ESTTA Tracking number: **ESTTA547210**

Filing date: **07/08/2013**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91187956
Party	Defendant CGG, L.L.C.
Correspondence Address	STEPHEN G JANOSKI ROYLANCE ABRAMS BERDO GOODMAN LLP 1300 19TH ST NW STE 600 WASHINGTON, DC 20036-1649 UNITED STATES sstraub@Roylance.com, SJanoski@Roylance.com
Submission	Defendant's Notice of Reliance
Filer's Name	Stephen A. Straub
Filer's e-mail	sgjdocketing@roylance.com, sstraub@roylance.com
Signature	/Stephen A. Straub/
Date	07/08/2013
Attachments	CGG's 3rd NOR.pdf(112147 bytes) CGG 3RD NOR Exhibits 1-19.pdf(4815472 bytes) CGG 3RD NOR Exhibits 20-29.pdf(2878639 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC Petitioner, v. CGG, L.L.C. Respondent.	:	Cancellation No. 92049165
JEC II, LLC, The One Group, LLC and One Marks, LLC Opposer, v. CGG, L.L.C. Applicant.	:	Opposition No. 91187956 Opposition No. 91188809

CGG'S THIRD NOTICE OF RELIANCE

CGG, L.L.C., through its undersigned counsel, hereby submits this Third Notice of Reliance pursuant to 37 C.F.R. § 2.122 and TBMP §§ 704.07 and 704.08 to the Trademark Trial and Appeal Board and JEC II, LLC, The One Group, LLC, and One Marks, LLC. Specifically, CGG relies upon the following documents publicly available on the internet as a printed publication in general circulation admissible here per *Safer, Inc. v. OMS Investments, Inc.,* 94 USPQ2d 1031 (TTAB 2010) on printed publications generally, and upon official records, all in accordance with the above-referenced rules. Copies of the internet documents are attached as Exhibits 1 through 29.

The following documents publicly available from the internet are relevant for illustrating the weakness of Plaintiff's mark for Plaintiff's services as it applies to the likelihood of confusion analysis in Plaintiff's claims against Defendant. Like the Exhibits in Defendant's First Notice of Reliance, the Exhibits below are a representative sample of the countless business entities nationwide using a ONE or 1 formative mark for services consistent with Plaintiffs and which are presently in use in commerce.

Consistent with 37 CFR § 2.122 and TBMP § 704.08, the documents indicate the date of access or printing in addition to the URL at which the page is found.

Exhibit	**Restaurant Name**	**URL**
Exh. 1.	ONE	http://one-restaurant.com/
Exh. 2.	ONE LOUNGE	http://oneloungedc.com/
Exh. 3.	LEVEL ONE	http://levelonedc.com/
Exh. 4.	BANGKOK ONE	http://bangkok1dc.com/
Exh. 5.	ONE	http://onerestaurantnola.com/
Exh. 6.	ONE	http://oneryan.com/
Exh. 7.	ONE	http://www.onerestaurantandbar.com/
Exh. 8.	1 OAK	http://1oaknyc.com/
Exh. 9.	PHASE 1	http://phase1dc.com/
Exh. 10.	ONE 2 ONE	http://www.one2onerestaurant.com/
Exh. 11.	ONE ATLANTIC	http://oneatlanticevents.com/

The following documents publicly available from the internet are relevant for illustrating the continued lack of use of the ONE mark by Plaintiff. As indicated by the text of these documents and consistent with documents provided in Defendant's Fourth Notice of Reliance, Plaintiff ceased

use of ONE as a mark at least for the services defined in Plaintiff's ONE registration at Plaintiff's 1 Little West 12th Street location, among other locations, sometime before March 2010. As the Exhibits indicate, and again consistent with documents in Defendant's Fourth Notice of Reliance, the services were discontinued under the ONE mark for business reasons but resumed under another mark at the same location in March 2010 only to again cease use and resume under a third mark in June 2011.

Consistent with 37 CFR § 2.122 and TBMP § 704.08, the documents indicate the date of access or printing in addition to the URL at which the page is found. Further, the relevant date, if available, either expressed in the text of the article or of printing is provided in the table below

Exhibit	**URL**	**Relevant Date**
Exh. 12.	http://www.menupages.com/restaurant/one/	3/11/2010
Exh. 13.	http://ny.eater.com/archives/categories /meatpacking_district.php	3/11/2010
Exh. 14.	http://www.myspace.com/innovativeprtriumph /photos/27044576	8/1/2009
Exh. 15.	http://www.yelp.com/biz/one-sunset-west-hollywood	7/28/2009
Exh. 16.	http://www.onelittlewest12.com/collectiveny/	3/11/2010
Exh. 17.	http://www.urbandaddy.com/uploads/assets/file/pdfs/ /fe158ca1360221d3615cf9dd01a59e7	3/11/2010
Exh. 18.	http:www.register.com/whois.rcmx	3/1/2010
Exh. 19.	http://64.22.81.98/~onewest/	3/11/2010
Exh. 20.	http://64.22.81.98/~onewest/	6/2/2011
Exh. 21.	http://togrp.com/	9/22/2011
Exh. 22.	http://togrp.com/	7/5/2013
Exh. 23.	http://restaurantnewsresource.mobi/?p=54825	5/11/2011

Exh. 24.	http://ny.eater.com/archives/2011/04/bagatellez_finds_new_home_at_the_collective.php	4/6/2011
Exh. 25.	http://bagatellenyc.com/about/	6/2012

Per 37 CFR § 2.122 and TBMP § 704.08 and/or 704.08, the following documents publicly available from printed legal reporters are relevant for addressing the credibility of testimony offered by Plaintiff's expert witness, Steve Barnett, PhD. The following cases are cited in the biographical information for Dr. Barnett as relevant experience.

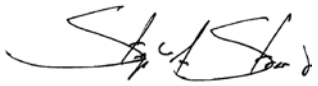
Exhibit	**Case Caption**
Exh. 26.	*A & G Research, Inc. v. GC Metrics, Inc.*, 862 N.Y.S.2d 806 (2008).
Exh. 27.	*Atlantic Recording Corp. v. XM Satellite Radio Inc.*, 81 U.S.P.Q.2d 1407 (SDNY 2007).
Exh. 28.	*McDowell v. Philadelphia Housing Authority*, 423 F.3d 233 (3d Cir. 2005).

Per 37 CFR § 2.122 and TBMP § 704.08 and/or 704.08, the following document publicly available from the internet is relevant for indicating the current status of Southeast Management, LLC as a business entity in the state of Missouri, particularly the availability of even further testimony regarding Southeast Management's filings with the USPTO in connection with the application that matured to U.S. Reg. No. 3,349,279 for the mark ONE.

Exhibit	**URL**
Exh. 29.	https://www.sos.mo.gov/BusinessEntity/soskb/Corp.asp?633511

The above described documents are filed concurrently herewith.

Respectfully submitted,
CGG, L.L.C.



Stephen G. Janoski
Stephen A. Straub
Roylance, Abrams, Berdo & Goodman, L.L.P.
1300 19th Street, N.W., Suite 600
Washington, D.C. 20036
Attorneys for CGG, L.L.C.

CERTIFICATE OF SERVICE

It is hereby certified that a true and complete copy of the foregoing CGG, L.L.C.'s THIRD NOTICE OF RELIANCE was deposited with the United States Postal Service, postage prepaid for delivery via First-Class Mail on this 8th day of July 2013 to:

Michael R. Gilman, Esquire
163 Madison Ave., Suite 110
Morristown, NJ 07960

Stephen A. Straub

CERTIFICATE OF FILING ON ESTTA SYSTEM

It is hereby certified that this CGG, L.L.C.'s THIRD NOTICE OF RELIANCE is being filed using the United States Patent and Trademark Office website ESTTA service, this 8th day of July 2013.

Stephen A. Straub

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 1

to

CGG'S THIRD NOTICE OF RELIANCE

HOME

ABOUT US

MENU

EVENTS

DIRECTIONS

RESERVATIONS

CONTACT

100 Meadowmont Village Cir.
Chapel Hill, NC 27517
T. 919-537-8207
Privacy

Design of ONE by Chad Parker, AIA of Gensler

CGG 3RD NOR EX1
CGGT 01815

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 2

to

CGG'S THIRD NOTICE OF RELIANCE

ONELOUNGE
KITCHEN AND COCKTAIL BAR

Our Menus

To conquer your hunger

To quench your thirst

For the daily happy hour

Reservations

Party Size: 2 Date: 08/20/2012 mm/dd/yyyy Time: 7:00 PM

Find a Table

Directions

One Lounge • 1606 20th Street NW • Washington, DC 20009 • (202) 299-0909 • contact@oneloungedc.com • Hours: opens at 5pm Mon-Sat

CGG 3RD NOR EX2
CGGT 01816

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 3

to

CGG'S THIRD NOTICE OF RELIANCE

BOOK A TABLE

LEVEL ONE
WASHINGTON, DC

(http://levelonedc.com)

1639 R ST, NW Washington, DC 202.745.0025

- Navigation -

We're real foodies

Located in DuPont Circle, Level One is casual chic. The perfect place for the first date or friends meeting for dinner. Large parties are no problem, the music's great & the atmosphere is pure energy. Washington Blade readers voted us best brunch, best new restaurant, and Chef Allan Javery as best chef! Level One has been nominated in several contests as a leader in local hospitality with its Disco Brunch topping the ratings for your weekend play dates! When possible, Level One selects local and natural meat and vegetables.

Our Awards

2012 – Best of DC *"Best Brunch"*
2011 – Best of DC *"Best Brunch"*
2011 – Best of DC *"Best Chef"*
2010 – Best of DC *"Best Brunch"*
2010 – Best of DC *"Best Chef"*

HOURS

Monday
Closed

Tuesday
5:00 pm – 10:00 pm

Wednesday
5:00 pm – 10:00 pm

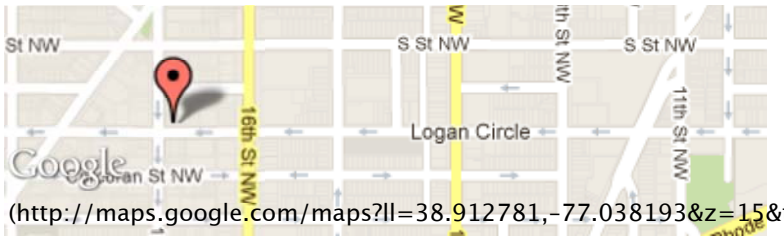
Thursday
5:00 pm – 10:00 pm

Friday
5:00 pm – 11:00 pm

Saturday
10 am–4 pm, 5–11 pm

Sunday
10 am–4 pm, 5–11 pm

CONTACT AND LOCATION



(http://maps.google.com/maps?ll=38.912781,-77.038193&z=15&t=m&hl=en-US)

1639 R St. NW, Washington, DC 20009(202) 745-0025
www.levelonedc.com (www.levelonedc.com)

CGG 3RD NOR EX3
CGGT 01818

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 4

to

CGG'S THIRD NOTICE OF RELIANCE

Bangkok One

The House of Thai Gourmet

1411 K St. NW
Washington, DC 20005
U.S.A.
Tel: 202-393-6277
Fax: 202-393-6271
Email:
contact@bangkokonedc.com

Hours of Operation:
Mon - Fri: 11:30 am - 10:30 pm
Sat - Sun: 12:00 pm - 10:30 pm

Please Enjoy Your Stay.

Bangkok One
Like 62

CGG 3RD NOR EX4
CGGT 01819

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 5

to

CGG'S THIRD NOTICE OF RELIANCE

8132 Hampson St. New Orleans, LA. 70118
PHONE: (504) 301-9061

Information About ONE Restaurant & Lounge

For those who believe sleek/sophisticated and intimate are mutually exclusive when it comes to restaurant ambiance, it may be time for an evening at ONE. Located uptown just steps from Carrollton Ave near St. Charles, ONE combines the well-seasoned, "perfectly textured" culinary creations of rising chef Scott Snodgrass, (late of Clancy's), with the irresistible hospitality of his co-owner Lee McCullough.

Ask for a table for two at One and three things will shake up your senses: the sleek, sophisticated atmosphere, the stellar service and an expertly prepared meal that you'll be talking about tomorrow. The intimate dining room that seats 75 and features 34 wines by the glass, an award-winning duck and okra gumbo with homemade boudin, and delicate char-grilled oysters complimented by Roquefort cheese and vinaigrette. The flavors are full, as is the dining room six nights a week.

Ask for a seat at the food bar, the ultimate open kitchen where Snodgrass takes succulent oysters from the grill, adds Roquefort and vinaigrette, and then turns right around and serves them to you.

Co-owners Scott Snodgrass and Lee McCullough know how to satisfy. Snodgrass operates from his open kitchen where you can take a seat at the food bar and watch the culinary artistry happen. McCullough keeps the room abuzz with vitality and fun. Let's review: savory, irresistible food, lively ambiance and a glass that never seems to go half empty. It's ONE, a number that will take on all new meaning once you make room for Coq au Vin with housemade bacon.

Lee McCullough and Scott Snodgrass

Home | About | Contact

CGG 3RD NOR EX5
CGGT 01820

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 6

to

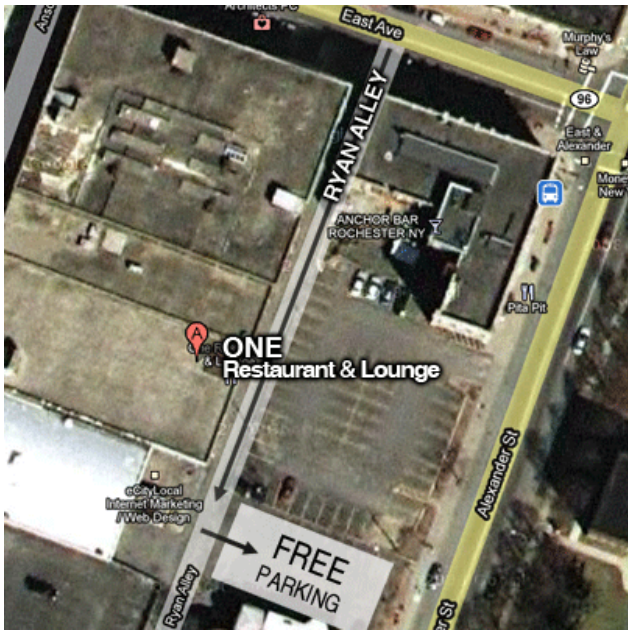
CGG'S THIRD NOTICE OF RELIANCE

About.

- Private Events.
  - Event Spaces.
  - Catered Events.

ONE Restaurant & Lounge, located in the heart of Rochester's East End, is a premiere restaurant & entertainment destination. Featuring contemporary cuisine from around the world and a hand selected wine list, dine in style in our cozy metropolitan dining room featuring a twenty-six foot video wall displaying a dynamic array of art and photography. **Complimentary valet service is available nightly at our doorstep.**

For patrons wishing to park themselves, free parking is available in the lot just past our restaurant!



For smaller groups or functions, our private dining room provides an upscale ambience which seats up to 18, complete with full audio & visual capabilities for presentations.

Special Events

Our culinary team is always available for any type of food, and any type of event, both on & off site. For inquiries, please email us at derek@oneryan.com or call 546 1010

Find us on Facebook

One Restaurant and Ultra Lounge

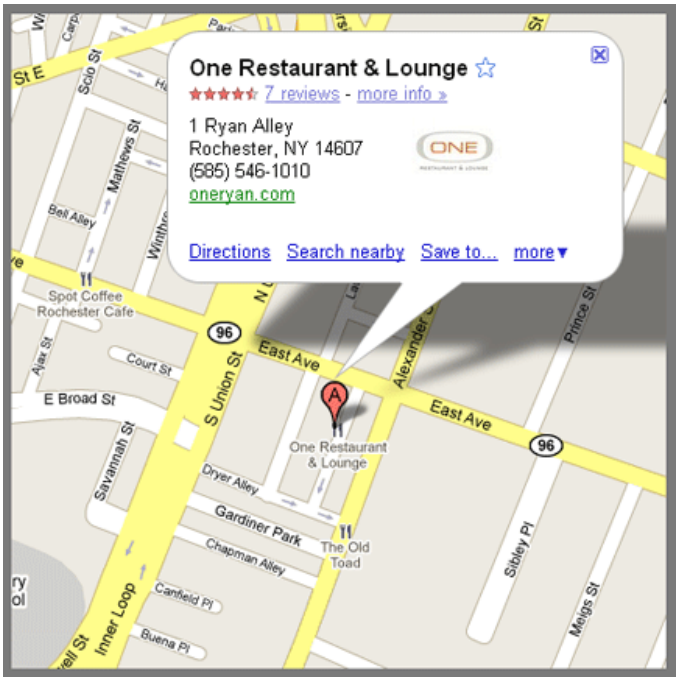
Like 1,655

Facebook social plugin

CGG 3RD NOR EX6
CGGT 01821

Larger groups may reserve the entire second floor, including the deck, weather permitting.

For more information, please contact us directly at 585 546 1010, or email our event coordinator, Joe Sirianni at joe.sirianni@oneryan.com



CGG 3RD NOR EX6
CGGT 01822

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 7

to

CGG'S THIRD NOTICE OF RELIANCE

ONE: Restaurant and Bar

600 Hampshire | Quincy, IL 62301 | (217) 214-0600

Next Event: St Francis School Family Night

Tuesday, Mar 19, 2013 at 4:00pm
Reservations:

American Idles
Friday, February 8th at 8:30 PM

Main Menu

- Home
- Calendar
- Event Photos
- ONE Virtual Tour

Food & Drink Menu

- Current Specials
- Lunch Menu
- Dinner Tapas
- Dinner Menu
- Children's Menu
- Beer Selection

Recommended Sites

- ONE Facebook Page
- VIPBusRide.com

Calendar

March 2013

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Never Been to ONE?
Check our our Virtual Tour!

MONDAY HOURS

11:00am - 11:00pm
Kitchen open until 9:00pm

MARTINI MONDAY

$5.00 Select Martinis

Breakfast at ONE

ONE is now serving breakfast on Saturdays and Sundays from 8a- 2p!

View Menu

Specials

Breakfast:
Saturday & Sunday (8:00a - 2:00p)

Who's Online
We have 1 guest online
Weekday Lunch Specials

Current $6.99 Lunch Specials

MONDAY:
Tenderloin

TUESDAY:
Jack Daniels Burger

WEDNESDAY:
Prime Rib Sandwich

THURSDAY:
Chicken Wrap w/ Fries (plain or buffalo wrap)

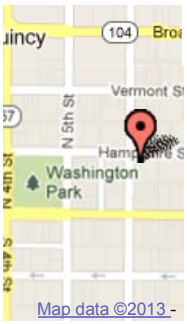
FRIDAY:
Fried Rice

CGG 3RD NOR EX7
CGGT 01823

Reservations:

(217) 214-0600

Dinner Specials:



Soup of the Day:
Minestrone
Weekly Thai Special:

Last Updated (Tuesday, 19 February 2013 11:07)

Business Hours

Mon:	11am - 11pm (Kitchen until 9pm)
Tues:	11am - 11pm (Kitchen until 9pm)
Wed:	11am - 11pm (Kitchen until 9pm)
Thurs:	11am - 11pm (Kitchen until 9pm)
Fri:	11am - 1am (Kitchen until 10pm)
Sat:	11am - 1am (Kitchen until 10pm)
Sun:	11am - 10pm (Kitchen until 9pm)

Upcoming Events

Tuesday, Mar 19, 2013 ♦ 4:00pm - 9:00pm **♦ St Francis School Family Night**

Dine in and tell your server you are with St Francis School. 10% of your food and non-alcoholic beverage sales will be donated from 4:00 to 9:00 PM. We will also be showing a kid-friendly show on the big screen!

