The US Acceptable Identification of Goods and Services Manual”

(“Trademark ID Manual”) can be found at <http://tess2.uspto.gov/netathtml/tidm.html> .

Additionally, Plaintiff has produced and made available thousands of documents related to its marketing, advertising, dissemination of information, and its sale of goods and services. These including decades of (1) records related to maintenance staff as well as third party vendors providing maintenance services such as plumbing, sewer maintenance, plowing, pavings, etc.; (2) builder packets submitted each time a property owner wants to build a home; (3) newsletters containing advertisements¹² and announcements which were mailed to the unit owners, many of whom lived out of state; (4) documents regarding its contracted management companies; (5) unit owner lists; (6) invoices and billing information for the unit owners, including many who lived out of state; (7) proposals and invoices from in and out of state merchants and vendors; (8) inquires and replies to and from outside parties about the community and (9) notices placed in the Pocono Record newspaper by Plaintiff soliciting bids and seeking job applications.

Moreover, Defendants admit that Plaintiff issues resale certificates as mandated by statute in return for a fee. See 68 Pa. C.S. § 5407; Defendants Answers to Request for Admissions at Paragraph 17. See also the Affidavit of Former Community Manager Patricia Gleason, attached hereto as Exhibit K, at Para.7, 8, 9, 11 and 23 regarding resale certificates and the Association’s other information services.

¹² The newsletter was first produced in house and then by a firm that sought advertising dollars in exchange for publishing.

Plaintiff also produced documents showing that it was solicited for and actually did engage in the sale of real estate (SLCA01183, SLCA01186, SLCA01187, SLCA01189, SLCA01191, SLCA01192) and leased its clubhouse (SLCA02800, SLCA002806). Further, Plaintiff produced a letter from Pennsylvania's Department of Revenue which provides, in part, as follows: "Welcome to Pennsylvania's Business Community. The Department of Revenue has been advised that your firm is now authorized to transact business in the Commonwealth of Pennsylvania." (SLCA01202).

Finally, it is worth noting that Plaintiff has also maintained its own website, which alone evidences commercial activity. See Raintree Homes, Inc. v. CBS Networking Services, Civil No. 01-1277, M.D. Pa., 5-17-02 Memo. Defendants have already provided this court with proof that Plaintiff sought advertisers for its official site. This came in the form of a forum page from Defendants' website that contained a post by April Bunje, who was one of Plaintiff's Board Members at the time. On August 22, 2008, 08:37:51 AM, Bunje wrote, in part, as follows:

Slowly but surely the official web-site is functioning... ***Spread the word about advertising on it.*** Advertising on it(the website) will pay for itself and if that happens it will be less money out of our pockets to keep it running. Advertising information will be obtained once an e-form is filled out.

Page 12 of Exhibit 1 to Defendants Reply Brief for 12(b)(6) Motion, attached hereto as Exhibit L.¹³

¹³ See also Affidavit of former Community Manager Patricia Gleason, attached hereto as Exhibit K, at Para. 18. Plaintiff also provided Defendants with a copy of the official website's current eform (SLCLA00040) which is titled "ADVERTISING INFORMATION REQUEST" and provides: "Our Community web site offers several great advertising opportunities to those who would like more business exposure to 500 plus single-family residences of our

To recap, the Association has produced and made available several thousand documents which reflect that it has engaged in the sale of goods and services in interstate commerce. Moreover, even if such were not the case, Defendants would not be insulated from legal action. See Committee for Idaho's High Desert v. Yost, 881 F.Supp. 1457, 1470-1471 (D.Idaho 1995) (“it is clear that the names of charitable, educational, and other non-profit organizations are entitled to protection under the Lanham Act regardless of whether or not they place products into the stream of commerce”); Order of Owls v. Owls Club of McKees Rocks, 99 F.Supp. 555, 560 (W.D.Pa. 1951) (“it is well established that the courts will protect a benevolent, fraternal or social organization in the use of its name by restraining another reorganization from using the same name or one which is deceptively similar”); Purcell v. Summers, 145 F.2d 979, 985 (4th Cir. 1944).

