

web sites every hour or less and then inquire with the manufacturer of items listed on the sites to ensure Prince was authorized to sell such products; a requirement which has been specifically ruled against in MDT Corp. v New York Stock Exchange, Inc., 858 F. Supp. 1028, 1034 (C.D. Cal 1994) (granting summary judgment in favor of defendant stock exchange because its registration of stock symbols imposed on it no affirmative duty to police registrants' possible infringement of trademarks).

As noted in their brief and exhibit, the Plaintiff did e-mail to counsel the cases of Size, Inc. v. Network Solutions, Inc., 255 F.Supp.2d 568 (E.D.Va. 2003) and Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844 (1982). In their reply brief to Bright Builders response to the order to show case they point out that Inwood established contributory liability for trademark infringement over twenty-eight years ago. What the briefing in this case has shown is no case has ever extended liability to facts such as those in the case at bar. In fact, the two cases cited above and in the Plaintiff's brief were decided in favor of Defendants such as Bright Builders. As the Supreme Court has held, attempts to impose vicarious liability through contributory trademark infringement must meet a "narrow standard." Sony Corp. v. Universal City Studios, 464 U.S. 417, 439 (1984).

In Size, Inc., the Court examined whether registering internet domain names and routing internet users to a third party's web site created contributory liability for trademark infringement. The Court ruled such actions did not constitute contributory liability for trademark infringement. The Court focused on the distinction between a product and a service in the trademark infringement area. The Court found "domain name registration service is just that – a service." Size, Inc. at 573. The undisputed actions by Bright Builders are that they provided a service to Prince to teach him how to

build a web site, create an on-line store, build a web presence and registered the web site names Prince submitted to Bright Builders with various search engines. In Size, Inc., the registrant selected the name of the web site and provided the content for such site. This is exactly the actions taken by Bright Builders in the case at bar.

Similarly, Inwood Labs is also resolved in favor of the defendant such as Bright Builders. Inwood Labs involves claims made against a company (Inwood Labs) that provided products (pills) that allegedly infringed a trademark. In the present case, Bright Builders never provided, nor has it ever been alleged by Plaintiff that Bright Builders did provide, a product. Rather, Bright Builders provided *services* to Mr. Prince including, but not limited to, a “coaching and mentoring program.” See Pltf. Oppo at pg. 2. Plaintiff clarified as much to this Court when it noted in its Opposition that “Bright Builders advertises and holds itself out to the public as being a program that teaches individuals to build their own online stores by providing one-on-one coaching and mentoring services to their clients.” Id. (emphasis added). Moreover, in its decision in Inwood Labs, the Supreme Court overturned the Court of Appeals and reaffirmed the District Court’s ruling that the defendant was not liable for contributory infringement despite its having committed actions that were clearly more egregious than those alleged in the present action. As such, Inwood Labs does not apply to extend liability to the facts in the present action.

As this Court noted in its Order, “Federal Rule of Procedure 11 empowers the Court to sanction attorneys and parties for presenting motions for an improper purpose, ‘such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation.’”

Order at pg. 7. Bright Builders respectfully submits to this Court that it did not file its Motion for Summary Judgment for such purposes.

Bright Builders' motion did not harass Plaintiff nor did it file its motion with such intent. Further, the Plaintiff has not even asserted such. Bright Builders' motion did not cause unnecessary delay in the present action for the simple fact that all parties agreed to extend the trial date and this Court did issue a Fourth Amended Scheduling Order on December 1, 2010, indicating such. Bright Builders' Motion did not "needlessly increase the [Plaintiff's] cost of litigation." Bright Builders believes that Plaintiffs, at the very least, had to complete the legal research included in its Opposition to Defendant Bright Builders, Inc's Motion for Summary Judgment in order to name Bright Builders as a party defendant. By naming Bright Builders as a party in its amended pleading, Plaintiff certified to this Court that "the claims . . . and other legal contentions [in its pleadings] are warranted by existing law or by a non-frivolous argument for extending, modifying, or reversing existing law . . ." Fed. R. Civ. P. 11. In other words, most, if not all, of the legal work included in Plaintiff's memorandum should have already been performed, completed and billed prior to its drafting the Memorandum. If not, Plaintiff would certainly have had to complete this research for the trial of the case.

WHEREFORE, Defendant Bright Builders respectfully urges this court not to impose sanctions and/or costs in this matter.

Respectfully submitted,

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