Wednesday, Mar 20, 2013 ♦ 6:00pm - 9:00pm **♦ Kathy Brink**

Dinner and Dancing

Friday, Mar 22, 2013 ♦ 8:30pm - 12:30am **♦ Keith Franx (Acoustic)**

http://www.facebook.com/keith.franx/info

Saturday, Mar 23, 2013 ♦ 9:00pm - 1:00am **♦ Super Majik Robots**

http://www.facebook.com/pages/Super-Majik-Robots/136367906377336

Sunday, Mar 24, 2013 ♦ 1/2 Price Thai

Join us for 1/2 price Thai every Sunday

Holidays Excluded

Wednesday, Mar 27, 2013 ♦ 6:00pm - 9:00pm **♦ Diamonds in the Rough**

6:00pm - 9:00pm

(217) 214-0600

Friday, Mar 29, 2013 ♦ 8:30pm - 12:30am **♦ Raised on Radio**

CGG 3RD NOR EX7
CGGT 01824

"We play a great balance of classic rock, blues, and dance music spanning several decades. We're sure to have music to please everyone."

http://www.raisedonradiolive.net/home.cfm

Saturday, Mar 30, 2013 ♦ 9:00pm - 1:00am ♦ **The Pimpkatz**

http://www.facebook.com/pages/The-PimpKatz/191870177535026

Tuesday, Apr 2, 2013 ♦ 6:00pm - 9:00pm ♦ **Special Olympics Fundraiser Night**

Come support Special Olympics! We will donate 10% of food and non-alcoholic beverage sales from 4:00 to 9:00. Tell your server you want to support the Special Olympics!

Wednesday, Apr 3, 2013 ♦ 6:00pm - 9:00pm ♦ **Mike Coultas**

Dinner and Dancing

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 8

to

CGG'S THIRD NOTICE OF RELIANCE

- Home
- events
- photos
- Press
- reservations
- about
- contact

1 OAK , born of the namesake catch phrase, “1 of a kind,” has endured continuous waves of competition and outlasted the rise and fall of countless nightlife trends. Located on 17th street in the heart of Chelsea, it remains at the center of New York City nightlife culture. Boasting a rotation of world-renowned DJs and surprise performances, a captivating interior and a stellar standard of service, 1 OAK provides a nightlife sensibility that caters to even the worldliest of partygoers.

Fueled by the success of its Chelsea flagship, Butter Group opened a Las Vegas outpost of the iconic club within the Mirage Hotel & Casino on New Years Eve 2012. Since opening its doors, 1 OAK Vegas has ushered in revelers from across the globe, who are seeking all the style and substance of the original, along with the extravagant accents that have grown synonymous with Sin City.

453 west 17th street. new york city. | info@1oaknyc.com | 1OAK LAS VEGAS | ©2012 the butter group

SITE BY:ja visual

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 9

to

CGG'S THIRD NOTICE OF RELIANCE

Home
Upcoming Events
Video
Phasefest
Driving Directions
Contact Us
Home
Upcoming Events
Video
Phasefest
Driving Directions
Contact Us

Find us on Facebook

Phase 1

Like

Phase 1

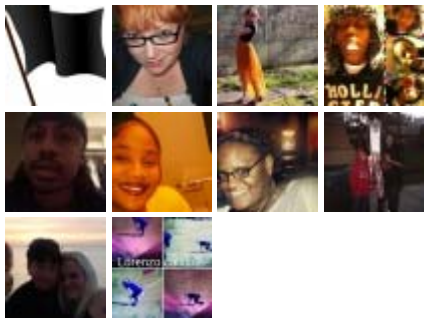
Tonight shamelessly rock the mic at karaoke!

6 hours ago

Phase 1 shared Ashliana Tails's event.

This Sunday is TITS PERFECT! A play off of the hit movie "Pitch Perfect" this show will feature vocals and tits. This

2,963 people like Phase 1.



Phase 1

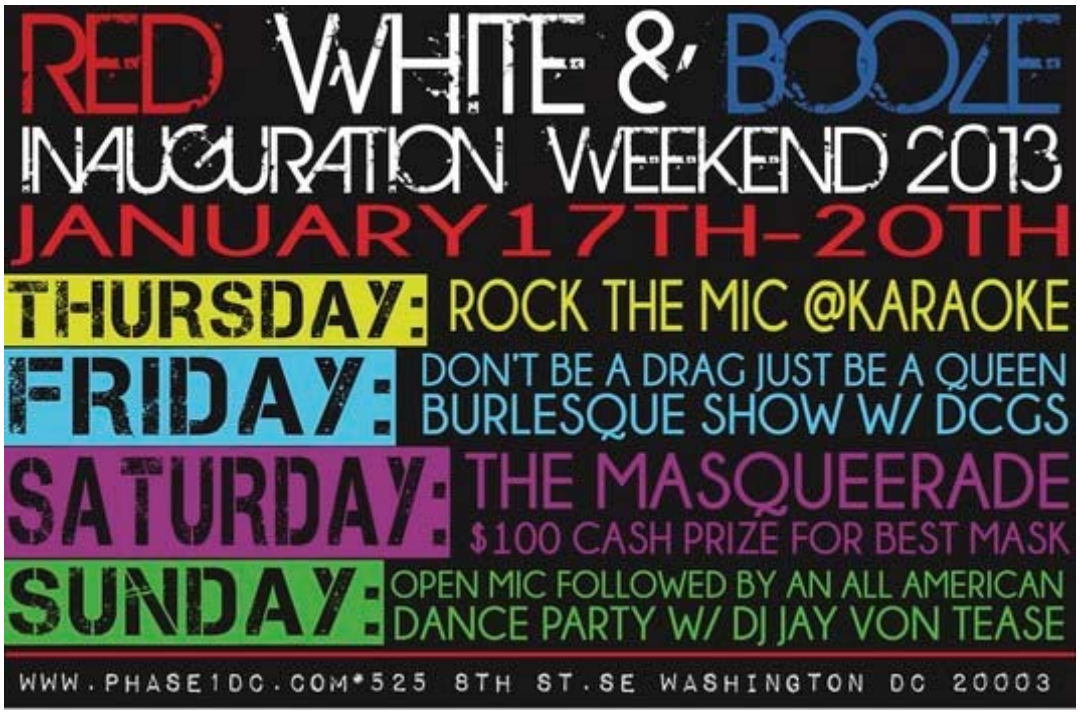
The Place To Be.

CGG 3RD NOR EX9
CGGT 01827

Since 1970 we've had our doors at 525 8th St. SE, Washington D.C.open to women. We are the oldest continually operating lesbian bar in the country. At Phase 1 we have something for everyone whether you want to come and dance the night away to the latest hip-hop, see a drag king show, listen to queer indie/punk, see some Jello wrestling, or just shoot pool, we have your fix. With reasonable drink prices, a friendly staff, and a convenient location just steps to the Eastern Market Metro we have what you're looking for. We are always coming up with new events so check become a fan on Facebook by clicking the link below to stay in the know!

https://www.facebook.com/pages/Phase-1/42525143599

PHASE 1 IS A 21+ VENUE



Phase 1 Capitol Hill Hours
Wednesday: Special Event Only
Thursday:7:30pm-2am
Friday:7:30pm-3am
Saturday:7:30pm-3am
Sunday:7:30pm-Close

CGG 3RD NOR EX9
CGGT 01828

Please get in touch and let us know what you think of this site and our bar. We're always looking for ways to improve our service and offerings.

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phase1dc@gmail.com
Phase 1 * 525 8th St. SE * Washington * DC * 20003 Phone: (202) 544-6831

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 10

to

CGG'S THIRD NOTICE OF RELIANCE

PURCHASE GIFT CARDS

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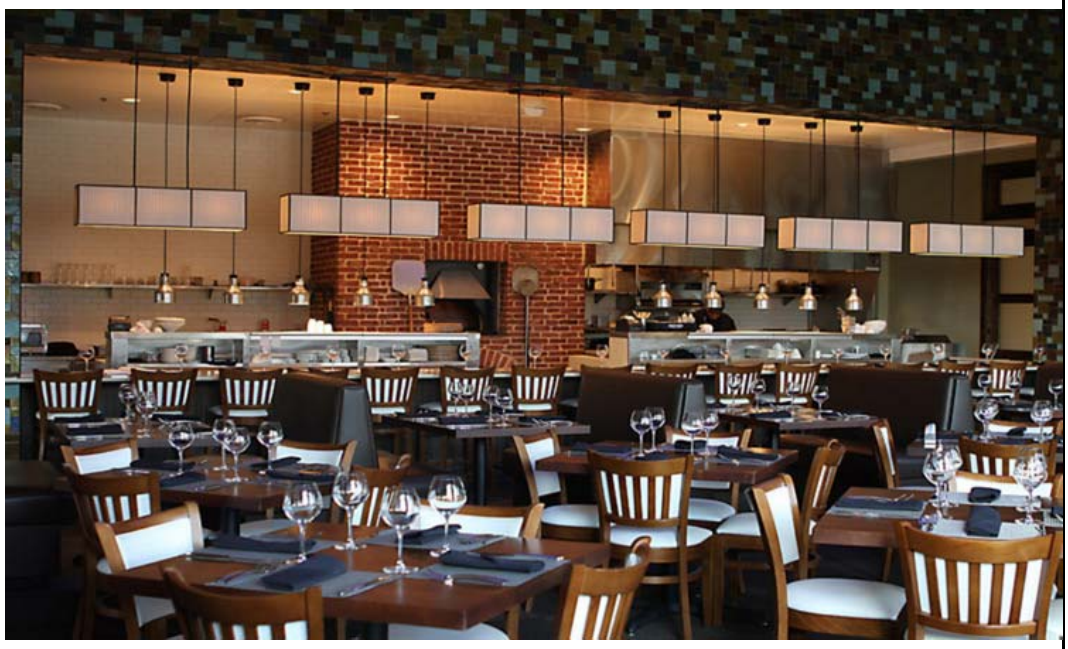

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One2One Restaurant and Bar, 1339 Legacy Dr, Frisco, TX 75034 • Tel: 214.618.2221
Join Our Mailing List • Get Directions

CGG 3RD NOR EX10
CGGT 01830

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
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CGG, L.L.C.		
	Applicant.	

EXHIBIT 11

to

CGG'S THIRD NOTICE OF RELIANCE

ONE ATLANTIC

Click here for ticket info

ABOUT US
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PARTNERS
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EXTRAORDINARY EVENTS

One Atlantic has opened its doors as the premier social event and wedding space in Atlantic City . Located on the top floor of The Pier Shops at Caesars, extending 100 yards out over the Atlantic Ocean, One Atlantic produces extraordinary events with unparalleled views of the sea, sand, and boardwalk through floor-to-ceiling windows. Offering world class gourmet catering, an in-house staff of expert event planners, and the highest quality partners, One Atlantic delivers superior personal service to customize the most special of events and realize each client's unique vision.

One Atlantic is the premier wedding venue and special event space in Atlantic City, NJ. Offering breath-taking views of the Atlantic City skyline, ocean, and beach and boardwalk, One Atlantic offers unparalleled service for luxury weddings, corporate events and bar or bat mitzvahs in New Jersey.

CGG 3RD NOR EX11
CGGT 01831

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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JEC II, LLC		
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EXHIBIT 12

to

CGG'S THIRD NOTICE OF RELIANCE

Similar Matches

- The Spotted Pig
- The New French
- Blue Ribbon Bakery
- Max Brenner
- Cafe Condesa
- August
- Negril Village
- One
- 675 Bar
- Rice
- Doma
- Forum
- Colors
- Sweet Revenge
- Ara
- Entwine
- Lelabar
- The Cupping Room
- The Collective
- More similar restaurants »

One (CLOSED) + SHARE

$$$$ Eclectic & International, Seafood, Tapas/Small Plates Phone: **(212) 255-9717**

1 Little West 12th St, New York 10014
(At 9th Ave)

Subway Directions

Profile & Reviews | **Menu** | Report Errors | Add to My MenuPages | Email

+ MORE

USER RATINGS (Based on 53 reviews)

Rate and Review this restaurant

Food	★★★½	Value	★★★
Service	★★★	Atmosphere	★★★★

OTHER RESTAURANT INFO

Website:	www.onelittlewest12.com
Phone:	(212) 255-9717
Fax:	(212) 255-9715
Notes:	Major Credit Cards
Hours:	Mon-Fri: 4pm-4am Sat-Sun: 11am-4am
Serves:	Dinner, Brunch
Features:	Open Late, Outdoor Dining, Trendy, Live Entertainment, Bar Scene, Online Reservations, Accepts Credit Cards

USER REVIEWS

Rate and Review this restaurant

Posted by NYC_Foodaholic *on* 10/03/2009

Lived up the hype

Great place to take a date. Arrived early for 8:45 reservation. Sat and had drinks by the bar till 9:00. Not a problem when we were ready to be seated, very accommodating. Skirt steak with shoestring fries was delicious. Lobster quesadillas very good. Made for an excellent date and evening.

Posted by ak47 *on* 07/27/2009

In the Middle

I read some of the reviews on here and most of them are true. We had a party of 9. Didn't have reservation and just walked in. They seated us at a table without a problem. The place was not that crowded, so there was space and we had no problem. The drinks were pretty good albeit really expensive (12-16 dolalrs for their specialty drinks). Since everyone has different tastes, a good drink for one person may nto be good for another person, but generally the people in our group liked the drinks. We asked our waiter for food suggestions. We had the Skirt stake and we loved it. For the most part, the food was pretty good. Can't complain about that. Here is were I complain (and I usually do not complain) - service is pretty poor. I am usually really nice about my reviews and not abnoxious at all. I know some people want to be the center of attention, I don't. The point is - we were seated at this long table with high chairs. Then a table next to us opened up with regular chairs and our party (wanting to be more comfortable) wanted to move over. We asked the waiter and he said that that the table was reserved (we said ok). But we were there for 2 more hours and the table was empty (no one sat at it - I am sure it was not reserved but the waitor just said it was). We also asked for some items about 4 times (they never came). Overall, this is a god spot if you are walking around in the neighborhood and are loking for a place to just hang out in. The food is a little expensive, but is not that bad for the area and for manhattan. If you are looking for a good dining experience and are planning ahead, there are a lot of better choices out there.

Posted by nycmed *on* 03/01/2009

not great

Dined here recently for a friend's birthday. Portions are tiny. You have to order at least 2 things to even feel like you are having a meal. Everyone left hungry. Service was awful...forgot items even after we told them quite a few times that we were waiting for things to arrive. Weren't apologetic.

Charged a 40-something dollar cake cutting fee without telling us beforehand. One of my worst dining experiences in NYC. Out of a group of 14 girls, everyone left frustrated...and again, hungry.

Posted by bunnymatic on 02/23/2009

Pretentious, at the least.

Attended there this weekend for a friend's birthday, with a group of 10. Not amused by the drink the waiter suggested, "pretty in pink" which tasted like watered down kool aid. I totally understand the concept of Tapas, and I also understand the concept of Appetizers. This place is basically branded as a hip Tapas spot, when in fact the portions seem like Appetizers for children. For example, an order of Duck Spring rolls, for $27 comprised of FOUR (4) pinky sized spring rolls that tasted like something that was reheated. I must say, the mushroom ravioli was the most amazing thing I shared that evening, but $17 for 4 pieces? I think that ruined my evening. For the quality of food, this place is definitely not worth the money being demanded. Perhaps the atmosphere makes up for it, but being told when you have to leave (out at (in at 7:00 p.m., must be out at 9:30 p.m.) really kills the entire mood. This place is not "classy" and just reeks of pretentiousness. I definitely recommend this place to impress a date, but not for anything else. Try "Tapas" elsewhere. Please

Posted by jrod on 04/28/2008

good atmosphere/food, poor service

Went here last weekend for a birthday party. 8:00 reservation. It was not very crowded at this time. When we first arrived, the obnoxious hostess had the chutzpah to tell us that they need to flip the tables so we should be prepared to leave by 9:30. So instead of getting a drink at the bar first, we sat down. It was really unacceptable. But let me get to the food..It was actually pretty good. Out of the 4 of us at the table, 3 of us enjoyed it. I got a skirt steak..it was good. The chicken was bland would not recommend it. Overall, it's a cool place to check out but I was just turned off by the hostess and the waiter as well.

Posted by Andrew on 12/22/2007

Great Date Spot

Went for dinner last night with my lady. Door guy is a little stuffy (or maybe dry) but once you get in the atmosphere is very inviting. Excellent wine selection, ordered a Tuscan Pinot Grigio which was delicious and a good temperature. The oysters were good with three sauces to try. Though I wish the server would have told us which was which. I ended up eating one that was mayo based, I hate mayo and had a hell of a time getting the taste out of my mouth. For dinner she had the salmon which was presented beautifully and was cooked well. I chose the ahi tuna with a risotto and bak choy, which was so good Im already making reservations for next week to have it again. Overall great evening. I suggest making reservations as the place was full.

Posted by Anonymous on 10/27/2007

awesome food =)

The food is amazing. I could go back and eat 10 more of the skirt steaks. Very cool place. Not too pricy either.

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CGG, L.L.C.		
	Applicant.	

EXHIBIT 13

to

CGG'S THIRD NOTICE OF RELIANCE

EATER

Search Eater NY GO

THE EATER 38

The 38 Essential New York Restaurants, March '10

Michael Psilakis Sets His Sights on North Williamsburg

WHERE TO EAT

- Eater's 38 Top Restaurants MAP
- Hecho en Dumbo NEW
- Pies 'n' Thighs NEW
- The Meatball Shop NEW
- Colicchio & Sons
- Faustina

Meatpacking District

Recent Stories in this Neighborhood

NIGHTLIFE

Goodbye One Little West 12, Hello The Collective

The Meatpacking District's nightlife scene has undergone a revamp in the last year. Lotus was recast as Abe and Arthur's and SL, Provocateur replaced the Garden of Ono, Avenue made its splash, and the 1OAK team will open another space soon. In a bid not to be left behind, Urban Daddy discovers that **the One Group has taken the space formerly known as One Little West 12th and redone it as the Collective**, a place where "old and new come together to create 4 or 5 different active living/dining room spaces within the restaurant". The space was re-done by iCrave, who have handled design for most of the One Group's spaces, and used old, found and discarded items to set the vibe. The menu is heavy on the gimmicks, including entrees named for various New York neighborhoods. Do you want the Little Italy (meatballs) or the Chelsea (pan roasted snapper)? It probably depends on which of the spaces you are sitting in. The Collective opens to the public next week.

- Meatpacking's New Crazy Zone [UD]
- Meatpacking District Coverage [~ENY~]

THE COLLECTIVE,
1 Little W 12th St., New York, NY 10014

→ Meatpacking District

Comment now

1:00 PM, Mar. 10 2010

retweet 2

WEEK IN REVIEWS

Sifton Upgrades the Village's Strip House, Gives it a Deuce

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NEWS BY NEIGHBORHOOD

MANHATTAN

Chelsea
Chinatown
East Harlem
East Village
FiDi/Battery Park City
Flatiron District

CGG 3RD NOR EX13
CGGT 01834

Today, the Siftonator awards a well deserved **two stars** to Greenwich Village standby, Strip House, reminding readers that slams aren't always the most pleasurable reviews to read. It's an upgrade from Biff Grimes' onespot a decade ago, and Sifton notes the place has improved with age:

> Age has given David Rockwell's design for the room a kind of gravitas, and with it the restaurant has gained some of the clubby appeal you used to be able to find at places like Gino, on Lexington Avenue, which has a similar layout, or in the bar room at "21."
>
> **And the food is generally marvelous, the steak often superb.**

Actually, besides the steamed broccoli and filet mignon, there's not much the critic *doesn't* like. However, there is one highlight:

> Best is the New York strip...beefy and rich, tender, with the kind of giant, mineral-tinged flavor that puts elbows on the table and calls as much for martinis as for wine...Paired with a colossal ovoid of potatoes fried in goose fat, and a vat of creamed spinach made chic with black truffles, **Strip House's strip is on its way to becoming an iconic New York City meal**, perhaps one day to take a place near the pan roast at the Oyster Bar, or the Grand Marnier shrimp at Shun Lee.