Defendants also claim that they have not engaged in commerce. This claim is patently false. First of all, the mere fact that a website is involved is enough to meet the “in commerce” requirement. See Raintree Homes, Inc., supra. Further, in its Opinion and Order on the 12(b)(6) Motion, this Honorable Court explained:

We also agree with Plaintiff that it has sufficiently stated a trade name infringement claim under the Lanham Act since Defendants are alleged to be attempting to obtain commercial gain from their use of its name on their website (Count I). As Plaintiff states, it has sufficiently stated and shown that Defendants have generated revenue from advertising on their website. (Doc. 14, p. 6). Exhibits A and F attached to Plaintiff’s Complaint (Doc. 1) clearly show that businesses have advertised on Defendants’ website and that Defendants are soliciting

community. Opportunities are available for classified advertising and site sponsorships. For more information on these opportunities please fill out and submit this form. You will be sent advertising opportunity and rate information as well as an order form. Thank you!”

advertisers on their site.⁷ Thus, we find that Plaintiffs have alleged that Defendants' website is a commercial use.

Opinion at pp. 9-10. Defendants have subsequently admitted that they were paid for at least one advertisement on the website. See Amended Answer at paragraph 54. Finally, Gorka has gone so far as to admit that the domain names are "valuable assets." (SLCA01153). Without question, Defendants have been engaged in commerce.

Next, Defendants claim that they were not engaged in commercial competition with Plaintiff. This assertion highlights Plaintiff's frustration with Defendants' filings which cite no law to support their claims. It would appear that "commercial competition" may be needed for a False or Misleading Advertising Claim under § 1125(a)(1)(B). In this case, however, Plaintiff's Complaint and Amended Complaint have both clearly explained that Count I is brought pursuant to § 1125(a)(1)(A). In fact, Paragraph 90 in each complaint specifically states that "[t]he above activities constitute intentional violations of 15 U.S.C. § 1125(a)(1)(A)." Further, "[t]o decide whether trademark infringement exists in use of marks on noncompeting goods or services, one cannot go wrong by always phrasing the problem in terms of the ultimate question: Is the reasonably prudent purchaser likely to be confused not only as to source, but also as to sponsorship, affiliation or connection?" McCarthy, supra at §24:1. Here, the various incarnations of Defendants website, especially its home page, certainly establish a tendency to confuse and deceive the public. In fact, they have caused actual confusion among users. See Affidavit of former Community Manager Patricia Gleason, attached

hereto as Exhibit K, at Para. 4, 5, and 6.

Moreover, the parties in this case have actually competed for users and paid advertisers with relation to their respective websites in this case.¹⁴ On a more fundamental level, Defendants have repeatedly asserted that they created the website to provide information services to unit owners in the community. Along these lines, Plaintiff has been in the business of providing information services to this same group of people for decades. Its Articles of Incorporation, from 1976, go so far as to state one of Plaintiff's purposes as being to "provide information and a forum for discussion of programs and plans affecting the community." (SLCA000193). It also has a statutory duty to provide information services via the issuance of resale certificates, for which it charges a fee. See 68 Pa. C.S. § 5407.¹⁵ Moreover, if Plaintiff failed in these obligations, the members would stop paying fees and assessments to Plaintiff.

Next, Defendants claim that they did not take any action to dilute Plaintiff's name. This claim necessarily fails. This Honorable Court has already ruled as follows:

Plaintiff has alleged, and *its exhibits attached to its Complaint have sufficiently shown*, that Defendants are using its name on their website without its permission and that they are using its name to sell advertising on their site. Plaintiff has alleged that "Defendants' unauthorized use of Plaintiff's trade name dilutes the distinctive quality of Plaintiff's name and reputation." (Doc. 1, pp. 23-24).

Based on the Plaintiff's allegations, we agree with Plaintiff that "the [alleged] misrepresentations and confusing references to the Association and to the acronym "SLCA" on the Defendants' website and *via* their domain name have clearly

¹⁴ Along these lines, it should also be noted that Plaintiff had spent effort and money to promote the official website by contracting for the creation of magnets and metal signs to promote it (SLCA03759, SLCA03757).

¹⁵ See Gleason Affidavit at Para.7, 8, 9, 11 and 23 regarding information services.

tarnished the distinctiveness of the Association's trade name, which has taken several decades to develop." (Doc. 14, pp. 19-20).

12(b)(6) Opinion and Order at p. 19 (emphasis added). Importantly, Defendants specifically admitted that (1) the document attached as Exhibit "C" to Plaintiff's Amended Complaint fairly and accurately depicts the Website's homepage as it appeared on December 17, 2008 (Answer to Request Number 5) and (2) the document attached as Exhibit "A" to Plaintiff's Amended Complaint fairly and accurately depicts the Website's homepage as it appeared on October 13, 2008 (Answer to Request Number 11).¹⁶ Based upon these documents, the Court has already found that Plaintiff's dilution claims are valid.

