

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION

Roger Cleveland Golf Company, Inc.,)	Civil Action No. 2:09-2119-MBS
)	
Plaintiff,)	
)	
vs.)	DEFENDANT BRIGHT BUILDERS,
)	INC.'S OPPOSITION TO
Christopher Prince, Sheldon Shelley, Prince)	PLAINTIFF'S PETITION FOR
Distribution, LLC, and Bright Builders,)	ATTORNEY'S FEES AND COSTS
Inc.)	
)	
Defendants.)	

The Defendant Bright Builders, Inc. ("Bright Builders"), respectfully submits this Opposition to Plaintiff's Petition for Attorney's Fees and Costs ("Attorney's Fee Petition").

NATURE OF THE CASE

Cleveland asserted claims against Bright Builders for contributory trademark infringement and violation of the South Carolina Unfair Trade Practices Act ("SCUTPA"). S.C. Code Ann. § 39-5-10, *et seq.* The trial in the present case proceeded before a jury which returned a verdict in favor of Plaintiff on March 10, 2011, finding Bright Builders liable for contributory trademark infringement and violating SCUTPA. (Doc. 119 at ¶¶ 2-3, 8-9). Judgment was entered by the Court against Defendants on March 14, 2011. (Doc. 126). Plaintiff petitioned this Court with supporting memorandum and affidavit for an Order granting a joint and several award of attorney's fees and costs pursuant to 15 U.S.C. § 1117 and S.C. Code Ann. § 39-5-140 against Bright Builders and Christopher Prince ("Prince"). (Doc. 127).

On April 11, 2011, Bright Builders filed a Motion for Remittitur and to Alter or Amend the Judgment as well as a combined Renewed Motion for Judgment as a Matter of Law (Fed. R. Civ. P. 50(b)), Motion for a New Trial (Fed. R. Civ. P. 59), and Motion for Relief from Judgment (Fed. R. Civ. P. 60) (the “Combined Motion”) (Doc. 130, 131). These motions are currently pending before this Court.

Bright Builders opposes Plaintiff’s Petition for Attorney’s Fees and Costs and feels it should be DENIED for the reasons provided below.

STATEMENT OF THE FACTS

Plaintiff pursued and elected to receive “statutory damages” pursuant to § 1117(c) of the Lanham Act in the present action. (Doc. 129 at 50:8-51:14; Doc. 119). After the trial of the case, the jury found Bright Builders liable for contributory trademark infringement. (Doc.119 at ¶ 2-3). The jury found that Bright Builders acted willfully with regard to the Lanham Act claim and rendered a verdict for Plaintiff awarding “statutory damages” against Bright Builders in the amount of \$70,000.00 “per mark.” (Doc. 119 at ¶ 3). The jury also found Bright Builders violated SCUTPA and acted willfully and awarded damages in the amount of \$250.00 with regard to that claim. (Doc. 119 at ¶¶ 7-9).

ARGUMENT

Plaintiff asserted in its Petition that it is entitled to receive attorney’s fees and costs under the Lanham Act and SCUTPA. (Doc. 127 at ¶ II). Bright Builders would request this Court to withhold rendering its decision on Plaintiff’s Attorney’s Fee Petition until it decides on Bright Builders’ Combined Motion recently filed and referenced

above, as its decision in the latter will directly impact the Courts necessity and/or ability to rule on the former.

A. Attorney's Fees Under the Lanham Act

§1117(c) of the Lanham Act provides that “[i]n a case involving the use of a counterfeit mark . . . the plaintiff may elect . . . to recover, instead of actual damages and profits under subsection (a) of this section, an award of statutory damages . . . in the amount of . . . if the court finds that the use of the counterfeit mark was willful, not more than \$2,000,000 per counterfeit mark . . .” 15 U.S.C. § 1117(c).

“Section 1117(c) makes no provision for attorney’s fees; nor does §1117(b) authorize such fees for a plaintiff seeking statutory damages under §1117(c). Section 1117(b)’s attorney’s fees provision applies only in cases with actual damages under § 1117(a).” *K&N Eng., Inc. v. Bulat*, 510 F.3d 1079, 1082 (9th Cir. 2007). “In 1975, Congress amended the Lanham Act for the express purpose of permitting the recovery of attorney’s fees in ‘exceptional cases.’” *Playboy Enterprises, Inc. v. Baccarat Clothing Co.*, 692 F.2d 1272, 1276 (9th Cir. 1982). Subsection (a) of § 1117 is the only portion of that section that provides for attorneys fees and it states that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” 15 U.S.C. § 1117(a). “[A] case is "exceptional" if the defendant's conduct was "malicious, fraudulent, willful or deliberate in nature." *People for the Ethical Treatment of Animals v. Doughney, et al.*, 263 F.3d 359 (4th Cir. 2001) (citing *Scotch Whisky Ass'n v. Majestic Drilling Co., Inc.*, 958 F.2d 594, 599 (4th Cir. 1991)).