[NYT]

Colicchio & Sons, Faustina, Recette. >>

STRIP HOUSE
13 East 12th St., New York, NY

→ Chelsea
→ East Village
→ Greenwich Village
→ Meatpacking District
→ Upper East Side
→ West Village

1 Comment
Comment now

9:30 AM, Mar. 10 2010

retweet 2

WEEK IN REVIEWS

It's a Goose

Egg for West Villager Newcomer Choptank

[Krieger]

Sam Sifton, a critic who seems very familiar with the ways of Maryland, gives a **goose egg** to two month old Chesapeake Bay-themed restaurant Choptank. He seems to deduct points for a lack of authenticity. Shrimp are too neatly piled, soup has the wrong base, no paper tablecloths or steamed crabs, a vibe "suburban, as safe as Cal Ripken." Of course, these clunkers didn't help:

The fried chicken: "pale and flabby on one night; greasy and dense another."
The oysters: "could use a dip in batter and some time in the fryer."
The crab dip: "out of a Junior League cookbook, with potato chips russet with Old Bay seasoning, all celery salt and heat."
The ham and biscuits "church-supper Virginia ham, with biscuits that taste morning-made and midday-refrigerated."
The Steak: "puts you right back into a New York winter: eating B-minus food with friends, throwing money down a hatch"
The sorbet: "tastes like a candle"

But it's not all bad. >>

CHOPTANK
310 Bleecker St., New York, NY

→ Bay Ridge
→ Brooklyn Heights
→ Carroll Gardens
→ Chelsea
→ Meatpacking District
→ West Village

6 Comments
Comment now

9:13 AM, Mar. 3 2010

retweet 5

Garment District
Gramercy
Greenwich Village
Harlem/M'side Heights
Hell's Kitchen/Clinton
Inwood/Wash. Heights
Lower East Side
Meatpacking District
Midtown
Midtown East/Kips Bay
Murray Hill
Noho/Central Village
Nolita
Roosevelt Island
Soho
Times Square
Tribeca
Union Square
Upper East Side
Upper West Side
West Chelsea
West Village

BROOKLYN

QUEENS

Monthly Archives
Select month...

ANNALS OF CRIME Former reality contestant Atalya Slater got into a fight at 1OAK when she thought another woman had tried to steal her jacket. Rather than talking it out, Slater engaged the woman in a tug of war over the jacket. When that tactic didn't work, Slater **proceeded to slam the girl in the head until security arrived**. Oddly enough, it really was the girl's jacket after all! Slater was later taken away by police, meaning she missed out on 1OAK's famous breakfast. [Page Six]

→ Meatpacking District
2 Comments
retweet

NIGHTLIFE

Nightlife Notebook: Ashman's New Venture, Breakfast at 1OAK

CHELSEA— Former Plumm owner Noel Ashman has taken a financial stake in the Star Lounge below the Chelsea Hotel, a far cry from his previously mentioned plans of a downtown members only club. [Chelsea Now]

MEPA— How does 1OAK live up to its moniker of being a truly one of a kind nightclub? What about serving its customers breakfast at the end of the night? A tipster passed along a note they received, saying "you stay late enough, 1Oak bolts the doors and serves breakfast. truly 1OfAKind". A rep for the club could not confirm there was any food served. [EaterWire]

WILLIAMSBURG— More from the cheeky sign department, as this beauty on the right was spotted by a tipster walking on Bedford Avenue recently, telling Eater that, "sadly, we were a few minutes late." [EaterWire]

It gets gay ahead. >>

→ Chelsea
→ Meatpacking District
→ Nolita
→ Williamsburg
1 Comment
Comment now
4:27 PM, Feb. 17 2010
retweet 57

MEMORIES While DJing at the Boom Boom Room, head Misshape, Princess Coldstare herself, Leigh Lezark couldn't help but reminisce about her jet propelled journey from the grimy Don Hills to the top of the nightlife pyramid, saying, **"we liked it when the ceiling dripped on us."** But we bet the money helps you get over it! [Niteside]

→ Meatpacking District
Comments
retweet

EATER RADAR

OPEN
Blue Bottle Coffee
Kyochon
Mustang Cafe
Vareli
Cheep's
Cafe Royal
Blue Marble
Satay Junction
Matt Torrey's
Brother Jimmy's
[more]

REVIEWED
Northern Spy
Sandwiched
Colicchio & Sons
Faustina
Recette
Strip House
Prime Meats
Bread and Butter
Choptank
Colicchio & Sons
[more]

CLOSED
Agnes and Eva
Mezcals
Art Land
Cafe Brama
Comfort Diner
Olana
Cafe on Clinton
Empire Szechuan
Rare Bar & Grill
Karaoke Boho
[more]

Radar updated Thursday, Mar 11 2010 at 8:42AM

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
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CGG, L.L.C.		
	Applicant.	

EXHIBIT 14

to

CGG'S THIRD NOTICE OF RELIANCE

Events

41 of 60 Previous | Next

9 views

One Sunset Closing Night ~ 08-01-2009

Embed Code | Photo URL | Report Abuse Share

Comments

Post a comment...

CGG 3RD NOR EX14
CGGT 01837

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	Applicant.	

EXHIBIT 15

to

CGG'S THIRD NOTICE OF RELIANCE

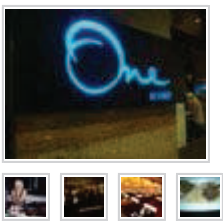
One Sunset - CLOSED

90 reviews

Categories: Restaurants, Lounges

8730 Sunset Blvd
West Hollywood, CA 90069
Neighborhood: West Hollywood

(310) 657-0111
www.theonerestaurants.com



Good for Kids: No
Accepts Credit Cards: Yes
Parking: Valet
Attire: Dressy
Good for Groups: Yes

Price Range: $$$
Takes Reservations: Yes
Delivery: No
Take-out: No
Waiter Service: Yes
Outdoor Seating: No
Good For: Late Night

Music: DJ
Best Nights: Mon, Fri, Sat
Happy Hour: Yes
Alcohol: Full Bar
Smoking: Outdoor Area/ Patio Only
Coat Check: No
Wheelchair Accessible: Yes

90 reviews for One Sunset

Review Highlights


"The **spicy tuna tartare** (w/tempura eggplant) was amazing." (in 5 reviews)


"Truffled **Mac n' Cheese** - Very rich and creamy, but a bit off the mark." (in 6 reviews)


"**Naughty Schoolgirl** (came with a lollipop inside XD) $7 YUM." (in 5 reviews)

All Reviews

Samantha G.
San Marino, CA

Updated - 5/11/2009

I came back here on another Saturday night with just me and my hubby and everything was 100x better than the last time I went. We had reservations at 8:45pm for dinner and the place was pretty empty, but it filled up as the night went on.

Last time I was here I had a LUSHious Raspberry to drink (terrible; too alcoholy), the spring salad (delicious), badass burgers (also great), and red velvet cupcakes (meh). This time I had the LUSHious Rasberry again, but it was very good, and hubs and I shared the chopped salad (great), badass burgers (awesome again), steak frites (tender and juicy, but a little salty), truffled mac and cheese (tasted bad, but the more I ate it, the better it tasted), and red velvet cupcakes (still meh).

Service was fast and friendly, unlike my last visit, which was painfully slow and non-existent. We didn't stick around for the place to turn into a club because the "dancefloor" was still occupied by diners, even at 11:45pm, and I didn't feel like waiting any longer.

CGG 3RD NOR EX15
CGGT 01838

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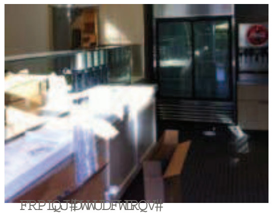

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Wkh#Vkxwwhu=#R qh#Vxqvhw/#Oxdx\B#F oxe#Vxvkl

Tuesday, July 28, 2009, by Kat Odell

JLDQW#PDS

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FOXE#VXVKL
OXDX
RQH#VXQVHW
WKH#VKXWWHU

5;#FRPPHQWV

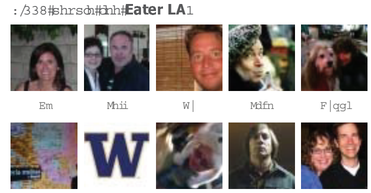
Olnh

West Hollywood: It was the best of times, and now it is the worst of times for **One Sunset** who will be shuttering come Sunday. The culprit this time? Good ol' lease renewal issues, though they do hope to reopen once the economy picks back up. [EaterWire]

Beverly Hills: Though unconfirmed, it appears that the 9 month old Polynesian-inspired tiki restaurant and lounge **Luau** may have wrapped it up as well. Phone calls have remained unanswered, though Luau voicemail does pick up, and the restaurant turned pop-up club (Guy's) was closed both Friday and Saturday night, hmm. [EaterWire]

This just in, yet *another* shutter.
Hollywood: An Eater operative emails, "I was at Arclight Hollywood complex Saturday night and walked by **Club Sushi** Hollywood. They are closed for good. It was Saturday night and it was dark as night in there. The sign on the door says **"effective immediately Club Sushi is closed permanently"** or something to that effect. I guess it couldn't make it. The last few months, my husband and I noticed that the restaurant hosted alot of club nights/party nights. I guess that was not enough to pay the bills." [EaterWire]

UHODWHG#OLQNV



Z KHUH#WR#HDW

Eater's 38 Top Restaurants MAP
Heatmap: Where to Eat Now MAP
ink.
Seed Bistro
Next Door by Josie
The Strand House

QHZ V#E\#QHLJKERUKRRG

Beverly Hills
Beverly/Fairfax
Brentwood
Burbank
Cahuenga Pass
Calabasas
Century City

CGG 3RD NOR EX15
CGGT 01839

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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	Applicant.	

EXHIBIT 16

to

CGG'S THIRD NOTICE OF RELIANCE


COLLECTIVE
a restaurant & bar
1 LITTLE WEST 12TH STREET, NEW YORK, NY 10014 212.255.9717
HOME
ABOUT
THEONEGROUP
The COLLECTIVE
coming soon...
The Corner of ONE Little West 12th, has been transformed into The Collective; returning to the corner of 9th Avenue and Little West 12th as an important component in the fabric of the city.
VISIT THE ONE GROUP THE COLLECTIVE NY ONE STK COCO DE VILLE
LAS VEGAS
A TVI DESIGN

COLLECTIVE
a restaurant & bar

1 LITTLE WEST 12TH STREET, NEW YORK, NY 10014 212.255.9717

HOME
ABOUT

ABOUT

Re-envisioned by the award-winning team at ICRAVE design, the revised space asks patrons to rethink and reevaluate the space and the items and their relationship to them. Taking old, found, or discarded items, the design team reinserted them into the space in a new way, integrating the space into the fabric of the city. Old and new come together to create 4-5 different active living/dining room spaces within the restaurant, giving visitors multiple complimentary experiences under the same roof.

When a glass of wine is necessary to assess the latest shopping finds; the work day is over and friends are gathering for dinner; when Saturday night blends into Sunday brunch, and when dancing shoes yearn to be kicked off and a late night snack is necessary to make it to morning; The Collective is the ultimate destination.

VISIT THE ONE GROUP THE COLLECTIVE NY ONE STK COCO DE VILLE LAS VEGAS

A TVI DESIGN

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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EXHIBIT 17

to

CGG'S THIRD NOTICE OF RELIANCE

Table Nibblers

Country Pate with Pickled Vegetables truffled crostini 15

Artisanal Cheese Board fruit compotes 22

"Disco Fries" 10

Warm Crab Dip-n-Chips 14

Appetizers

Trio of Deviled Eggs truffle – smoked paprika – bacon-n-cheddar 9

Seared Tuna Salad shaved fresh vegetables 14

Crab Cake spicy remoulade 14

Whole Artichoke garlic rouille 10

SIDES—8

Blue Cheese Tater Tots
Asparagus–Truffle Hollandaise
Smoked Fingerlings–Horseradish Crème Fraiche
Sweet Potato Puree–Candied Pecans
Steamed Broccoli–Toasted Garlic
Gigante Beans–Tomato–Feta Crumbs–Oregano

Sandwiches

Chilled Shrimp Roll soy kettle chips 15

Pot Belly Pork cheddar – caramelized onions 14

Burger Royale with Cheese of course truffle sauce 16

Cluck Monsieur fresh herb salad 14

Short-Rib Sliders creamy horseradish 13

Smoked Chicken Club tomato – avocado – bacon 15

Salads

Black-n-Blue Caesar Salad pumpernickel – blue cheese – crispy garlic 12

Wonton Spinach Salad radish –bacon soy vinaigrette– crispy shallots 12

The New Waldorf caramelized grapes – walnuts – arugula 14

Roasted Chicken Salad fennel –hazelnuts – endive 14

Taste of The Hoods

Yorkville
Chicken & Apple Sausage– Warm Lentil Salad 18

Chinatown
Hong Kong Ribs–Scallions 19

Harlem
Chicken-n-Waffles–gravy 18

Little Italy
Veal & Ricotta Meatballs– Rigatoni—meat gravy 20

Brighton Beach
Short-Rib Stroganoff– buttered noodles 22

Upper East Side
Maine Lobster Salad—citrus vinaigrette 32

Mid Town
Seared Diver Scallops—peas-n-pearls 26

Upper West Side
Lamb Shank with fruity couscous 27

Meatpacking
Steak and Fries—red pepper ketchup 29

Chelsea
Pan Roasted Red Snapper— curried butternut squash 27

The COLLECTIVE
a restaurant & bar

1 Little West 12th St. NYC • 212.255.9717 • www.collectivecafe.com

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 18

to

CGG'S THIRD NOTICE OF RELIANCE

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Customer Support Log In Cart (0)

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Created on: 01-Mar-10
Expires on: 01-Mar-15
Last Updated on: 25-Dec-12

Registrant:
The One Group
411 w 14th st
suite 200
New York, New York 10014
United States

Administrative Contact:
Segal, Jonathan mail@jsegal.net
The One Group
411 w 14th st
suite 200
New York, New York 10014
United States
+1.6466242400

Technical Contact:
Segal, Jonathan mail@jsegal.net
The One Group
411 w 14th st
suite 200
New York, New York 10014
United States
+1.6466242400

Domain servers in listed order:
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NS2.HOSTED.BY.ACTIONVERB.COM
NS3.HOSTED.BY.ACTIONVERB.COM

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CGG 3RD NOR EX18
CGGT 01843

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 19

to

CGG'S THIRD NOTICE OF RELIANCE

THE ONE GROUP

HOTELS. RESTAURANTS. LOUNGES

CORPORATE
HOTEL HOSPITALITY
RESTAURANTS/LOUNGES
ALL VENUES

CAREERS
GIFT CARDS
CONTACT US
MAILING LIST
THE COLLECTIVE OPENING NOW

RESTAURANTS & LOUNGES

CORPORATE BRANDS

THE COLLECTIVE
NEW YORK

STK
NEW YORK LOS ANGELES MIAMI
LAS VEGAS

COCO DE VILLE
LOS ANGELES MIAMI

YI
LAS VEGAS

PARTNER BRANDS

BAGATELLE
NEW YORK TURKS & CAICOS

TENJUNE
NEW YORK

RDV
NEW YORK

KISS & FLY
NEW YORK

ASELLINA
NEW YORK

INFUSION
NEW YORK

OPERATED BRANDS

PLUNGE*
GANSEVOORT PARK, NEW YORK
GANSEVOORT SOUTH, MIAMI

* The name "Plunge" is owned by The Gansevoort Hotel Group

ATM DESIGN

CGG 3RD NOR EX19
CGGT 01844

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 20

to

CGG'S THIRD NOTICE OF RELIANCE

CGG 3RD NOR EX20
CGGT 01845

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 21

to

CGG'S THIRD NOTICE OF RELIANCE

CGG 3RD NOR EX21
CGGT 01846

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC Petitioner, v. CGG, L.L.C. Respondent.	:	Cancellation No. 92049165
JEC II, LLC, The One Group, LLC and One Marks, LLC Opposer, v. CGG, L.L.C. Applicant.	:	Opposition No. 91187956 Opposition No. 91188809

EXHIBIT 22

to

CGG'S THIRD NOTICE OF RELIANCE

THE ONE GROUP
HOTELS | RESTAURANTS | LOUNGES

CORPORATE PARTNERS GIFT CARDS MAILING LIST CONTACT US PRESS BLOG

Bagatelle, Los Angeles

"...an instant hit." *NY Post*

ASELLINA
BAGATELLE
HELIOT
HERAEA
STK
XISHI

RESTAURANTS LOUNGES HOTEL HOSPITALITY

THE ONE GROUP
HOTELS | RESTAURANTS | LOUNGES

CORPORATE PARTNERS GIFT CARDS MAILING LIST CONTACT US PRESS BLOG

STK Las Vegas

"Best Dining with a Scene on the Strip" – *Vegas*

GANSEVOORT PARK ROOFTOP
RADIO / ME LONDON
TENJUNE
THE ROOFTOP AT THE PERRY

RESTAURANTS LOUNGES HOTEL HOSPITALITY

THE ONE GROUP
HOTELS | RESTAURANTS | LOUNGES

CORPORATE PARTNERS GIFT CARDS MAILING LIST CONTACT US PRESS BLOG

ME Rooftop, London

GANSEVOORT PARK AVE NYC
ME LONDON

RESTAURANTS LOUNGES HOTEL HOSPITALITY

CGG 3RD NOR EX22
CGGT 01849

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 23

to

CGG'S THIRD NOTICE OF RELIANCE

Brand Essence Hospitality and The ONE Group Partner to Launch 'Bagatelle'

Brand Essence (Villa Pacri, Bagatelle) and The ONE Group (STK, Asellina) announced their joint venture to extend Bagatelle and other similar concepts across the United States.

As colleagues in the revitalization of Manhattan's infamous Meatpacking District, Brand Essence and The ONE Group are excited to bring their individually unique and signature styles together to create a new paradigm within the hospitality industry.

"We [The ONE Group] initially worked with Brand Essence during the development of the original Bagatelle, and we see this enhanced collaboration of two vibrant strong companies as a great opportunity to expand the Bagatelle brand and other similarly-styled operations across America," comments **Jonathan Segal**, owner of The ONE Group.

Over the past four years, Brand Essence has successfully built an extensive jet setting loyal following that has positioned them to take their brand now to the next level. The ONE group currently operates venues across America with venues in New York, LA, Miami, Las Vegas and Atlanta and serves as an ideal platform for Brand Essence's impending expansion.

Together the two companies are working to achieve one common goal: to introduce the ultimate luxury dining experience to the masses with Brand Essence's international flare and grassroots following combined with The ONE Group's unrivaled operations formula and established international presence.

"We're extremely excited for the future with numerous new projects in the pipeline. We're always looking to grow and refine our brand. Bagatelle truly became a New York City staple and destination restaurant that we cannot wait to bring to other cities across the world. The ONE Group's national presence and reputation for quality service made this the ultimate alliance in our eyes," comments Brand Essence partner **Remi Laba**.

Stemming from their mutual vision and commitment to a broad accessibility to their own brands, this collaboration serves to increase both companies' presence in a multitude of markets. In July 2011, the dynamic hospitality duo will unveil **Bagatelle LA**, the first leg of the Bagatelle brand located in the former *Coco De Ville* space next to *STK Los Angeles*. This Bagatelle outpost will mark the first-ever West Coast venue for Brand Essence. By September 2011, New York will be reunited with the beloved **Bagatelle NY** located at One Little West 12th space, currently *The Collective*.

In an industry dictated by competition and division, Brand Essence and The ONE Group's revolutionary collaboration stands as personification of the empirical meaning of hospitality: dedication to clientele and future growth of industry.