Defendants next allege that Plaintiff, as a matter of evidence, did not possess a common law trade name. This is presumably based upon the assertion in their other filings that the thousands of documents that Plaintiff produced showing decades of use and promotion of its trade name did not include any using the 'TM' designation. Defendants, however, wholly fail to cite any legal to establish that use of the TM designation is a mandatory requirement for Plaintiff's causes of action. To the contrary, as explained in MSP Corp. v. Westech Instruments, Inc., 500 F.Supp.2d 1198, 1209 (D.Minn. 2007), failure to "use the common law 'TM' designation in conjunction with the alleged marks... is insufficient to show that the terms are generic. See Two Pesos, Inc., v. Taco Cabana, Inc., 505 U.S. 763, 768, 112 S.Ct. 2753, 120 L.Ed.2d 615

¹⁶ These Exhibits were the same as those attached to Plaintiff's Original Complaint.

(1992) (noting that designation is not required for possession of valid trademarks).”

Finally, Defendants claim that the documents produced by Plaintiff did not evidence a loss of profits due to unfair competition. At the outset, it should be noted that a review of Plaintiff’s Complaint and Amended Complaint reveals that, while Plaintiff did allege that it had been injured and was entitled to damages, Plaintiff never made a specific claim for lost profits. Defendants fail to cite any authority which would prevent Plaintiff from seeking injunctive relief or damages based upon disgorging Defendant’s ad sales. Moreover, Plaintiff also incurred damages related to attorneys fees in enforcing its trade name, staff time dealing with the confusion created by Defendants’ website and money spent to promote Plaintiff’s own website so as to combat any confusion as to what was Plaintiff’s official site. See generally Balance Dynamics Corp. v. Schmitt Industries, Inc., 204 F.3d 683, 690-93 (6th Cir. 2000) (allowing recovery of damage control expenses).¹⁷ Accordingly, Defendants cannot prevail on this issue.¹⁸

C. DEFENDANTS MUST OFFER PROOF TO SUPPORT THEIR REQUEST FOR FEES.

It is respectfully suggested that, even if this Court finds that fees and costs are warranted under the Lanham Act, that such an award cannot be made in this case based upon the Defendants Motion and Memorandum in Support.

First of all, while Defendants at least provided bald sum totals in support of a

¹⁷ See Gleason Affidavit at Para. 4, 5 and 6 regarding staff time spent to correct confusion.

¹⁸ Before concluding, it is worth repeating that the information contained in this Brief was all developed without the benefit of deposing Defendants. Had depositions occurred, one would expect even more evidence to support Plaintiff’s claims.

separate Motion for Rule 11 Sanctions, they have wholly failed to provide any information regarding fees and costs in support of their Lanham Act Motion. Moreover, a bald sum total would not suffice. This Honorable Court has explained that it “may only award ‘reasonable’ attorney fees.” U.S. Olympic Committee, supra at 7. “The party seeking attorney fees has the burden to prove that its request is reasonable.” Id. This means that the party seeking fees “bears the burden of establishing by way of satisfactory evidence, in addition to [the] attorney's own affidavits, ... that the requested hourly rates meet this standard [of reasonableness].” Id. (citation and quotations omitted). The “court may not simply rubberstamp a fee request.” Id. Courts must “subject fee requests to a ‘thorough and searching analysis,’” which requires that they “go line, by line, by line through the billing records supporting the fee request.” Id.

This Court has explained that to “meet the exacting standards required to support [a Lanham Act] claim for attorney fees”, the petitioner needs to present evidence beyond a “declaration, which summarized, in cursory fashion, the names, titles, rates, and hours spent for all personnel on [the] matter.” Id. at 8. To the contrary, the declarant needs “to explain how he has personal knowledge of the time the other attorneys spent.” Id. Moreover, as to all fees being sought, petitioners need to produce sufficient evidence to establish that the rates are the prevailing market rate for attorneys of similar “experience, skill, and reputation, or that the number of hours expended on each task was reasonable.” Id.

Finally, Defendants cannot seek to recover fees unrelated to defending the Lanham

Act claims. Ritchie v. Gano, 754 F.Supp.2d 605, 609 (S.D.N.Y. 2010). As such, they must parse out which charges relate to which claims. Id. Without a detailed breakdown of the amounts Defendants request attributable to the Lanham Act claims specifically, “it is impossible for the Court to determine the reasonableness of the application.” Id. at 610.

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