The question of whether a party that elects to proceed for statutory damages under § 1117(c) is entitled to receive attorney’s fees appears to be one of first impression for

this Court. Furthermore, there appears to be confusion among other courts as to whether a party that proceeds under subsection (c) is entitled to receive attorney's fees. *Compare Symantec Corp. v. Logical Plus, Inc., et al.*, 2010 U.S. Dist. LEXIS 55110 (N.D. Ca. June 2010) (noting that "Symantec does not seek fees pursuant to the Lanham Act because the provisions that allow recovery of attorney's fees under that statute only apply if the plaintiffs choose to pursue actual damages under *15 U.S.C. § 1117(a)-(b)*) and *Chanel, Inc. v. French*, 2006 U.S. Dist. LEXIS 93297 (S.D. Fla. Dec. 22, 2006) (awarding \$280,000 in statutory damages pursuant to § 1117(c) and attorney's fees pursuant to § 1117(b)).

Plaintiff did not elect to receive actual damages pursuant to subsections (a) or (b) of §1117 of the Lanham Act. Rather, it specifically requested, and the judge instructed the jury solely on "statutory damages" as provided for under subsection (c). (Doc. 118 at "Instruction No. 9.4: Trademark Damages – Statutory Damages"). Furthermore, the judge instructed the jury and the verdict form specifically called for the jury to decide whether Bright Builders' actions were "willful," in order to determine whether the higher "statutory" damages provision applied under §1117(c). (Doc. 119 at ¶ 3).

As such, Bright Builders argues that based on the clear language of the statute, subsection (c) does not directly provide for the award of attorney's fees and Plaintiff's election to proceed pursuant to that section bars it from receiving an award of attorney's fees and costs.

Alternatively, if the Court is inclined to reach the issue of attorney's fees under the "exceptional case" element provided under § 1117(a) or (b), despite plaintiffs failure to proceed under those subsections, the jury's finding of "willfulness" will not suffice as

a basis for a finding of “exceptionality” for the reasons set forth in Bright Builders’ post-judgment Combined Motion and Motion for Remittitur pending before the Court. At the very least, the Court can not render a ruling on Plaintiff’s attorney’s fee petition until ruling on Bright Builders’ Combined Motion and Motion for Remittitur as Bright Builders asserts in that motion that Plaintiff’s Lanham Act claim should fail. Therefore any attorney’s fee award under that claim would likewise fail.

B. Attorney’s Fees Under SCUTPA

SCUTPA provides that, “[u]pon the finding by the court of a violation of this article, the court shall award to the person bringing such action under this section reasonable attorney’s fees and costs. S.C. Code Ann. § 39-5-140.

Despite the jury’s initial finding that Bright Builders violated SCUTPA, Bright Builders asserts that it would be remiss for the Court to render a ruling on Plaintiff’s Attorney’s Fee Petition pertaining to SCUTPA prior to making a determination on Bright Builders’ Combined Motion referenced above and pending before this Court. As Bright Builders’ Combined Motion alleges, Plaintiff’s SCUTPA claim rises and falls with its Lanham Act claims and any award for attorney’s fees under the same provisions must follow accordingly.

C. Reasonableness of Plaintiff’s Attorney’s Fees and Costs Requested

Bright Builders would also request the Court to withhold determining the reasonableness of Plaintiff’s Petition until rendering its decision on Bright Builders’ post-judgment Combined Motion and Motion for Remittitur.

Bright Builders directs the Court’s attention to the large disparity in damage awards rendered by the jury against Bright Builders under the Lanham Act and SCUTPA.

In both regards, the jury found Bright Builders acted willfully, but it awarded significantly higher damages under Lanham Act than it did under SCUTPA despite its having to examine the same actions or inactions on the part of Bright Builders to reach both amounts.

Furthermore, after ruling on Bright Builders' Combined Motion and Motion for Remittitur, should the Court find Plaintiff's Lanham Act claim fails and its SCUTPA claim may proceed, Bright Builders argues that the amount of attorney's fees and costs requested by Plaintiff is unreasonable based on the maximum \$750 it can collect under the SCUTPA claim and the Court should reduce the amount awarded within the Court's discretion.

Lastly, it should be noted that Bright Builders was not actually added to the current action until March 23, 2010. As such, it would be inappropriate to charge Bright Builders for any time and expenses incurred in prosecuting the case against Christopher Prince. That would include all time entries from the inception of the case as evidenced by Exhibit 1 which was attached to Plaintiff's Petition, with the beginning entry of July 9, 2009 through February 18, 2010 when Mr. Prince was deposed and he first offered Bright Builders as an alternate target for Cleveland to point its arrows. Additionally, it should be noted that Bright Builders should not be charged for any of the costs incurred between July 9, 2009 and February 18, 2010. Specifically, the Plaintiff's Petition for Fees requests costs for things such as service of the Summons and Complaint on Christopher Prince, copies of depositions from Christopher Prince (see Vendor Entry of February 23, 2010 in the amount of \$300.78), etc.