ABOUT BRAND ESSENCE

Created in 2008 by hospitality entrepreneurs Remi Laba and Aymeric Clemente, Brand Essence Hospitality Group is an emerging

hospitality firm located in New York City, specializing in restaurant concepts. Featuring a unique signature style and loyal customer following, Brand Essence strives to create exciting, dynamic and interactive environments with an authentic European flare. In 2010, Brand Essence opened Villa Pacri, a multi-level dining and nightlife destination in the heart of the Meatpacking District, featuring Italian-themed restaurants Villa Pacri and La Gazzetta on its first two floors with a chic subterranean bar/lounge located beneath. Brand Essence will bring its signature style and service to other cosmopolitan destinations in 2011, expanding acclaimed restaurant Bagatelle to Los Angeles, London, Brazil and Dubai and the much-anticipated re-opening and of the Bagatelle flagship in New York City. This year Brand Essence will also introduce an innovative wine bar concept to the Meatpacking District – Vinatta Winehouse. As Brand Essence continues to evolve, Laba and Clemente maintain their dedication to superior service, strategic operations and an unparalleled ambiance for patrons in NYC, LA and around the world.

ABOUT THE ONE GROUP

The ONE Group is an upscale hospitality company that develops, manages and operates a portfolio of luxury restaurants, lounges and bars such as STK, Asellina and Coco de Ville. The company also offers a turn-key food and beverage program for hotels and resorts. Established in 2004, The ONE Group was created to expand the luxury hospitality market and applies over 40 years of experience from its affiliated hospitality company U.K.-based The Modern Group. Since its inception, The ONE Group has opened or has under construction or partnering in more than 23 venues and five hotel and hospitality contracts. The ONE Group continues to grow into major U.S. cities and looks to expand internationally in 2011.

Posted by Nevistas News on May 11, 2011.

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Red Robin Gourmet Opens in Collegeville Pa

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National Restaurant Association Commends Administration For Providing Affordable Care Act 'Transition Relief' for Employers

Krispy Kreme Mexico Franchise Partner to Open 100th Location in Cancun

Executive Chef David Creamer of SOCCi in Arlington, Virginia Is Named Renaissance's Global Chef of the Year

Marissa Raisor Crowned Miss Hooters International

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 24

to

CGG'S THIRD NOTICE OF RELIANCE

EATER INSIDE

Corvo Bianco, Elizabeth Falkner's UWS Italian Restaurant

SIETSEMA

Can a Restaurant Location Be Cursed?

WEEK IN REVIEWS

Pete Wells Gives Two Stars to Uncle Boons in Nolita

MOVING DAY

Bagatelle Finds New Home At the Collective

Wednesday, April 6, 2011, by Scott Solish

News from the Meatpacking District, as **Bagatelle**, the Euro friendly restaurant brand that was booted from its previous home around the corner, has found a new venue to plant its flag. A tipster reports that Remi Laba and Aymeric Clemente have signed a deal with frenemy Jonathan Siegel from the One Group to **install Bagatelle in the space the currently houses the Collective,** a disjointed and frenetic concept that replaced the former One Little West 12th and never caught on with the Meatpacking public. The new Bagatelle is scheduled to open this fall, along with the other Bagatelle related projects Laba and Clemente say they have in the works around the world.

· Bagatelle Coverage [~ENY~]
· Nightlife Coverage [~ENY~]

BAGATELLE
1 Little W 12th Street,
New York, NY
GIANT MAP

MEATPACKING DISTRICT
BAGATELLE
MOVING DAY
NIGHTLIFE
THE COLLECTIVE
1 COMMENT

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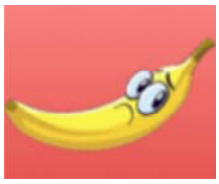

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Why Stylists Hate Boxed Haircolor

3 Ways For Guys To Drop 20lbs Quickly

COMMENTS (1 EXTANT)

Olivero

They are NOT a restaurant but rather a 'night' club for those who are rich and shallow enough to have to be seen at the right places. The place starts to really crank up the music at 2pm on the weekend.

If your heros are the Kardashians when you will fit right in. If you have an IQ higher than a fridge then I would suggest you find somewhere else.

#1. 09/23/12 03:57 PM
Olivero: 1 comment
Reply to this.

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NEW LISTINGS AT EATER JOBS

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WHERE TO EAT

Eater's 38 Top Restaurants MAP
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NEWS BY NEIGHBORHOOD

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Chinatown
East Harlem
East Village
FiDi/Battery Park City
Flatiron District
Garment District
Gramercy
Greenwich Village
Harlem/M'side Heights
Hell's Kitchen/Clinton
Hudson Square
Inwood/Wash. Heights
Lower East Side
Meatpacking District
Midtown
Midtown East/Kips Bay
Murray Hill
Noho/Central Village
Nolita
Roosevelt Island
Soho
Times Square
Tribeca
Union Square
Upper East Side

CGG 3RD NOR EX24
CGGT 01853

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 25

to

CGG'S THIRD NOTICE OF RELIANCE

About Us

In June 2012 renowned restaurant Bagatelle NY opened its doors at the flagship location in New York City. Located in the former Collective space at One Little West 12th Street, the esteemed restaurant destination was designed to reinvigorate the neighborhood and bring the European flare back to the Meatpacking District. Bagatelle owners Aymeric Clemente and Remi Laba of Brand Essence, and Jonathan Segal and Celeste Fierro of The One Group joined forces to bring Bagatelle back to its East Coast roots for the much-anticipated re-opening.

Bagatelle hosts globetrotters, locals, foodies, celebrities and tastemakers, providing a lively dining experience where guests can indulge in the restaurant's signature French Mediterranean dishes by Executive Chef Romuald Jung and fine selection of wines Champagne. Bagatelle's patrons are regularly treated to innovative and seasonal menu offerings from Chef Jung, as well as a menu of creative cocktails, inspired by the South of France. Adding to the overall ambiance, Bagatelle's signature music program features world-renowned DJs that turn the dining rooms into an all day or night event, keeping guests entertained and enlivened for
hours on end.

Media

Proof 4 Proof 3

Press

CGG 3RD NOR EX25
CGGT 01854

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 26

to

CGG'S THIRD NOTICE OF RELIANCE

19 Misc.3d 1136(A), 862 N.Y.S.2d 806, 2008 WL 2150110 (N.Y.Sup.), 27 IER Cases 1563, 2008 N.Y. Slip Op. 51016(U)
(Table, Text in WESTLAW), Unreported Disposition
(Cite as: 19 Misc.3d 1136(A), 2008 WL 2150110 (N.Y.Sup.), 2008 N.Y. Slip Op. 51016(U))

(The decision of the Court is referenced in a table in the New York Supplement.)

Supreme Court, Westchester County, New York.
A & G RESEARCH, INC., Plaintiff,
v.
GC METRICS, INC., James Guttormsen, Paula Clarke, and Ann Williams, Defendants.

No. 05870/2007.
May 21, 2008.

McLaughlin & Stern, LLP, by: Alan A. Sash, Esq., New York, for Plaintiff.

Crowell & Moring LLP, by: Gary A. Stahl, Esq., New York, for Defendants.

ALAN D. SCHEINKMAN, J.

***1** This case, and this motion, present issues of first impression in this State with respect to the extra-territorial application of two New Jersey statutes, principally the Computer Related Offenses Act. All of the parties are New Yorkers; however, Plaintiff's office is in New Jersey. Plaintiff contends that the individual Defendants, its former employees, violated the New Jersey statutes by making copies of information stored on Plaintiff's computer system and using the information in a business, operated by the corporate Defendant, which competes with Plaintiff. Plaintiff seeks damages and injunctive relief, asserting claims under both the New Jersey statues and the New York common law.

The dispute is now before the Court in the context of motions for summary judgment. Defendants GC Metrics, Inc. ("GC Metrics"), James Guttormsen ("Guttormsen"), Paula Clarke ("Clarke") and Ann Williams ("Williams") move for an order pursuant to CPLR 3212 dismissing the claims set forth in the Amended Complaint (Seq.3). Plaintiff A & G Research, Inc. ("A & G") opposes the motion and separately moves for an order awarding it partial summary judgment against Clarke on the issue of liability under the Computer-Related Offenses Act of New Jersey. (Seq.2). Clarke opposes the motion. The Court hereby consolidates these applications for purposes of disposition.

BACKGROUND & FACTS

Plaintiff's Complaint contains ten causes of action. The first three causes of action are brought pursuant to New Jersey statutes; the remainder of the claims sound in breach of fiduciary duty, unfair competition, constructive trust, conversion, unjust enrichment and an equitable accounting.

A & G is a New York corporation which has been in the custom market research business since approximately September, 1982, when it was formed by Richard Grinchunas ("Grinchunas"). Since in or around August 2004, A & G has maintained is principal place of business at 10 Paragon Drive, Montvale, New Jersey.

Every market research survey is different and geared to a unique set of circumstances. The development and execution of market surveys is a largely collaborative process between the client and the supplier, and generally is a three step process: a proposal, a questionnaire, and a report.

Proposals describe the objectives of the research project, the methodology that may be used, and the cost and the timing. Framing the proposal's contents is a joint effort between the client and the project designer. In many instances, clients award market research work based on discussions with the supplier-with the proposal following afterwards to memorialize the discussions.

Developing a questionnaire to obtain market-related information is also a collaborative process between the client and the market research supplier during which the questionnaire is developed and the

questions refined. The supplier and client may each perform several rounds of drafting and editing to reach a finished questionnaire. Each questionnaire contains a "core" segment, which addresses the particular concept or product that is being tested in a market research project. "Core" questions may be developed in collaboration with the client, though in some instances, the client will provide some "core" questions. Aside from "core" questions, much of a questionnaire is "standard" and composed of common elements, including demographic questions (which determine age, gender, income, education level, purchase interests, etc.) and screening questions (which determine eligibility for the study). These common or "boilerplate" elements appear in all research studies and all market research suppliers utilize the same common elements.

***2** Following the collection of data, reports are prepared to set forth the market research company's analysis and interpretation of the data collected. In many instances, clients have a dialogue with their market research vendors to frame the analysis and presentation of the data in the report.

In its Complaint, A & G alleges that it creates and maintains proposals, field instructions, questionnaires and reports, as well as word processing macros and templates for its clients. These documents collectively are referred to as "A & G Trade Documents." A & G avers its "Trade Documents" are only made available to its employees and its clients and are kept on a password protected computer network. Although some of the documents are made available to certain subcontractors for limited purposes, the subcontractors, says A & G, are required either to destroy or return these documents. In the case of field instructions, however, which are routinely given to interviewers, who are essentially strangers to A & G, A & G's Director of Field Operations admitted that A & G takes no measures to ascertain whether the interviewers read the field instructions. The Director of Field Operations also admitted that the field instructions contain no confidentiality provisions.

A & G contends that its Trade Documents are confidential and their content, in part, determines whether A & G is awarded a particular market research project, as well as the quality and accuracy of the market research data collected and the quality and content of the final analysis and interpretation of that data for the client. (Am.Ver.Complaint, ¶¶ 23-25). In response, the Defendants argue that the evidence shows that (a) the "Trade Documents" referred to are a collaborative process between A & G and its clients; (b) A & G does not affix confidentiality legends to its proposals, its questionnaires or its field instructions; (c) there is no confidentiality legend in A & G's computer system and all employees can access the documents contained thereon; (d) A & G routinely discloses its field instructions and questionnaires to interviewers who administer in-person mall studies, and to unknown respondents; (e) A & G's clients have the unfettered authority to distribute all of A & G's materials as they please; and (f) that A & G never has developed or distributed any handbooks or written policies concerning confidentiality to any of its employees.

A & G alleges that it created and maintained certain proprietary and confidential corporate documents including, *inter alia,* different client lists, e.g., Master Client Lists, current client lists, former client lists, and potential client lists. These are claimed to be unpublished and unavailable to the public. The lists were compiled over a number of years and kept on A & G's password protected computer network. In his deposition testimony, however, Grinchunas admitted that virtually any corporation listed in the telephone book that has a need for market research is a potential customer for A & G. Further, A & G disclosed the identities of its largest current and former customers to the public including Gerber, Pepsi, Dunkin' Donuts, Perdue and Hershey in an article, dated August 17, 2005 and attributed to the Newark *Star Ledger.* [FN1] A & G's customer list has no confidentiality legend and any employee of A & G can access A & G's customer list on its computer system.

FN1. Defense counsel avers that the article is a true and correct copy of printout obtained through a "Google" search. Counsel does not attest to conducting the search himself and offers no basis for establishing the authenticity or admissibility of the document.

***3** A & G does not own its market research studies. Such documents are owned by the customer. A & G's written agreements with at least two of its clients provide that all work delivered or developed by A & G are "works for hire" and owned exclusively by the client. Even where A & G was provided with the opportunity to identify certain materials as its own confidential information, it never has done so.

Defendant Guttormsen was employed at A & G for approximately 23 years and resigned from A & G as a Senior Vice President on the morning of Monday, April 24, 2006. He worked closely with Defendants Clarke and Williams. Clarke was employed at A & G for approximately four years and Williams was employed at A & G for approximately 5 years as senior research managers. They both resigned on April 24, 2006, but remained at A & G until Friday, April 28, 2006 to finish certain projects.

Guttormsen, assisted by Clarke and Williams, handled the marketing research work for Pepsi and Hershey, two of A & G's larger accounts. Grinchunas owns 100% of A & G, but allegedly had no involvement in any of the work that Guttormsen performed since the mid-1990s.

In its motion papers, A & G contends that it maintained a library of client documents and client lists on its computer system. All of its clients' documents, job files, and client lists were located in a directory called "Serv2". Serv2 was password protected. A & G asserts only its employees had access to the documents and files contained on Serv2. Grinchunas contends Serv2 contained approximately 5,778 documents and files, a majority of which are owned by A & G and not its clients.

A & G asserts that in January, 2006, the individual Defendants "secretly" planned to "go out on their own" and form a competing market research company, now known as GC Metrics.

Guttormsen testified, in his deposition, that he was in discussions with Grinchunas to re-negotiate his contract and that, in that context, was weighing the establishment of his own company in the event that he could not make a deal with Grinchunas. However, the possibility that Guttormsen might go out on his own was not mentioned to Grinchunas until the morning of April 24, 2006 when Guttormsen and Grinchunas could not reach a deal as to Guttormsen's continued employment and Guttormsen tendered his resignation. Grinchunas did not attempt to persuade Guttormsen re-consider his decision to leave and accepted the resignation.

Prior to April 24, 2006, in the evenings when Guttormsen and Clarke were working late, Guttormsen mentioned to Clarke his thoughts about leaving. Clarke expressed an interest in being Guttormsen's partner. Guttormsen initially said he had not thought about having a partner. Similarly, although Williams was not included in the earliest discussions, when she learned of the possibility of Guttormsen leaving, she stated an interest in being an employee of any new company formed by Guttormsen, which, Guttormsen testified, he did not take seriously at first.

***4** Eventually, after Guttormsen and Clarke had several discussions and/or meetings about the possibility of Guttormsen going out on his own, it was decided they would be 75%/25% partners respectively, that each would put up money, and that Williams would be their employee.

Guttormsen resigned and was escorted from the premises of A & G on April 24, 2006. Clarke and Williams also tendered their resignations that day, but convinced Grinchunas to allow them to remain at A & G for a few more days so that they could as-

sist Grinchunas in completing some projects for A & G clients before their departure.

Guttormsen began operating GC Metrics-a custom market research business with a principal place of business in Yorktown Heights, New York-on April 24, 2006, the very day of his resignation. According to other witnesses, Guttormsen commenced working on a project for Pepsi known as the Holiday Packaging Study that day. GC Metrics' clients include Pepsi, Hershey and Georgia-Pacific. Pepsi allegedly was A & G's largest client and generated the greatest amount of revenue for A & G until it left A & G to continue its relationship with the individual Defendants at GC Metrics.

On the afternoon of Guttormsen's resignation, Grinchunas sent virtually identical e-mails to Pepsi's and Hershey's market research employees. Grinchunas informed Pepsi and Hershey that Guttormsen no longer was with A & G and that Grinchunas would be taking "personal responsibility" for their projects and any future work at A & G. Grinchunas' e-mail to Pepsi was addressed to seven market research employees, six of whom he had never met in person. In a series of e-mails that occurred within hours of Grinchunas' message, Pepsi's market research personnel stated that their needs would better be served with Guttormsen.

GC Metrics contends it did not conduct any business until after Guttormsen resigned and that it had no website, no e-mail addresses and no computer equipment until after Guttormsen left A & G. However, an e-mail annexed to A & G's papers (Ex. 11) suggests that Guttormsen had established a yahoo.com email account for GC Metrics as of 9:01 on April 24, 2006 (the day Guttormsen resigned) [FN2]. Unfortunately, there is no way to tell from the e-mail whether the account was established as of 9:01 a.m. or 9:01 p.m.[FN3] Additionally, it appears that Clarke's GC Metrics email account was established on Tuesday, April 25, 2006, after she had given notice of her resignation but before her physical departure from A & G.

FN2. This document is annexed to an affirmation of counsel and Plaintiff's counsel does not offer any basis for establishing the authenticity or admissibility of the document.

FN3. The document's date line reads "24 Apr 2006 09:01:37 O700 (PDT)." If, by PDT, reference is made to Pacific Daylight Time, then the choice is between 12:01 p.m. or 12:01 a.m, both on April 24.

Defendants aver that they did not solicit any of A & G's clients for business prior to Guttormsen's resignation, although Guttormsen testified his first day of work at GC Metrics was the date of his resignation from A & G, (*i.e,* April 24, 2006) but, as noted above, others have testified that Guttormsen worked on a matter for Pepsi on April 24, 2006, which may have been difficult to do if he had no ready clients and no ready work. Additionally, the evidence shows that Clarke worked on a Holiday Packaging Study for Pepsi, as an employee of GC Metrics, while she still physically was present at A & G and using A & G's computer documents. GC Metrics invoiced Pepsi for the Holiday Packaging Study on May 2, 2006. Eight witnesses from Pepsi, Hershey and Georgia-Pacific testified they learned of Guttormsen's resignation only after it occurred.

***5** During the first two weeks of GC Metrics' operations, it received two new projects from Pepsi. Pepsi had never discussed these projects with nor offered these projects to A & G and the testimony suggests that the decision to award the projects to GC Metrics was based upon Pepsi's assessment of Guttormsen's market research skills. Similarly, the evidence shows that Hershey and Georgia-Pacific chose to conduct business with GC Metrics for the same reason. Each witness testified that without Guttormsen, A & G no longer was a candidate for their market research work.

On Clarke's last day of paid employment at A & G (*i.e.,* April 24, 2006), Grinchunas sent her an e-mail requesting the return of A & G materials in

her possession. Clarke and Williams met with Grinchunas immediately after the e-mail. Clarke offered to return all materials but informed Grinchunas that they would fill his e-mail inbox. This makes little sense because if the materials were located in Clarke's computer at A & G, there would have been no reason to e-mail them back to Grinchunas, who presumably had access to Clarke's computer and to the documents on Serv2. Nevertheless, Clarke asserts that, in the presence of both defendants, Grinchunas told her that she should just destroy the documents and not send them back to him. Grinchunas allegedly also told Clarke that she could not leave the office until she responded in writing to his e-mail seeking the return or destruction of A & G materials. Clarke sent a return e-mail to Grinchunas indicating that she would comply with his request. However, Clarke and Williams (who also had taken some documents from her computer) did not destroy the documents in their possession as promised and did not inform anyone at A & G that they had retained the contents of Serv2 as well as their corporate e-mails and contacts from A & G's computer system.

After physically leaving A & G on Friday, April 28, 2006, and over the ensuing weeks, Clarke and Williams spent between 80 and 100 hours completing A & G projects, as a courtesy to A & G, using A & G computer documents. Clarke and Williams allege they were not asked a second time for the return of A & G's materials upon the completion of these projects.

Prior to resigning from GC Metrics, Clarke, at some point in mid-April 2006, downloaded all of the contents of A & G's "Serv2" onto a portable hard drive without the knowledge or consent of any one else at A & G, including Grinchunas. Serv2 is a computer file at A & G which contained, among other things, virtually all of A & G's job files, documents, client information, contacts, and detailed time sheets kept and maintained by each individual employee at A & G. Serv2 held virtually all of A & G's proposals, field instructions, questionnaires, reports, power-point presentations, corporate logos and related documents as well as job files and data for the following A & G clients: Pepsi, Hershey, Del Monte, Combe, Foster Farms, Gerber, Mars, Inc., Dunkin' Donuts, Bayer, VISA, Visiting Nurse Association, and Purdue.

***6** Clarke testified her objective was to copy some computer shortcuts that she had devised for formatting documents and for her own "protection" in case she was no longer employed by A & G. She denied that her intent was to provide the electronic material to GC Metrics, although, in point of fact, that is exactly what she did once GC Metrics was up and running. Clarke testified, "I simply plugged (the portable hard drive) into the USB port on my computer (at A & G) and a little screen popped up, said, what do you want to do. I pointed to Serve Two and just click on it, and that was it." ... "I downloaded a file on the server called Serve Two, along with some e-mails" a client list and contact information. (Clarke Tr. at 68-80, 97-99, 240). She further testified that her "intention was to cherry pick the stuff [she] wanted off of Serve Two at a later date." (Clarke Tr. at 116).

After downloading the contents of Serv2, and while Clarke, Guttormsen and Williams all were still employed at A & G, Clarke informed Guttormsen and Williams of her actions. Clarke told Guttormsen "I copied some old files." (Guttormsen Tr. at 182). Clarke also told Guttormsen "you know, it is going to be easier for us to type when we first start out [at GC Metrics]." (*Id.* at 189). Although he was still employed by A & G at the time, Guttormsen did not inform A & G about Clarke's actions. (*Id.* at 188).

According to Williams' testimony, Clarke's intent in downloading Serv2 was "to have copies of work that we had already done [at A & G], would have helped to make the transition a little smoother [to GC Metrics]...." (Williams Tr. at 69).

Within days of downloading the contents of Serv2 and while still employed by A & G, Guttorm-

sen and Clarke officially incorporated GC Metrics on April 14, 2006. No one at A & G ever gave Clarke or any of the other Defendants permission to download or use A & G files or documents for non-A & G purposes. (Clarke Tr. 108-111; Grinchunas Aff. at ¶¶ 31, 33).

Between April 24, 2006 when Clarke resigned from A & G and April 28, 2006 when she physically vacated the premises for the final time, Clarke used some of the A & G materials that she had downloaded to do work on a GC Metrics project for Pepsi. (Guttormsen Tr. 130-131, 359-367). Additionally, subsequent to April 28, 2006, and while working for GC Metrics out of Clarke's home in Westchester County, Clarke and Williams accessed some of the A & G documents and files that Clarke had downloaded from Serv2. (Williams Tr. 78-82; Clarke Tr. 108-111, 177). Clarke also uploaded some of the A & G files and documents that she had downloaded from Serv2 onto Guttormsen's home computer. (Clarke Tr. 82-85); Guttormsen, 208, 619). Clarke had A & G questionnaires, proposals and specific project files organized by client. (Guttormsen Tr. 223, 227-228, 244). She also had Guttormsen's contacts and a list of clients that Guttormsen had sent Christmas cards to the previous year while at A & G. (Guttormsen Tr. 270-273; 279).

***7** Clarke testified she showed Guttormsen where the A & G files were located on his home computer and where the specific A & G job files could be found. (Clarke Tr. 82-85). After moving into GC Metrics' corporate offices in the summer of 2006, Clarke uploaded, with the knowledge of GC Metrics, Guttormsen, and Williams, some of the A & G job files onto GC Metrics' server for all of GC Metrics' employees to access and use without the consent of A & G. (Clarke Tr. 77, 85-90, 117-121, 225; Williams Tr. 89, 173; Guttormsen 208-212). All of the Defendants then used, in part, these A & G documents and files while at GC Metrics.

Clarke and Williams "cut and pasted" from these documents while working on projects for former A & G clients including Pepsi and Hershey and then saved these documents as their own at GC Metrics. Neither Guttormsen, Clarke nor Williams informed Grinchunas or anyone else at A & G that they retained the contents of Serv2.

Defendants also removed a document from A & G called a "Type of Study Reference Sheet" which listed, by client, all of the projects that A & G conducted over the past 10 years. This document was owned by A & G and was created within weeks of Defendants' resignations. Specifically, Guttormsen asked an A & G employee to create this document for his reference, which, apparently he never had done before.

A & G has not received any further market research business since Guttormsen, Clarke and Williams resigned and formed GC Metrics. Further, it has not received additional market research business from either Pepsi or Hershey, as GC Metrics now receives that business. GC Metrics and A & G are in competition for the same clients and compete against the same market research firms including Turner Research, Market Tools, Cambridge & Associates, Ipsos Shifrin, Research International, and C & R Research.

Defendants contend that the use of the downloaded materials was minimal and that the download had no effect on A & G's business. Specifically, they submit that Guttormsen had no knowledge of the materials Clarke loaded on his computer until after they were there, and that, in any event, he did not access and/or use the materials. Further, Defendants argue that Clarke and Williams accessed some of the A & G questionnaires only to utilize standard or "boilerplate" elements, such as demographic questions that request information as to the respondent's age and gender. They contend they did not "need" the materials, but used them only to save themselves "typing time." [FN4] The files also were accessed in or about October 2006, when Williams needed to copy boilerplate provisions from a set of A & G field instructions. This, too, is alleged to have happened only to save time.

FN4. To accept this contention, one would seemingly have to assume that the individual Defendants retained in their heads all of the substance of the information to be typed. While the individuals may well be sufficiently experienced to be able to recall at least some general information about the format and content of the documents, it seems doubtful that, absent a hard copy, Defendants could, by rote typing, in effect, re-create the documents.

It is clear that the work product downloaded from A & G was useful. According to witnesses from Pepsi, Hershey and Georgia Pacific, having the work product of another market research company would help a new company ask questions in the same exact fashion as in a prior study, would get a market research vendor "up to speed" quickly and provide a "shortcut" for them. Further, it would reduce "on boarding time" and result in better questions and field instructions.

***8** Defendants allege they removed all A & G's materials from GC Metrics' computer system when this litigation commenced, except for a copy on the GC Metrics computer at Guttormsen's home to preserve them for eventual return to A & G. This, too, seems peculiar, as there would be no reason to return a copy of files to A & G which A & G already had on its computer system (after all, that is precisely from where the files were obtained). Indeed, it is more likely that a copy of all of the files were retained on Guttormsen's home computer in the event they might be useful in the future.

Defendants argue there is no evidence that Clarke's download was the cause of any damage to A & G's business because following the Defendants' resignations, Pepsi, Hershey and Georgia-Pacific no longer viewed A & G as a candidate for their market research work. The testimony of the witnesses from these companies is that they chose GC Metrics based on the dialogue that GC Metrics provides in designing market research studies and in analyzing market data.

If damage was caused to A & G's business, say Defendants, it was caused because A & G chose not to solicit work from those companies other than a single phone call to Pepsi's Director of Strategy and Insights with no follow-up phone calls or visits. It is contended that Grinchunas made no effort to visit Hershey but instead made several phone calls and sent several e-mails. It is argued that A & G made no marketing efforts whatsoever with respect to Georgia-Pacific. Defendants argue that A & G has never bid against GC Metrics for any business, despite the fact that Guttormsen allegedly offered to introduce Grinchunas to the market research personnel at Pepsi, Hershey and Georgia Pacific, and Grinchunas rejected the offer.

Finally, Defendants submit A & G lost no materials from its files, as the "Serv2" file was simply "copied" by Clarke onto her portable hard drive, and not deleted from A & G's computer system.

THE SUMMARY JUDGMENT STANDARD

The proponent of a motion for summary judgment carries the initial burden of production of evidence as well as the burden of persuasion. *Alvarez v. Prospect Hospital,* 68 N.Y.2d 320 (1986). The moving party must tender [FN5] sufficient evidence to demonstrate as a matter of law the absence of a material issue of fact. Failure to make that initial showing requires denial of the motion, regardless of the sufficiency of the opposing papers. *Weingrad v. New York University Medical Center,* 64 N.Y.2d 851, 643-644 (1985); *St. Luke's-Roosevelt Hospital v. American Transit Insurance Co.,* 274 A.D.2d 511 (2d Dept.2000); *Greenberg v. Manlon Realty, Inc.,* 43 A.D.2d 986 (2d Dept.1974). Once the moving party has made *a prima facie* showing of entitlement of summary judgment, the burden of production shifts to the opponent, who must now go forward and produce sufficient evidence in admissible form to establish the existence of a triable issue of fact or demonstrate an acceptable excuse for failing to do so. *Zuckerman v. City of New York,* 49 N.Y.2d 557, 562 (1980); *Tillem v. Cablevision Systems Corp.,* 38 AD3d 878 (2d Dept.2007); *Fleming*

v. Graham, 34 AD3d 525 (2d Dept.2006).

> FN5. There is no requirement that proof be submitted in the form of an affidavit, as opposed to other acceptable forms, such as deposition testimony. *Muniz v. Bacchus,* 282 A.D.2d 387 (1st Dept.2001).

***9** The court's function on a motion for summary judgment is issue finding rather than issue determination. *Sillman v. Twentieth Century Fox Film Corp.,* 3 N.Y.2d 395 (1957). Since summary judgment is a drastic remedy, it should not be granted where there is any doubt as to the existence of a triable issue. *Rotuba Extruders v. Ceppos,* 46 N.Y.2d 223 (1978). Thus, when the existence of an issue of fact is even arguable or debatable, summary judgment should be denied. *Stone v. Goodson,* 8 N.Y.2d 8 (1960); *Sillman v. Twentieth Century Fox Film Corp., supra.*

In reviewing a motion for summary judgment, the Court must accept as true the evidence presented by the nonmoving party and must deny the motion if there is "even arguably any doubt as to the existence of a triable issue." *Fleming v. Graham,* 34 AD3d 525, 526 (2d Dept.2006), *quoting Baker v. Briarcliff School District,* 205 A.D.2d 652, 65 (2d Dept.1994).

DEFENDANTS' MOTION FOR SUMMARY JUDGMENT (SEQ.3)

Defendants seek to dismiss all ten of Plaintiff's causes of action. Two of Defendants' arguments, *i.e.,* ownership and damages, relate to all ten of the claims and, therefore, will be addressed first.

A. *Ownership of the "Serv2" Documents*

Defendants contend that A & G's claims should be dismissed because the evidence establishes that A & G does not own the market research materials it prepares for its clients. Defendants cite testimony from principals at Pepsi, Georgia-Pacific and Hershey, to the effect that these companies own the materials that their market research suppliers submit. Defendants say this fact is further confirmed by A & G agreements with at least two of its customers, *i.e.,* Perdue and Novartis, which provide that all of A & G's work product is "work made for hire" and that title to all work product vests in the client. As to A & G's agreements with other customers such as Pepsi and Hershey, A & G opted not to designate certain of its materials as "confidential" although the agreements permit A & G to do so.

In response, Plaintiff submits that of the 5,778 documents and files copied by Clarke from A & G's Serv2 file, only a portion are "job files" owned by A & G's clients. Indeed, A & G asserts that Clarke took A & G's client lists, time sheets for all A & G employees, confidential pricing information for A & G's clients, photographs, logos and templates, attribute lists, private A & G employee information, power point presentations given by A & G and a document called a "Type of Study Reference Sheet." These materials were owned by A & G and taken without its authorization and consent.

Moreover, A & G states that its "job files" contain a myriad of different documents, some of which are provided to the client and some of which are not. Defendants took all of them, including templates, drafts, field instructions, questionnaires and reports. A & G submits it solely owns the drafts of all of these documents and that it owns the final versions of documents not given to the client. It is further argued that A & G and the client jointly own any document that is given to the client except that in cases of Perdue and Novartis where, based upon written work-for-hire agreements with A & G, those companies own the documents.

***10** The Court does not agree with Defendants' theory that A & G lacks standing to complain about *any* of the documents because A & G does not own *all* the documents downloaded by Clarke and used by employees of GC Metrics. A & G has shown that it owns, or at least may own, some of the materials copied by Clarke. There are questions of fact as to ownership of some of the documents. Additionally, it remains clear that the documents were

valuable to A & G and that Clarke had no authorization to copy them from A & G's computer network. If the documents were, in fact, owned by the clients, then there would have been no reason for Clarke to copy them, since the documents could have been readily obtained from or, upon request of, the clients. Further, while it may be that the substantive content of some of the electronically-stored information was owned by the clients, the clients permitted that information to reside in electronic format on A & G's computer system, owned by A & G. It would seem that A & G has standing to complain about the unauthorized access and use of its computer system. At least, Defendants have not demonstrated to this Court that, as a matter of law, there is no basis for A & G to maintain any claim based upon Defendants' conduct.

B. *Damages*

Defendants contend that A & G's complaint should be dismissed because there is no evidence that A & G was damaged by GC Metric's copying and use of the downloaded materials from A & G's computer network. Defendants argue that neither the downloaded materials, nor GC Metric's use of portions thereof, helped GC Metrics to obtain or retain any business from any client. Defendant asserts that the materials did not help GC Metrics in reducing any costs, or meeting any deadline for any project. Instead, the documents simply helped to save personal typing time. The Court finds this latter contention troublesome since, unless Defendants had hard copies of the documents they were typing, their efforts to re-create A & G's documents, or to create similar ones for themselves, would doubtless have involved the need for at least some creative (not typing) activity.

Defendants also argue that there is no causal relationship between the download of materials from A & G's "Serv2" file and any loss of business by A & G because the witnesses from Pepsi, Hershey and Georgia-Pacific testified that they awarded their work to GC Metrics based on Guttormsen's analysis and insight, as well as the companies' unfamiliarity with Grinchunas and the other personnel at A & G. It is averred that no client made its decision to award work based on any GC Metrics documents.

In response, Plaintiff claims that there is clear evidence that A & G was damaged as a result of Defendants' actions. First, A & G asserts it lost the exclusive use, possession and control of more than 5,000 of its documents. Second, A & G did not receive any additional work from Pepsi, Hershey and Georgia Pacific, and third, A & G's annual income decreased by $2,000,000 and its net loss tripled.

***11** A & G states it is equally clear that the files taken by Defendants aided GC Metrics in performing market research studies for its clients. Witnesses from Pepsi, Hershey and Georgia Pacific testified that having the work product of another market research company would help researchers ask questions in the right way, would get a market research vendor "up to speed" quickly and provide a "shortcut" for them. It would also reduce "on boarding time" and result in better questions and field instructions. This is especially noteworthy in the case of Georgia Pacific which hires market research vendors, in part, on the quality of the questionnaires and field instructions produced by the market research company.

The evidence also suggests that Pepsi, Hershey and Georgia Pacific have ethical policies and considerations which prohibit them from doing business with companies that either unfairly compete or otherwise lack integrity. Pepsi would not conduct business with a company if it was unethical or lacked integrity. According to Pepsi's Worldwide Code of Conduct, all vendors including market research vendors must compete fairly. Julia Oswald, of the Strategy and Insights Department at Pepsi testified as follows:

> Q:I am just saying, I am asking in terms of Pepsi policy as far as you're aware. Let me start with this, does Pepsi have an integrity policy?

A:Yes.

Q:Does that integrity policy deal with the integrity of its vendors?

A:Yes.

Q:If, now going back to my hypothetical, if you were to find out that whether or not GC Metrics or employees downloaded let's say the entire server, for instance, of A & G, including its proposals, its field instructions, its questionnaires, its reports, the toplines, I am talking the works, would that mean anything to you in terms of Pepsi policy?

MR. STAHL: Objection to the form. Objection to the foundation. Objection to the hypothetical and to the extent it calls for legal conclusion.

Q:Go ahead.

A:It would matter to me if things were downloaded and used to GC Metrics' gain.

(Oswald Tr., p. 89:12-25, 90:1-11).

Similarly, Sandra Mathis of Georgia Pacific testified as follows:

Q:That's fine. I'll give you an example. I think it might be a little easier.

If market research company A said to you, I took field instructions, proposals, questionnaires, reports from market research company B, now I'd like to work for you, Georgia Pacific, would that make a difference for you in determining whether or not to hire them?

MR. STAHL: Objection.

A:No it's gosh. It's a yes-and-no answer.

Q:(By Mr. Stahl) Most questions are.

Tell me why it's yes and no.

A:So it's no from the standpoint that within market research, a lot of what you do is standard. My proposals pretty much always look the same whether I'm here at Georgia-Pacific, as well as where I was previously.

So that, to me, doesn't make a difference, because I've used templates to do my job here the same as I used in previous employment. So that would be-that doesn't really matter to me, especially if it's been my own body of work.

***12** If you tell me that someone has taken something that they did not produce or use, utilize, and passed it off on their own, the yes, I-that would influence my decision because that goes to an integrity aspect.

(Mathis Tr., pp. 79:18-25, 80:1-25).

Finally, Hershey abides by a similar credo, if a market research vendor has access to Hershey's competitor's work (e.g., Mars, Inc.) Hershey "would not think highly" of the market research company. (Troutman Tr., pp. 57-58). Hershey did not know that Clarke downloaded at least five Mars job files from A & G before resigning. (Clarke Tr. at 126-142; Defendants' Ex. 1 at ¶ 85).

In view of the evidence cited, it is clear that questions of fact exist as to whether A & G was damaged by Defendants' conduct in secretly downloading and using files from A & G's computer network, including whether A & G would have lost several of its largest clients. Defendants clearly derived a benefit from their actions; assuming that Defendants are liable for their actions, it cannot be said that Defendants have shown that, as a matter of law, there is no evidentiary basis for the awarding of at least some damages and, possibly, injunctive relief. Accordingly, Defendants' invitation to dismiss Plaintiff's complaint on this ground must be declined.

THE NEW JERSEY COMPUTER RELATED OFFENSES ACT

The first two causes of action assert Defend-

ants are liable to Plaintiff based on provisions of the New Jersey's Computer Related Offenses Act (NJSA 2A:38A-1 *et seq.*). These causes of action are the subject of both Plaintiff's and Defendants' motions for summary judgment and both motions will be treated together in this discussion.

The New Jersey statute provides, in relevant part, as follows:

> A person or enterprise damaged in business or property as a result of any of the following actions may sue the actor therefor in the Superior Court and may recover compensatory and punitive damages and the cost of the suit, including a reasonable attorney's fee, costs of investigation and litigation:
>
> a.The purposeful or knowing, and unauthorized altering, damaging, taking or destruction of any data, data base, computer program, computer software or computer equipment existing internally or externally to a computer, computer system or computer network;
>
> b.The purposeful or knowing, and unauthorized altering, damaging, taking or destroying of a computer, computer system or computer network;
>
> c.The purposeful or knowing, and unauthorized accessing or attempt to access any computer, computer system or computer network;
>
> d.The purposeful or knowing and unauthorized altering, accessing, tampering with, obtaining, intercepting, damaging or destroying of a financial instrument; or
>
> e.The purposeful or knowing accessing and reckless altering, damaging, destroying or obtaining of any data, data base, computer, computer program, computer software, computer equipment, computer system or computer network.
>
> ***13** NJSA § 2A:38A-3.

Under the New Jersey statute, "data" means information, facts, concepts, or instructions prepared for use in a computer, computer system, or computer network. "Data base" means a collection of data. "Access" means to instruct, communicate with, store data in, retrieve data from, or otherwise make use of any resources of a computer, computer system, or computer network. NJSA § 2A:38A-1.

A.First Cause of Action-Injunctive Relief (Plaintiff's Motion)

The First Cause of action alleges that Defendants "purposely, knowingly and intentionally accessed plaintiff's computer system and network in excess of their authority to do so with the intent to take its computer files, data, emails and contacts and use all or some of these materials to obtain a competitive advantage over A & G" (Am.Com.¶ 124). It is further alleged that Defendants took Plaintiff's files, data, data base, emails and contacts from its computer system and network for the same purpose and used all or some of these materials to obtain a competitive advantage and to the financial detriment of A & G. (*Id.* at ¶ 125). Such misappropriation of Plaintiff's work product and other valuable, confidential and/or proprietary information is alleged to have caused Plaintiff to suffer indeterminable damages and irreparable injury in the loss of revenue, property and good will. (*Id.* at ¶ 126).