Bright Builders notes that it is almost impossible to ascertain the amount of time spent on each task that the Plaintiffs are seeking to be reimbursed for at this point. The time entries lump together various activities on a particular date and then place a blanket “*time for all of such activities.*” Thus, Bright Builders has no way to ascertain how long each time entry actually took and therefore cannot dispute the actual amount of time billed. As such, if the Court is inclined to award attorney fees, it is the request of Bright Builders that it be incumbent upon the Plaintiff’s attorneys to break down the time spent on each related time entry separately so that an evaluation can be made as to the time charged for such activity. Please understand that this is not to say that anybody in this case has overbilled for any item, but merely to point out that there is no way for Bright Builders to ascertain whether or not such conduct occurred. Further, it is only fair if Bright Builders is going to be ordered to pay the attorney fees that they know exactly the number of hours that each activity took in order to review the same.

Additionally, with regards to costs, it appears that there are some entries which are duplicates. For example, there are two bills for the deposition of Christopher Prince, one dated February 23, 2010 in the amount of \$300.78 and another one dated March 2, 2010 in the amount of \$574.85. Bright Builders is unaware as to whether or not this is an oversight, a duplicate billing, or an additional cost for some legitimate reason. As such, Bright Builders would request an explanation as to those costs. Likewise Bright Builders should not be charged for service fees of Marion J. Brown Detective Agency in connection with serving the Summons and Complaint on Sheldon Shelley dated April 8, 2010 in the amount of \$63.65. As the Court is aware, Bright Builders eventually dismissed Sheldon Shelley from this case and sought no compensation from him at the

conclusion of the trial. Bright Builders should not have to pay for the mediator's fee in this case. There is a charge that seeks to reimburse \$170.90 for the mediator's fee dated September 9, 2010.

Finally, Plaintiff's counsel would crave reference by the Court to the individual time entries when deciding whether or not to award attorney fees and the amount of such fees should the Court decide to award attorney fees. There are numerous items which puzzle Bright Builders as to the time spent and differences among different attorneys that all seem to be doing the same activities. Throughout the billing it is clear that three attorneys are basically billing for just about all of the same activities. Many times there is great discrepancy in the actual time spent between one attorney and the other doing the exact same thing. For example, on August 31, 2010, attorney John McElwaine bills 7.5 hours for "preparation for and participation in mediation at Sam Clawson's office." While Jeff Patterson only bills 6.9 hours for the same mediation attendance and his time entry includes round trip travel from Columbia to Charleston for the mediation. Therefore, there seems to be some discrepancy with regards to those time entries since attorney McElwaine is in Charleston and did not have any travel time associated with attending mediation. Another example can be found on September 29, 2010 in an entry by Attorney McElwaine which is described as "work on notices for depositions for Bright Builders witnesses." The time charge for this is .4 hours. Bright Builders finds it hard to believe that it would take a partner at Nelson Mullins almost thirty minutes to draft a deposition notice. Without more description we cannot tell if this is a mistake, an overcharge, or simply more was involved than simply drafting a Notice of Deposition. As such, Bright Builders would request further information regarding those time entries.

Based on the foregoing, if the Court is inclined to award attorney fees and costs at all, it would be incumbent to ask Plaintiffs to provide a more detailed and comprehensive explanation of all the charges for services rendered. Specifically, each line item would need to be broken out (as many are) per task and the amount of time it took for each task. We respectfully request this Court order exactly such detailed timing in order that we may ascertain and respond accordingly if the Court is inclined to award cost and attorney fees.

CONCLUSION

Based on the above, Bright Builders requests the Court to withhold its determination on awarding attorney's fees and costs until ruling on Bright Builders' combined Renewed Motion for Judgment as a Matter of Law, Motion for a New Trial and Motion for Relief from Judgment and its Motion for Remittitur. In the alternative, the Court should deny Plaintiff's Petition for Attorney's Fees and Costs. Finally, if the Court is inclined to award attorneys fees and costs, such should be reduced from the requested amount per the Court's discretion as argued above or broken out further by line item as requested.

(Signature on following page.)

Respectfully submitted,

s/Paul J. Doolittle

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Dated: April 14, 2011

CERTIFICATION

This is to certify that a copy of the Motion for Remittitur and Altering or Amending the Judgment and Memorandum in Support of Defendant Bright Builders' Motion for Remittitur and Altering or Amending the Judgment was hand delivered, mailed and/or e-filed this day, via first class mail, postage prepaid, to the following:

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Dated: April, 14, 2011