Based on these allegations, A & G demands an injunction: (a) prohibiting Defendants from conducting market research business; (b) prohibiting Defendants from further use and access of A & G's computer files, data, emails, contacts, and valuable, confidential and proprietary information; (c) prohibiting Defendants from misappropriating A & G's computer files, data, emails, contacts, valuable, confidential and proprietary information including but not limited to further accessing or using plaintiff's computer and electronic data or the contents thereof; and (d) directing Defendants to return and delete the materials to A & G. A & G also seeks, pursuant to the statue, an award for the costs of this action, including reasonable attorneys' fees, costs of investigation and litigation, and punitive

damages. Plaintiff now seeks summary judgment on this claim, both as to liability and as to remedy.

Although neither side references (or argues the implications of) the elements of a claim for injunctive relief in their papers, it is well settled that in order to obtain a permanent injunction in New York, there must be a showing (1) that irreparable injury will result if the injunction is not granted; (2) that other remedies are inadequate; and (3) that a balancing of the equities favors the applicant. Additionally, a permanent injunction should be awarded only where the right to such relief clear and where the plaintiff has made out a strong case for such relief; injunctive relief should be denied in doubtful cases. Carmody-Wait 2d, Injunctions, Ch. 78:186 (and cases cited).

***14** Here, A & G's request for summary judgment on its claim for injunctive relief must fail because it has neither established that other remedies are inadequate nor shown that it has a clear right to relief under the New Jersey statute based upon the undisputed facts. While the evidence suggests that Clarke may have violated the statute at least to the extent that she admits downloading information from A & G's computer system without the knowledge or consent of A & G and uploading and using a portion of such information on a computer at GC Metrics, A & G has failed to establish that any harm it sustained cannot be remedied through the payment of money. Moreover, taking the facts in the light most favorable to the nonmoving party, questions of fact exist as to whether the clients A & G claims to have lost to Defendants as a result of Clarke's conduct were lost because of her unauthorized downloading and use of A & G's computer files or, rather, because of the loss of the individual Defendants as A & G's employees, with the clients preferring to retain their relationships with the persons with whom they had been accustomed to dealing.

Moreover, the scope of the injunctive relief, if any, to be awarded to A & G is itself a fact-intensive inquiry. It has not been established that the granting of an injunction will make A & G whole or what the terms of such an injunction should be. To illustrate, if Defendants copied Plaintiff's files onto their computers at GC Metrics and used them to create new files for GC Metrics or its clients, as appears to be the case, it scarcely matters if Defendants are now to be enjoined from using A & G's files or ordered to destroy A & G files as A & G's documents may well have been incorporated into GC Metrics' own documents. Whether, and how, any A & G material could be extracted from GC Metrics' documents seems to present difficult issues. This assumes that all of the A & G information was owned by A & G, as opposed to the client. Thus, there are questions of fact as to whether an injunction should issue against GC Metrics and, if so, what the proper scope of the injunction should be-*i.e.,* the destruction and/or return of all A & G documents, the destruction and/or return of all documents containing anything incorporated from an A & G document, and so forth.

Accordingly, Plaintiff's motion for summary judgment on its First Cause of Action should be denied.

B.Extra-Territorial Effect of the New Jersey Statute (Defendants' Motion)

Defendants contend that the claims under the New Jersey Computer Related Offenses Act should be dismissed because the New Jersey legislature provided only three specific venues for claims under this statue: to wit: (1) the Superior Court of the county in which the computer which is accessed is located; or (2) where the terminal used in accessing it is situated; or (3) where the actual damages occur. Defendants argue that, no matter which of these three venues a plaintiff chooses, the proper venue for a claim under this statute is in a "Superior Court" in the State of New Jersey. Essentially, Defendants are arguing that New Jersey Courts have "exclusive jurisdiction" to hear claims arising out of this statute. This Court does not agree.

***15** The statute provides that the offended party "may sue the actor therefor in the Superior

Court....” This language is permissive, not restrictive. On its face, it authorizes suit in the New Jersey Superior Court. It does not explicitly prohibit a suit from being brought elsewhere or condition the assertion of the claim upon the bringing of the action in the designated court. The parties have not submitted any cases, legislative history, or other materials which would suggest that the New Jersey Legislature, in creating this cause of action, intended to restrict the choice of forum to the New Jersey state courts. Prohibition against the assertion of a new cause of action in the courts of another state would be extraordinary and an intent to create such a prohibition should not lightly be inferred. In any event, such a prohibition, even if intended, is unenforceable.

It is well established that when a state creates a right, it cannot insist that the right be asserted only in its own courts; if a court elsewhere has jurisdiction and is willing to entertain the claim, it is free to ignore that portion of the creating-state's law which purports to limit jurisdiction or venue to local courts only. See Siegel, Conflicts in a Nutshell, § 54 (West.1982). As the United States Supreme Court stated in *Tennessee Coal, Iron & Railroad Co. v. George,* 233 U.S. 354, 360 (1914):

> The courts of the sister state, trying the case, would be bound to give full faith and credit to all those substantial provisions of the statute which inhered in the cause of action, or which name conditions on which the right to sue depend. But venue is no part of the right; and a state cannot create a transitory cause of action and at the same time destroy the right to sue on that transitory cause of action in any court having jurisdiction. That jurisdiction is to be determined by the law of the court's creation, and cannot be defeated by the extraterritorial operation of a statute of another state, even though it created the right of action.

This principle was recently re-stated with approval by the Supreme Court in *Marshall v. Marshall,* 547 U.S. 293, 314 (2006); *see also Crider v. Zurich Insurance Co.,* 380 U.S. 39 (1965); *Galveston, Harrisburg & San Antonio Railway Co. v. Wallace,* 223 U.S. 481, 490 (1912), and has repeatedly been cited in state and federal courts. Indeed, it has been held that “a statute or rule of another state granting the courts of that state exclusive jurisdiction over certain controversies [as Defendants appear to be arguing here], does not divest the New York courts of jurisdiction over such controversies. *Sachs v. Adeli,* 26 AD3d 52 (1st Dept.2005) (internal citations omitted).

Stated differently, “[w]ithin a single jurisdiction, the specification of a particular court as having exclusive jurisdiction over some class of disputes is conclusive. But a state ... cannot, by designating its own courts as the exclusive fora for the resolution of the class, prevent another state ... from allowing its own courts to resolve these disputes if the other state ... has an interest in them ...” *Allendale Mut. Ins. Co. v. Bull Data Systems, Inc.,* 10 F.3d 425, 432 (7th Cir.1993) (Posner, J.). *See also, Levitan v. Sanson,* 67 N.Y.S.2d 298, 299 (Sup.Ct. N.Y. County 1946) ([g]enerally ... any civil right or obligation given or imposed by a foreign statute will be enforced here unless enforcement would be contrary to our public policy.”]. Thus, the specification of the Superior Court as a court empowered to hear claims under the statute is controlling within New Jersey, but not outside.

***16** Thus, even if the New Jersey statute did purport to limit the assertion of the cause of action created to the New Jersey courts, that is no bar to the maintenance of the claims in this Court. Defendants have not contended that enforcement of the New Jersey statute would be contrary to any public policy of New York. Nor do they assert any other obstacle to the Court's jurisdiction to entertain the claims. Defendants do not raise a forum *non conveniens* objection either.

Defendants do assert, in a footnote to their memorandum of law in opposition to Plaintiff's motion, that under a conflict of laws analysis, New York law should apply in this case and that, therefore, A & G should not be permitted to rely on the

New Jersey statute. The Court does not agree.

It is well settled law in New York that the law of the jurisdiction having the greatest interest in the litigation will be applied and the facts or contacts which obtain significance in defining State interests are those which relate to the purpose of the particular law in conflict. *See, e.g., Indosuez Intenational Finance B.V. v. National Reserve Bank,* 98 N.Y.2d 238, 245 (2002); *Miller v. Miller,* 22 N.Y.2d 12, 14 (1968). For that reason, Defendants point to the fact that all of the parties, including A & G, are New York corporations or New York domiciliaries. Conversely, A & G argues that the act of improperly downloading A & G's computer files occurred in New Jersey, the computer from which it was downloaded was in New Jersey, and the company which owned the computer had its principal place of business in New Jersey.

A & G cites *Kamfar v. New World Restaurant Group, Inc.,* 374 F .Supp.2d 38 (S.D.NY 2004) for the proposition that a court sitting in New York has adjudicated a claim under this New Jersey statute. However, the statute was mentioned only in a footnote which listed a series of counter-claims that had been dismissed. Plaintiff has not provided this Court, and the Court has not found, a case where a court in sitting in New York has actually applied this particular statute.

While it is certainly true that New York's conflict principles, as applicable in tort cases, are predicated upon the grouping-of-contacts approach, the analysis neither begins nor ends there. The first inquiry in any case presenting a potential choice of law issue is to determine whether there is an actual conflict between the laws of the jurisdictions involved. *Matter of All-State Insurance Co. v. Stolarz,* 81 N.Y.2d 219, 223 (1993); *K.T. v. Dash,* 37 A.D.2d 107, 111 (1st Dept.2006). If there is no substantive conflict between the applicable laws of the competing jurisdictions, there is no choice of law issue. *Uygur v. Superior Walls of Hudson Valley, Inc.,* 35 A.D.2d 447, 448 (2d Dept.2006).

Here, Defendants have not pointed to any substantive conflict between New Jersey's statute and any provision of New York law. While the New Jersey statute specifically creates a right of action where an actor takes computer data or knowingly accesses a computer without authorization, New York, as will be discussed further, provides common law bases for liability on the allegations made here the unauthorized use of proprietary information, stored on a computer, by former employees who used the information to compete with the owner of the computer equipment. While New Jersey may provide at least one remedy not ordinarily available in New York, the awarding of attorneys fees, it remains that the conduct complained of may be found to violate both the New Jersey statute and New York common law duties. As a result, the New Jersey statute is compatible, not in conflict with, New York common law and there simply is no actual choice of law issue.

***17** Moreover, even if it is assumed that a conflict exists, which state has the greater interest in the law to be applied, is dependent upon the facts or contacts which relate to the purpose of the particular law in conflict. *Padula v. Lilarn Properties Corp.,* 84 N.Y.2d 519, 521 (1994); *Schultz v. Boy Scouts of America, Inc.,* 65 N.Y.2d 189, 197 (1985) . In order to evaluate which jurisdiction has the greater interest, it must be determined what are the significant contacts and in which jurisdiction are they located and whether the purpose of the law is to regulate conduct or to allocate loss. *Padula v. Lilarn Properties Corp, supra,* 84 N.Y.2d at 521; *Schultz v. Boy Scouts of America, Inc., supra,* 65 N.Y.2d at 198. Where the law in question regulates standards of conduct, rather than allocates losses, the law of the place of the tort governs. *Padula v. Lilam Properties Corp., supra,* 84 N.Y.2d at 521-522; *see Huston v. Hayden Building Maintenance Corp.,* 205 A.D.2d 68 (2d Dept.1994). This is because, where the rules in conflict regulate standards of conduct, "the law of the place of the tort will usually have a predominant, if not exclusive, concern' ... because the locus jurisdiction's interests

in protecting the reasonable expectations of the parties who relied on it to govern their primary conduct and in the admonitory effect in applying its law will have on similar conduct in the future assume the critical importance and outweigh any interests of the common-domicile jurisdiction". *Id.* at 522, *quoting Schultz v. Boy Scouts of America, Inc.,* 65 N.Y.2d at 198. "Conduct-regulating rules have the prophylactic effect of governing conduct to prevent injuries from occurring." *Padula v. Lilam Properties Corp., supra,* 84 N.Y.2d at 522. In contrast, where the rules allocate losses, such as by prohibiting, assigning or limiting liability after the tort occurs, and the parties share a common domicile, then the loss allocation rule of their domicile applies. *Id.* at 522.

It is evident that the New Jersey statute regulates conduct and does not allocate losses. The New Jersey statute seeks to prohibit unauthorized use and the misuse of computer information and computer equipment by imposing liability on actors who violate the standards of conduct set forth in the statute. There is nothing in the New Jersey statute which prohibits, assigns, or limits liability after the tort has occurred.

Most important, A & G's office and its computers are located in New Jersey. A & G had, or should have had, the reasonable expectation that its computer information or systems, located in New Jersey, were protected by New Jersey law from unauthorized use or from misuse. The individual Defendants were, at the time, A & G employees who worked in New Jersey. They had, or should have had, the reasonable expectation that, in using or accessing their employer's computer equipment in New Jersey, their conduct was subject to the regulations provided by New Jersey law. In addition, because it is hardly unheard of for New York residents and domiciliaries to work in New Jersey, and use or access their employer's computers in New Jersey, it would significantly undermine New Jersey's efforts to regulate computer access and use in New Jersey if the New York courts refuse to apply the New Jersey rules simply because the employees who worked in New Jersey live in New York. On the other hand, New York's willingness to apply the New Jersey rules to conduct occurring in New Jersey will have the prophylactic effect of encouraging those New Yorkers who access computers while at work in New Jersey to conform their conduct to the rules and prevent injuries from occurring.

***18** The determination of applicable law is a question for the court, though the cluster of significant contacts required to establish the applicable law must be developed factually. *Wheeler v. Stevensville Hotel and Country Club,* 103 A.D.2d 945 (3d Dept.1984); *Petrobras Comercio Internacional S.A.,* 77 A.D.2d 542 (1st Dept.1980). Here, Clarke's testimony makes it plain that the computer information which was taken from A & G's computer system and copied was taken from New Jersey. Though the computer data was then transported across the Hudson to New York, the fact remains that the taking occurred in New Jersey. Had it not been taken from the computers in New Jersey, the harm that the New Jersey statute seeks to prevent would not have occurred. While the propagation of the information occurred in New York, it would eviscerate the New Jersey statute if the actor could simply copy the computer data and spirit it out of New Jersey. Accordingly, because of New Jersey's strong interest in regulating computer piracy in New Jersey, the Court concludes that, at least under the circumstances present here, A & G may maintain, in New York, its causes of action based on the New Jersey Computer Related Offenses Act.

In any event; whether or not the statute at issue should be applied here seems dependent upon issues of fact to be resolved at trial.

In light of the foregoing, each party's request for summary judgment on the First Cause of Action should be denied.

C.Second Cause of Action-Damages

In A & G's Second Cause of Action, also

brought pursuant to New Jersey's Computer Related Offenses Act, it is alleged that Defendants' "... misappropriation of plaintiff's work product, valuable, confidential and/or proprietary information has caused A & G to suffer damages and [to] continue[ ] to suffer damages in the loss of revenue, property and good will in the sum of $2,000,000 per year".

In support of its assertion that Clarke is liable to Plaintiff under this statute, Plaintiff relies on *Fairway Dodge, LLC v. Decker Dodge, Inc.,* 191 N.J. 460 (N.J.2007), a New Jersey case applying the New Jersey statute. In *Fairway,* an automobile dealership brought an action against two former employees, its competitor, and the competitor's owner and manager, alleging a conspiracy to interfere with prospective economic relations, breach of the duty of loyalty, misappropriation of property, and violation of the Computer Related Offenses Act.

In *Fairway,* the New Jersey Supreme Court upheld the granting of partial summary judgment against Decker Dodge and two former employees because the employees admitted to accessing Decker's competitor's computer and that such conduct constituted a "taking" under the Act without authorization.

A & G argues that the facts of *Fairway* are analogous to the case at bar, and that the acts of Clarke, who admitted to the unauthorized downloading of information from A & G's computer and uploading the information onto GC Metric's computer, constitutes a taking under the Act subjecting her to liability.

***19** Defendants raise a number of arguments in opposition, including, *inter alia,* that in *Fairway* a jury concluded that the copied files resulted in damage to Decker's business and that expert testimony was used to establish the link. Here, they argue, there is no evidence of damage to A & G's business, because, Defendants' submit, the clients who chose to leave A & G and take their business to GC Metrics did so because they liked A & G's former employees, and not because of any advantage GC Metrics would have as a result of the copied files.

Defendants also contend that, because the New Jersey statute imposes liability only against the specific "actor" whose "purposeful or knowing" conduct is proscribed by the statute, the statute cannot be applied to Guttormsen, Williams or GC Metrics. Defendants assert that Clarke downloaded the information without the knowledge of her colleagues before the formation of GC Metrics, and that, under the statute, she would be the only "actor" potentially subject to liability. On the contrary, however, it is clear that Clarke told Williams and Guttormsen about the downloaded files and placed them on GC Metrics' computers for all employees to use. Plaintiff submits that, since the term "actor" is not defined by the statute, it is not clear that the statute would not apply to all the Defendants, and not just Clarke.

Summary judgment on this cause of action must be denied. As indicated in the discussion under the First Cause of Action, here too there are questions of fact as to the applicability of the New Jersey statute to these facts, as well as whether A & G sustained ascertainable damages as a result of the downloaded files.

THE NEW JERSEY THEFT AND RELATED OFFENSES STATUTE

Plaintiff's Third Cause of Action alleges that Defendants are in violation of a New Jersey penal statute, *i.e.,* NJSA 2C:20-20 and 2C:20-7, directed against theft. While ordinarily, New York would not apply a penal statute of another state, see 18 N.Y.Jur.2d, Conflicts of Law, § 19, the New Jersey penal statute creates a civil right of action where the conduct in question violates the penal statute.

Specifically, NJSA 2C:20-20 provides for a private cause of action where there has been a violation under NJSA 2C:20-7, a criminal statute that prohibits "receiv[ing] or bring[ing] into New Jersey movable property of another knowing that it has been stolen ..." NJSA 2C:20-20 provides, in relev-

ant part:

> Any person damaged in his business or property by reason of a violation of section 7 of this ... act may sue therefor in any appropriate court and shall recover threefold any damages he sustains and the cost of the suit, including a reasonable attorney's fee, costs of investigation and litigation ...

In turn, NJSA 2C:20-7, entitled "Receiving Stolen Property", provides, in relevant part:

> A person is guilty of theft if he knowingly receives or brings into this State movable property of another knowing that it has been stolen, or believing that it is probably stolen. It is an affirmative defense that the property was received with the purpose to restore it to the owner. "Receiving" means acquiring possession, control or title, or lending on the security of the property.

***20** "Movable property" is defined as:

> [P]roperty the location of which can be changed, including things growing on, affixed to, or found on land, although the rights represented thereby have no physical location. "Immovable property" is all other property.

Defendants argue the language of this statute precludes A & G's attempt at recovery thereunder, contending that the statute does not contemplate or address the copying of data, which is the thrust of the Amended Complaint. Indeed, Defendants assert that when the New Jersey Legislature wanted to enact a criminal statute to address the copying of computer data, it knew how to do so-but those provisions are not found in either Section 20-20 or 20-7. Instead, NJSA 2C:20-25 expressly defines "computer criminal activity"; it specifically addresses computer data, and it establishes four different degrees of the offense. The New Jersey Legislature chose, however, not to establish a private cause of action in NJSA 2C:20-25 and, therefore, the penal statute expressly covering computer data is unenforceable in New York.

A & G submits that Defendants can be held liable under the New Jersey statute for their removal of the document known as the "Type of Study Reference Sheet" from A & G's offices and that removal of that document alone precludes the Defendants' application for summary judgment on the Third Cause of Action.

As to the issue of whether Defendants' removal of data from A & G's computer network constitutes a violation of the statute, A & G argues that, although this appears to be an issue of first impression under New Jersey law, computer data should be considered to be within the definition of "movable property" as the location of the computer data "can be changed ... [and] the rights represented thereby have no physical location." NJSA 2C:20-1 (e).

Defendants retort that NJSA 2C:20-20 applies only to the physical stealing of computer equipment, and not to the copying of data. Citing *Weinberg v. Sprint Corp.* (173 N.J. 233, 250-251 [2002]) Defendants assert that the New Jersey courts narrowly construe statutory private causes of action to those specific claims designated by the Legislature and that the case law construing this particular statute is consistent with this principle, *citing Bobal v. Cackowski,* 2007 WL 2089195 at *1 (N.J.Super.Ct.2007) and *State of N.J. v. Portuondo,* 277 N.J.Super. 337 (N.J.Super.Ct.1994). To the extent that any New Jersey court has applied Sections 20-20 and 20-7 to computers, it is only with respect to the physical stealing of computer equipment. *See State v. Jackson,* 2007 WL 4139318 (N.J.Super.11/23/07) (discussing 2C:20-7 and theft of a computer), *State v. Fennell,* 2006 WL 2033988 (N.J.Super.7/21/06) (discussing 2C:20-7 and physical theft of several computers). Defendants submit that the Third Cause of Action should be dismissed as New Jersey courts have not applied the private right of action under NJSA 2C:20-20 to the copying of computer data.

***21** Defendants further argue that Section 2C:20-20(c) prohibits A & G from pursuing this claim in New York, as that section provides that "any action for damages under [chapter 20] *shall* be maintained in the Superior Court without a jury". This argument, however, is without merit, for the reasons previously discussed in connection with the claims under the Computer Related Offenses Act. Moreover, it appears Section 2C:20-20(c) is merely a venue provision added to the statute in order to remove the New Jersey County Court as the forum for maintaining civil actions under the statute. See 1991 N.J. Sess. Law Serv. Ch. 91 (Senate 1348) (West).

Upon review of the tendered submissions, it is apparent that questions of fact exist as to whether the New Jersey Theft and Related Offenses statute applies on these facts and, further, as to whether Defendants are liable under the statute either for removing the Type of Study Reference Sheet document from A & G's offices or for their conduct in downloading and using computer data from A & G's computers. Thus, the motion for summary judgment as to the Third Cause of Action should be denied.

FOURTH CAUSE OF ACTION-BREACH OF FIDUCIARY DUTY
SEVENTH CAUSE OF ACTION-EQUITABLE ACCOUNTING

Plaintiff's Fourth Cause of Action alleges that Defendants Guttormsen, Clarke and Williams, as employees of A & G, owed a fiduciary duty to A & G. Plaintiff asserts that, as part of their duties, Defendants were prohibited from acting in any manner inconsistent with their agency or trust with A & G and were, at all times, bound to exercise the utmost good faith and loyalty in the performance of their duties. It is alleged that the individual Defendants breached their fiduciary duties because, while employed at A & G, they "secretly planned and formed a competing business, solicited A & G's largest client, unlawfully accessed and downloaded documents from A & G's server and computer system which they later used in whole or part at GC Metrics." (Am.Complaint, ¶ 151). As a result of this breach, Plaintiff alleges it sustained damages at a rate of $2,000,000 per year.

In support of this claim, Plaintiff alleges that Defendants breached their fiduciary duties to Plaintiff by the following conduct:

Guttormsen (allegedly) solicited Clarke and Williams to join him in a competing market research business;

While employed by A & G, Guttormsen and Clarke worked out the details involved in starting a competing business including an office location, an employee, financing, and a client;

Guttormsen then scheduled a dinner with Livanos (of Pepsi) (a rare event) and, at dinner, informed Livanos that he was thinking about leaving or that he was leaving A & G and inquired generally whether Pepsi had a policy regarding start-up companies or new vendors;

The morning after the dinner meeting Livanos sent an e-mail to another Pepsi employee and Guttormsen stating he has some credits with A & G he "would like to unload" and that he wanted to "spend down [his] credit A & G ..."

***22** Clarke, while at A & G's office and using its computers, drafted logos for GC Metrics and showed them to Williams in the office;

After his dinner with Livanos and while he was still employed at A & G, Guttormsen called Julia Oswald, who manages consumer research for the Carbonated Beverage Division at Pepsi and told he that he may be leaving A & G and going out on his own;

Clarke downloaded A & G's Serv2 file onto a portable drive and uploaded them on a computer at GC Metrics;

Williams downloaded A & G's materials without

permission including A & G job files, corporate contacts and emails from A & G's computer system;

Guttormsen knew about the downloads before leaving A & G and didn't report it to A & G because "... to me it was inconsequential. Just wasn't important to me at the time."

After resigning from A & G:

Guttormsen admitted working for GC Metrics the day he resigned;

While still employed at A & G and after Guttormsen resigned, Clarke worked on the Holiday Packaging Study for GC Metrics using A & G forms;

While still working at A & G Grinchunas requested orally and in writing that Williams and Clarke return all of A & G's materials or that they be destroyed. They told Grinchunas that they will (or had) complied with his request, but did not.

According to Clarke, during her last week of employment at A & G, her "loyalties changed", and were with GC Metrics because she was "moving on"; and

While at GC Metrics all of the Defendants accessed and used A & G's job files and then saved them as their own.

Based on these allegations, A & G contends that Defendants used A & G's time, facilities and files (including emails, client lists, contacts, job files and "Study Reference Sheet") to assist them at GC Metrics. Plaintiff further submits that unbeknownst to the clients, Defendants replicated their excellent work product at GC Metrics by copying A & G's files.

In response, Defendants assert that Guttormsen and Clarke had an unfettered right to incorporate GC Metrics and Plaintiff has no evidence that any of A & G's time or resources were used in forming GC Metrics. Defendants further submit Plaintiff cannot show any solicitation of clients before the individual defendants left A & G's employ. Further, Defendants argue that Plaintiff could have had no tangible expectation of conducting business with Pepsi after the individual Defendants resigned, because Pepsi's loyalty was to the Defendants, and not to Grinchunas whom they rarely, if ever, spoke with. Defendants assert that their use of "boilerplate" materials from A & G resulted in no damage to A & G or business for GC Metrics and cannot be the basis of a claim for breach of fiduciary duty.

It is well settled law in New York that an employee is "prohibited from acting in any manner inconsistent with his agency or trust and is at all times bound to exercise the utmost good faith and loyalty in the performance of his duties." *CBS Corp. v. Dumsday,* 268 A.D.2d 350 (1st Dept.2000) (internal citations omitted). It is also the case that an employee may create a competing business prior to leaving his employer without breaching any fiduciary duty unless he makes improper use of the employer's time, facilities or proprietary secrets in doing so. *Schneider Leasing Plus, Inc. v. Stallone,* 172 A.D.2d 739, 741 (2d Dept.1991), *citing Headquarters Buick-Nissan v. Michael Oldsmobile,* 149 A.D.2d 302 (1st Dept.1989); *Mayo Lynch & Assoc. v. Fine,* 148 A.D.2d 425 (2d Dept.1989); *Walter Karl, Inc. v. Wood,* 137 A.D.2d 22 (2d Dept.1988); *Metal & Salvage Assn. v. Siegel,* 121 A.D.2d 200 (1st Dept.1986). Where such a breach of fiduciary duty has been established, third parties who have knowingly participated in the breach may be held accountable. *Schneider Leasing Plus, Inc. v. Stallone, supra,* 172 A.D.2d at 741.

***23** Here, Plaintiff has come forward with sufficient evidence to create a triable issue of fact as to whether Defendants violated a fiduciary duty to A & G. Indeed, Plaintiff has shown that Guttormsen had discussions with two principals of A & G's largest client before he left A & G notifying them of his intent to leave. Further, Clarke used A & G's

time and materials to work on a project for GC Metrics while still in the employ of A & G. Accordingly, Defendants' motion for summary judgment as to the Fourth Cause of Action for breach of fiduciary duty should be denied.

In Plaintiff's Seventh Cause of Action, Plaintiff asserts that as a result of Defendants' breach of their fiduciary duties to A & G, Plaintiff is entitled to a complete and accurate accounting from Guttormsen, Clarke, Williams and GC Metrics concerning their access and use of A & G documents, client lists, computer files, contacts and confidential information as well as any money, assets or property that Defendants received directly or indirectly from Pepsi, Hershey, Del Monte or Combe or any other past or present A & G client.

Because of the questions of fact above related, this claim too shall have to abide the trial of the action and summary judgment must be denied.

FIFTH AND SIXTH CAUSES OF ACTION-UNFAIR COMPETITION

The Amended Complaint contains two claims for unfair competition-one for damages, and another for an injunction, permanently barring defendants from working in the field of market research. Defendants submit the evidence shows these claims should be dismissed because (a) there was no wrongful diversion of customers or business; (b) A & G does not have proprietary information or trade secrets; and (c) GC Metrics' limited use of "boilerplate" elements from A & G's old files did not result in any business for GC Metrics, and it was not the cause of any losses that A & G allegedly sustained.

It is well settled that "the gravamen of a claim of unfair competition is the bad faith misappropriation of a commercial advantage belonging to another ... by exploitation of proprietary information or trade secrets." *Eagle Comtronics, Inc ., Respondent v. Pico Products, Inc.* (4th Dept., 1998)(internal citations omitted); *see Beverage Marketing USA, Inc. v. South Beach Beverage Co., Inc.,* 20 AD3d 439 (2d Dept.2005). Information that is ascertainable from outside sources or generally known in the trade cannot be misappropriated because it is not a proprietary trade secret. *IVI Environmental, Inc. v. Matthew A. McGovern,* 269 A.D.2d 497, 498 (2d Dept.2000); *Atmospherics, Ltd. v. Robert E. Hansen,* 269 A.D.2d 343, 343 (2d Dept.2000). A trade secret is generally understood to be "any formula, pattern, device or compilation of information utilized in one's business, and which provides an advantage over competitors who do not know or use it." *Ashland Management Inc. v. Janien,* 82 N.Y.2d 395, 407 (1993). An essential prerequisite to legal protection against the misappropriation of a trade secret is the element of secrecy. *Atmospherics, Ltc. v. Robert E. Hansen, supra,* 269 A.D.2d at 343.

***24** It has been held that "[s]olicitation of an entity's customers by a former employee ... is not actionable unless the customer list could be considered a trade secret, or there was wrongful conduct by the employee ... such as physically taking or copying files or using confidential information". *Starlight Limousine Serv. v. Cucinella,* 275 A.D.2d 704 (2d Dept.2000).

Section 757 of the Restatement of Torts, comment b, has been cited with approval by the Court of Appeals. *Ashland Mgt. v. Janien,* 82 N.Y.2d 395, 407 (1993). It defines a trade secret as "any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it." *Id.* The Restatement suggests that in deciding a trade secret claim several factors should be considered:

(1)The extent to which the information is known outside of [the] business;

(2)the extent to which it is known by employees and others involved in [the] business;

(3)the extent of measures taken by [the business] to guard the secrecy of the information;

(4)the value of the information to [the business] and [its] competitors;

(5)the amount of effort or money expended by [the business] in developing the information;

(6)the ease or difficulty with which the information could be properly acquired or duplicated by others.

Restatement of Torts § 747, comment b.

Whether or not information constitutes a trade secret is generally a question of fact. *Ashland Mgt. v. Janien, supra,* 82 N.Y.2d at 407, *citing Kaumagraph Co. v. Stampagraph Co.,* 235 N.Y. 1, 8-9 (1923); *Union Kol-Flo Corp. v. Basil,* 64 A.D.2d 861, 862 (4th Dept.1978).

Defendants argue that the evidence requires dismissal of these claims. First, they argue that A & G had no trade secrets or proprietary information and that it does not own the work product that it submits to clients and, in the conduct of conducting market research study, its questionnaires and field instructions are forwarded to numerous unknown recipients. Defendants further assert that Plaintiff's final reports are released to its clients without restriction, that it employs no formula to generate its pricing, that it issued no employee handbooks with any mention of confidentiality, and that with the exception of one agreement, issued to one employee in November 2006, it never has used any confidentiality or non-solicitation agreements.

Defendants further submit that the testimony of witnesses from all three clients of GC Metrics, i.e., Pepsi, Hershey and Georgia Pacific, confirm that none of the Defendants solicited any business prior to Guttormsen's resignation from A & G. Defendants attempt to excuse Guttormsen's discussions with two Pepsi employees on the ground that such conversations were not solicitation and that Guttormsen apparently did not ask for business during those discussions and none was offered to him. It ****29** remains undisputed, however, that GC Metrics began working on a project for Pepsi the day Guttormsen resigned, that GC Metrics employee Clarke worked on the project using A & G files and information while still at A & G, and that the project was completed and billed to Pepsi just days after Guttormsen's resignation.

***25** Moreover, as Plaintiff points out, it is clear that Clarke downloaded A & G's client lists, proposals containing confidential pricing information and the "Type of Study Reference Sheet" which listed, by client, all of the projects that A & G conducted over the past 10 years. Plaintiff asserts these were trade secrets as they were not readily ascertainable by others in the trade or by the public at large.

Additionally, Plaintiff alleges Defendants misappropriated A & G's business from Pepsi, as Guttormsen, prior to leaving A & G, solicited two of the major decision-makers at Pepsi in order to generate business for GC Metrics. As a result, Plaintiff claims to have sustained damages in the sum of $2,000,000 per year. Plaintiff submits Defendants' wrongful conduct permitted GC Metrics to seamlessly service A & G's clients literally overnight.

Defendants have failed to establish that there are no questions of fact with regard to Plaintiff's claims of unfair competition. Indeed, questions exist as to whether the information taken by Clarke and used by all of the employees at GC Metrics constituted trade secrets, whether Guttormsen improperly solicited clients of A & G before leaving A & G, whether A & G was damaged as a result of Defendants' conduct, and the nature and scope of any injunction A & G to which A & G might be entitled. Accordingly, the motion as to the Fifth and Sixth Causes of Action should be denied.

EIGHTH CAUSE OF ACTION-CONSTRUCTIVE TRUST

In its Eighth Cause of Action, Plaintiff asserts that Guttormsen, Clarke and Williams currently have unlawful possession, control, use of and access to A & G's files, data, documents, proprietary

and confidential information and, upon information and belief, use said information to solicit, engage and/or conduct business activities with A & G's clients. A & G contends that Defendants have been unjustly enriched and that A & G is entitled to a constructive trust over any money, assets or property that Defendants have received directly or indirectly from Pepsi, Hershey, Del Monte and Combe or any other past or present A & G client, as well as any of A & G's documents, files, data, proprietary and confidential information in the possession, custody or control of Defendants.

It is well settled that the elements needed to impose a constructive trust are (1) a confidential or fiduciary relationship; (2) a promise; (3) a transfer in reliance thereon, and (4) unjust enrichment. *Iwanow v. Iwanow,* 39 AD3d 476, 477 (2d Dept.2007). "The constructive trust doctrine is given broad scope to respond to all human implications of a transaction in order to give expression to the conscience of equity and to satisfy the demands of justice" (internal citations omitted). "Performance of a wrongful act by the party unjustly enriched is not required. Rather, what is required, generally, is that a party hold property under such circumstances that in equity and good conscience he [or she] ought not to retain it" ' (internal citations omitted). *Id.* at 477.

***26** This claim should be dismissed because Plaintiff has failed to establish a *prima facie* case as to the making of any promise or agreement between A & G and any of the individual Defendants with respect to access to files, and a transfer in reliance upon any such promise or agreement. Further, the record demonstrates that A & G had few, if any rules, governing access or downloading of its files. Additionally, A & G regularly disclosed questionnaires, field instructions and other materials to unknown interviewers to unknown respondents and to clients, all without enforced restrictions. Further, A & G has not shown that it made any transfer in release upon any promise by the individual Defendants. The computer files, to the extent that A & G allowed its employees to use them, were maintained on A & G's equipment and, therefore, even if there was an implied agreement that employees could access the computer data only for work purposes, the access occurred on A & G's equipment, without the files being transferred to equipment owned by others. Accordingly, this cause of action should be dismissed.

NINTH CAUSE OF ACTION-CONVERSION

To establish a claim for conversion, the plaintiff must show legal ownership or an immediate superior right of possession to a specific identifiable thing and must show that the defendant exercised an unauthorized dominion over the thing in question, to the alteration of its condition or to the exclusion of the plaintiff's rights. *Independence Discount Corp. v. Bressner,* 47 A.D.2d 756 (2d Dept.1975). Where possession of the property is initially lawful, conversion occurs when there is a refusal to return the property after demand. *Hoffman v. Unterberg,* 9 AD3d 386 (2d Dept.2004).

Here, it is clear that Plaintiff cannot establish the elements of a claim of conversion and that this claim must be dismissed. Although Defendants copied Plaintiff's computer data and uploaded such data on their own computer system, an essential element of conversion is that the owner of the property is excluded from use thereof. *See state v. Seventh Regiment Fund, Inc.,* 98 N.Y.2d 249, 259-60 (2002), *citing Bradley v. Roe,* 282 N.Y. 525, 531-32 (1940); *see also Vigilant Ins. Co. of Am. v. Housing Auth. of El Paso Tex.,* 87 N.Y.2d 36, 43 (1995). Since the information was not deleted from A & G's computers, A & G was not excluded from the use of the information.

Plaintiff's reliance on *Thyroff v. Nationwide Mutual Insur. Co.,* 8 NY3d 283, 284 (2007) is misplaced. Although. in *Thyroff,* the Court of Appeals recognized the need to update the common law of conversion to modern times and held that a plaintiff may maintain a conversion action based upon intangible electronic computer records and data, the Plaintiff in *Thyroff,* unlike here, no longer had ac-

cess to his computer files. Accordingly, while the plaintiff in *Thyroff* could establish the element of deprivation of his property, A & G cannot.

***27** In light of the foregoing, the Ninth Cause of Action should be dismissed.

TENTH CAUSE OF ACTION-UNJUST ENRICHMENT

Plaintiff's Tenth Cause of Action, sounding in unjust enrichment, alleges, *inter alia,* that Defendants utilized A & G's files to solicit Plaintiff's customers and to compete with A & G. Plaintiff further alleges that Defendants took items that Plaintiff would have, or could have, sold in the marketplace.

To prevail on a claim of unjust enrichment, a party must show that (1) the defendant was enriched (2) at the plaintiff's expense, and (3) that it is against equity and good conscience to permit the defendant to retain what is sought to be recovered. *Citibank, N.A. v. Walker,* 12 AD3d 480 (2d Dept.2004).

In support of summary judgment, Defendants submit the following: (1) that A & G is not the owner of its files; and (2) that because every market research project is unique, A & G does not sell studies to other buyers, and clients do not purchase market research studies by the piece. Defendants assert the evidence further establishes that none of the materials in the download were utilized to solicit any client and that no downloaded materials were utilized in competition with A & G. Defendants also point out that A & G has not been deprived of any of its files.

Here, there are clearly questions of fact as to whether Defendants were unjustly enriched by downloading and using files created and maintained while working at A & G for the benefit of A & G. Indeed, it is undisputed that the files were valuable, and, at a minimum, permitted GC Metrics, a brand new company, to be up and running on the very day its principal resigned from A & G. Additionally, it is clear that Clarke used A & G's files and computer data to assist on a project for a former client of A & G while still employed by A & G to the benefit of GC Metrics. Finally, it is clear that if the files downloaded by Clarke were really so readily obtainable elsewhere, and not valuable to GC Metrics as a new business, they would have been returned to A & G or destroyed, as Clarke and Williams promised Grinchunas they would do in writing upon their resignation from A & G.

Accordingly, the Court finds that the Defendants' motion with respect to the Tenth Cause of Action should be denied.

CONCLUSION

The Court has considered the following papers in connection with this motion:

1)Plaintiff's Statement of Material Facts;

2)Defendants' Counter-Statement Pursuant to Rule 19-a;

3)Plaintiff's Response to Defendants' Statement of Undisputed Material Facts;

Sequence 2:

1)Notice of Motion dated February 20, 2008; Affirmation of Richard Grinchunas sworn to February 20, 2008; Affidavit of Alan E. Sash, Esq. dated January 4, 2008; and the exhibits annexed thereto;

2)Plaintiff's Memorandum of Law dated February 21, 2008;

3)Affirmation of Gary A. Stahl, Esq., dated March 14, 2008 and the exhibits annexed thereto;

***28** 4)Defendant's Memorandum of Law dated March 14, 2008

5)Reply Affirmation of Alan E. Sash, Esq., dated March 19, 2008;

6)Plaintiff's Reply Memorandum of Law dated March 19, 2008.

19 Misc.3d 1136(A), 862 N.Y.S.2d 806, 2008 WL 2150110 (N.Y.Sup.), 27 IER Cases 1563, 2008 N.Y. Slip Op. 51016(U)
(Table, Text in WESTLAW), Unreported Disposition
(Cite as: 19 Misc.3d 1136(A), 2008 WL 2150110 (N.Y.Sup.), 2008 N.Y. Slip Op. 51016(U))

Sequence 3:

1)Notice of Motion for Summary Judgment dated February 22, 2008 and Defendants' Statement of Undisputed Material Facts annexed thereto;

2)Affirmation of Gary A. Stahl, Esq. in Support dated February 22, 2008 and the exhibits annexed thereto;

3)Memorandum of Law in Support of Defendants' Motion for Summary Judgment dated February 22, 2008;

4)Affidavit of Richard Grinchunas sworn to March 12, 2008; Affirmation of Alan E. Sash, Esq. dated March 12, 2008 and the exhibits annexed thereto;

5)Plaintiff's Memorandum of Law in Opposition to Defendants' Motion for Summary Judgment dated March 13, 2008;

6)Reply Affirmation of Gary A. Stahl, Esq. dated March 20, 2008 and the exhibits annexed thereto;

7)Reply Memorandum of Law dated March 20, 2008.

Based upon the foregoing papers, and for the reasons set forth above, it is hereby

ORDERED that the motion by Defendants GC Metrics, Inc., James Guttormsen, Paula Clarke and Ann Williams for summary judgment dismissing the Amended Complaint of Plaintiff A & G Research, Inc. (Seq.3) is granted in part and denied in part as hereinafter set forth; and it is further

ORDERED that the motion by Defendants GC Metrics, Inc., James Guttormsen, Paula Clarke and Ann Williams for summary judgment is granted to the extent that the Eighth and Ninth Causes of Action set forth in the Amended Complaint of Plaintiff A & G Research, Inc. shall be dismissed; and is further

ORDERED that the motion by Defendants GC Metrics, Inc., James Guttormsen, Paula Clarke and Ann Williams for summary judgment dismissing the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Tenth Causes of Action in the Amended Complaint of Plaintiff A & G Research, Inc. is denied; and it is further

ORDERED that the motion by Plaintiff A & G Research, Inc. for summary judgment on its First and Second Causes of Action in its Amended Complaint (Seq.2) is denied; and it is further

ORDERED that counsel for the parties shall appear before this Court for a status conference on June 6, 2008 at 9:30 a.m. for the purposes of scheduling further proceedings in this action and establishing a date for trial; and it is further

ORDERED that the status conference hereinabove provided for may not be adjourned without the prior written approval of the Court.

The foregoing constitutes the Decision and Order of this Court.

N.Y.Sup.,2008.
A & G Research, Inc. v. GC Metrics, Inc.
19 Misc.3d 1136(A), 862 N.Y.S.2d 806, 2008 WL 2150110 (N.Y.Sup.), 27 IER Cases 1563, 2008 N.Y. Slip Op. 51016(U)

END OF DOCUMENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 27

to

CGG'S THIRD NOTICE OF RELIANCE

81 U.S.P.Q.2d 1407
Not Reported in F.Supp.2d, 2007 WL 136186 (S.D.N.Y.), 2007 Copr.L.Dec. P 29,312, 81 U.S.P.Q.2d 1407, 35 Media L. Rep. 1161
(Cite as:81 U.S.P.Q.2d 1407)

Atlantic Recording Corp.
v.
XM Satellite Radio Inc.

U.S. District Court Southern District of New York
No. 06 Civ. 3733 (DAB)

Decided January 19, 2007

COPYRIGHTS
1 Rights in copyright; infringement - Right to reproduction - Compulsory license - In general (§ 213.0505.01)
Rights in copyright; infringement - Right to distribute copies - In general (§ 213.0901)
Infringement pleading and practice - Defenses - In general (§ 217.0601)
Audio Home Recording Act of 1992, 17 U.S.C. §§ 1001-1010, does not immunize licensed satellite radio broadcaster from copyright claims brought by major record companies based on defendant's provision of service that allows subscribers who possess defendant's special receivers to record, store, and replay audio files from defendant's broadcasts, since 17 U.S.C. § 1008, which bars copyright infringement actions based on distribution of "digital audio recording devices," does not provide distributor of DARDs with absolute immunity from copyright litigation, since plaintiffs' claims are based on contention that defendant's service delivers permanent digital copies of sound recordings without authorization, not that defendant is infringing copyrighted songs by distributing DARDs, since defendant is acting as both broadcaster and distributor, but is paying only to be broadcaster, and since legislative history need not be considered in view of unambiguous plain language of AHRA; thus, while defendant is protected from suit based on actions taken in its capacity as distributor of DARD, it is not immunized from suit based on its conduct as satellite radio broadcaster or as content delivery provider to DARDs.

Action by Atlantic Recording Corp., BMG Music, Capitol Records Inc., Elektra Entertainment Group Inc., Interscope Records, Motown Record Co. LP, Sony BMG Music Entertainment, UMG Recordings Inc., Virgin Records America Inc., and Warner Bros. Records Inc. against XM Satellite Radio Inc. for violation of federal and state copyright and unfair competition laws. On defendant's motion to dismiss. Denied.

Ronald M. Daignault, of Jenner & Block, New York, N.Y.; Michael B. Desanctis, of Jenner & Block, Washington, D.C., for plaintiff Atlantic Recording Corp.

Ronald M. Daignault, of Jenner & Block, New York, for plaintiffs BMG Music, Capitol Records Inc., Elektra Entertainment Group Inc., Interscope Records, Motown Record Company L.P., Sony BMG Music Entertainment, UMG Recordings Inc., Virgin Records America Inc., and Warner Bros. Records Inc.

Celia G. Barenholtz, Steven M. Cohen, Benjamin H. Kleine, Shannon S. McKinnon, and Stephen A. Wieder, of Cooley Godward Kronish, New York; Amy N. Roth, of Constantine Cannon, Washington, for defendant.

Batts, J.

Above-named Plaintiffs (hereinafter "Plaintiffs" or "the Record Companies") bring this action against Defendant XM Satellite Radio, Inc. ("XM"). Plaintiffs allege XM operates a digital download subscription service that distributes Plaintiffs' copyrighted works without their authority. Plaintiffs contend this conduct violates federal and state copyright and unfair competition laws. Now before this Court is XM's motion to dismiss the Complaint, pursuant ***1408** to Federal Rule of Civil Procedure 12(b)(6).

Plaintiffs bring nine causes of action against Defendant XM. Count One alleges that XM directly

infringes on the Record Companies' exclusive distribution rights, in violation of sections 106(3) and 501 of the Copyright Act of 1976 ("the Copyright Act"). Count Two alleges that XM also violates 17 U.S.C. §§ 115, 501, which bar unauthorized digital phonorecord delivery. In Counts Three and Four, the Record Companies allege XM directly infringes upon their exclusive right to reproduce their copyrighted sound recordings: Count Three charges that this activity violates provisions of the Copyright Act which set forth exclusive reproduction rights for copyright owners, namely 17 U.S.C. §§ 106(1), 501. Count Four charges that XM violates its license, granted under 17 U.S.C. § 112(e)(1), to retain and use "ephemeral recordings" of Plaintiff's sound recordings. Counts Five and Six accuse XM of secondary infringement violations: In Count Five, Plaintiffs accuse XM of inducing copyright infringement. Count Six charges XM with contributory copyright infringement. In Count Seven, Plaintiffs allege that XM is guilty of vicarious copyright infringement. Counts Eight and Nine allege state law violations: Count Eight charges that XM's use of Plaintiffs' pre-1972 sound recordings violates New York state copyright common-law. Finally, Count Nine alleges XM violates New York's common-law bar on unfair competition.

Plaintiffs seek identical relief for each of their federal claims: declaratory relief, statutory or actual damages, reimbursement of costs incurred by Plaintiffs and a permanent injunction enjoining XM from infringing upon Plaintiffs' copyrights and exclusive rights under copyright. With respect to their state law claims, Plaintiffs seek declaratory relief, both compensatory and punitive damages, as well as a permanent injunction halting XM's unlawful conduct.

XM moves to dismiss Plaintiffs' federal claims, asserting statutory immunity from suit. XM maintains they are shielded from infringement actions by the provisions of 17 U.S.C. §§ 1001-1010, the Audio Home Recording Act of 1992 (hereinafter "AHRA"). Upon rejecting the federal claims, XM asks the Court to decline to exercise pendent jurisdiction, and to dismiss the remaining state claims.

For the reasons set forth below, XM's motion to dismiss is DENIED.

I. BACKGROUND[FN1]

Plaintiffs are major record companies. The Record Companies bring this action alleging that they own, or own rights to, the majority of copyrighted sound recordings which are sold in the United States. (Complaint ["Compl."] ¶ 15.) The Record Companies are among the world's leading producers, manufacturers, distributors, sellers and licensers of sound recordings. (*Id.* ¶ 13.)As such, they offer for sale in the United States and throughout the world an array of phonorecords, including CDs, cassettes and digital audio files.(*Id.* ¶ 17.)The Record Companies earn revenue from these sales, and from authorizing others to sell and distribute their phonorecords online. (*Id.* ¶ 18.)The Record Companies also are paid statutorily prescribed royalties for licensing public performances, like XM radio broadcasts, and for the production of audio recording devices and copying media. (*Id.* ¶ 5, Pls.' Mem. Law at 11.)

Defendant XM is a licensed satellite radio broadcaster. XM broadcasts 160 channels, 67 of which feature 24-hour-a-day, commercial-free music programming. (*Compl.* ¶ 22.) The songs used in XM's music programming include the Record Companies' copyrighted recordings which, in turn, include some of the most successful recordings in the world. (*Id.* ¶ 7.) XM radio broadcasts can only be received by XM subscribers who use radio receivers capable of decrypting XM's broadcast signal. (*Id.* ¶ 26.)Each XM radio receiver must be individually activated by XM. (*Id.*)

XM's subscriber base has increased dramatically since XM's inception. XM's subscriber rolls jumped from almost one million subscribers in 2003 to nearly six million subscribers in 2005; estimates indicate that in 2006 XM's subscription base spiked

to nine million subscribers. (*Id.* ¶ 25.)XM earns revenue from subscription fees; XM listeners pay a monthly subscription fee of $12.95 in exchange for their ability to receive XM service ***1409** and programming on an XM compatible radio receiver. (*Id.* ¶ 27.)

Since April 2006, XM has made it possible for subscribers to hear broadcasts over special receivers marketed as "XM MP3" players.[FN2](*Id.* ¶ 26.)XM MP3 players are different from ordinary XM radios because they do more than receive XM radio broadcasts. XM MP3 players have three distinct features. Aside from receiving XM radio broadcasts, an XM MP3 player allows a user to store MP3 files, which he or she already owned or acquired from outside sources.[FN3](*Id.* ¶ 38.)Additionally, XM MP3 players permit subscribers to record, retain and library individually disaggregated and indexed audio files from XM broadcast performances; the Record Companies refer to this final feature as a "digital download delivery service" and this feature is the subject of this litigation. (*Id.* ¶ 6.)

All functionalities of an XM MP3 player are controlled entirely by XM. (*Id.* ¶ 26.)For example, as with any XM radio receiver, after a consumer purchases an XM MP3 player he/she must contact XM in order to activate the device and render it capable of decrypting XM broadcasts. (*Id.* ¶ 32.)XM can likewise deactivate any user's XM MP3 player at any time. (*Id.*) XM can change the functionality of XM MP3 players by sending software updates to users via the Internet. (*Id.*) XM is also capable of marking broadcast songs so that they can not be stored or saved. (*Id.* ¶ 34.)In sum, Plaintiffs allege, "XM retains complete and continuing end-to-end control over who is permitted to receive its signals, the content its subscribers receive, what subscribers can do with the content XM transmits to them, and whether and how long subscribers are allowed to keep their downloaded song files." (*Id.* ¶¶ 26, 32.)

In maintaining this end-to-end control over its product, XM provides several services specifically to XM MP3 player users. First, while listening to XM programming, an XM MP3 user can instantly record any song he or she hears at the touch of a button. (*Id.* ¶ 37.)XM makes this utility more exploitable by allowing a short-term "buffered" copy of every broadcast song a user hears to be generated on the XM MP3 player. (*Id.* ¶ 35.)This buffered copy is made on the XM MP3 player regardless of user input. (*Id.*) As a result, a user can record and store in its entirety any broadcast song he or she hears, even if the user started listening to the song after it began to play. (*Id.* ¶ 37.)

Second, XM provides XM MP3 users with playlists from blocks of broadcast programming which have been disaggregated into individual tracks. (*Id.* ¶ 36.)XM sends users these digital playlists with title and artist information included. (*Id.*) These playlists identify all songs broadcast over a particular channel and during a particular period of time. (*Id.*) Users can then scroll through a playlist and select which song(s) to store for future replay, and which to delete. (*Id.*) A consequence of this utility is that XM MP3 users can hear and store individual songs without actually listening to XM broadcast programming. (*Id.*)

A third feature XM provides to XM MP3 users is a search function, facilitated by so-called "ArtistSelect" and "TuneSelect" utilities. (*Id.* ¶ 37.)These utilities make it easy for a user to find out when a requested song is being broadcast. (*Id.*) Listeners use "ArtistSelect" and "TuneSelect" by identifying artists or songs he or she wants to hear, and potentially download. (*Id.*) Once the request has been entered, XM acts as an alert service. (*Id.*) XM sends the listener immediate notice when his or her chosen artists or songs are played on any XM channel. (*Id.*) This alert allows the user to immediately switch channels and store the requested track onto his or her XM MP3 player. (*Id.*)

Fourth, XM enables XM MP3 users to regard tracks recorded off broadcast programming as inter-

changeable with other music files in its possession.(*Id.* ¶ 38.)With an XM MP3 player, subscribers can store up to 50 hours of stored broadcast music, the approximate equivalent of 1,000 songs. (*Id.* ¶ 31.)Each of these songs is available for unlimited replay, for as long as the user maintains an XM subscription. (*Id.* ¶ 39.)XM provides users with a cable and software which permits them to also transfer music files from their ***1410** personal computer onto the XM MP3 player. (*Id.* ¶ 38.)These audio files can be used with any recorded material the user collects from XM broadcasts to create indexed music libraries and individualized playlists. (*Id.*)

As a result, from the user's perspective, there are two salient differences between broadcast-recorded music and audio files downloaded from an outside source. The first difference is that songs recorded from XM broadcasts cannot be owned by XM subscribers; they are effectively leased, and will only be operative as long as the user remains an XM subscriber. (*Id.* ¶¶ 31, 34). The second difference is that an XM MP3 user doesn't pay per-song for music recorded from XM broadcasts, and pays instead the monthly satellite radio subscription fee. (*Id.* ¶ 39.)These differences notwithstanding, XM MP3 users can record copies of songs which were only licensed to be used in satellite radio broadcasts, and then use them just as they would any other, purchased music download. As a result, the Record Companies aver, XM subscribers are spared the incentive non-subscribers have to buy authorized digital copies of songs for their private use. (*Id.* ¶ 40.)

II. DISCUSSION

Defendant XM moves to dismiss the Record Companies' Complaint pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure. The basis for XM's argument for dismissal is that the Record Companies fail to plead facts which would discharge the statutory immunity provided by the AHRA under 17 U.S.C. § 1008. The Record Companies argue that the AHRA does not immunize XM from suit for the conduct alleged in their Complaint.

A. Legal Standards

A motion to dismiss under Rule 12(b)(6) requires the district court to accept the factual allegations in the complaint as true and to make all reasonable inferences in the plaintiff's favor. *Friedl v. City of New York*, 210 F.3d 79, 83 (2d Cir. 2000) (citations omitted); *Bolt Elec., Inc. v. City of New York*, 53 F.3d 465, 469 (2d Cir. 1995). A court should grant dismissal only if, after considering plaintiff's allegations in this most generous light, "it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief." *Walker v. City of New York*, 974 F.2d 293, 298 (2d Cir. 1992), *cert. denied* , 507 U.S. 961 (1993); see *also Cortex Indus., Inc. v. Sum Holding L.P.*, 949 F.2d 42, 47 (2d Cir. 1991) (quoting *Conley v. Gibson*, 355 U.S. 41, 45-46 (1957)), *cert. denied* , 503 U.S. 960 (1992). However, because a Rule 12(b)(6) motion determines the legal feasibility of a complaint, the court should not "assay the weight of the evidence which might be offered in support thereof." *Ryder Energy Distribution Corp. v. Merrill Lynch Commodities, Inc.*, 748 F.2d 774, 779 (2d Cir. 1984) (quoting *Geisler v. Petrocelli*, 616 F.2d 636, 639 (2d Cir. 1980).

"A motion to dismiss may be used to test whether a defendant has statutory immunity." *Beyond Systems, Inc. v. Keynetics, Inc.*, 422 F.Supp.2d 523, 530 (D.Md. 2006) (citing *Behrens v. Pelletier*, 516 U.S. 299 (1996)). An immunity defense presented in a Rule 12(b)(6) motion must be based on facts appearing on the face of the complaint. *McKenna v. Wright*, 386 F.3d 432, 436 (2d Cir. 2004). However, an immunity defense raised in a motion to dismiss "must accept the more stringent standard applicable to this procedural route. Not only must the facts supporting the defense appear on the face

of the complaint, but, as with all Rule 12(b)(6) motions, the motion may be granted only where it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim that would entitle him to relief." *Id.* (citations and internal quotations omitted). The Rule 12(b)(6) standard that the plaintiff is entitled to all reasonable inferences from the facts alleged in the complaint applies to those facts which support his claim, and also to those facts that defeat the immunity defense. *Id.*

B. Counts One through Seven: Alleged Infringing Conduct

XM alleges that the AHRA provides absolute immunity from suit for copyright infringement, barring Counts One through Seven of Plaintiffs' Complaint. (Def. Mem. Law at 2.) XM argues that it is shielded from liability for Plaintiffs' claims because it distributes the inno, the Helix and the NeXus, and because these XM MP3 players are ***1411** digital audio recording devices.[FN4](Def.'s Mem. Law at 1.) XM maintains that, because the AHRA bars copyright infringement actions which are based on the distribution of audio recording devices, the Record Companies' federal copyright claims must be dismissed. (*Id.*),*See* 17 U.S.C. § 1008. XM contends that its interpretation of the AHRA is supported by both the plain language and the legislative history of the statute. (Def. Mem. Law at 13-21.) The Record Companies counter that neither the plain language of the AHRA nor its legislative history supports a conclusion that XM is immunized from suit for the conduct alleged in their Com- plaint.

1. The Plain Language of the AHRA

The AHRA is comprised of Sections 1001 through 1010 of Title 17 of the United States Code, which covers the Copyright Act. Section 1008 of the AHRA is entitled "Prohibition on *Certain* Infringement Actions" (emphasis added). This provision provides that:

No action may be brought under this title alleging infringement of copyright based on the manufacture, importation, or distribution of a digital audio recording device. . . or based on the noncommercial use by a consumer of such a device. . . for making digital music recordings or analog musical recordings.

XM argues that the plain language of the AHRA requires the Court to bar Plaintiffs' suit because the causes of action identified in the Complaint are based on XM's distribution of a digital audio recording device ("DARD"). In XM's view, because it is a distributor of the XM MP3 player, "XM is immune from suit so long as the [XM MP3 player] meets the requirements of the AHRA." (Def. Mem. Law at 13). Under XM's reading of the statute, if XM is a distributor of DARDs within the definition of the AHRA, there is no limit to the infringing conduct in which they may engage. According to XM, the merits of its dismissal motion turn only on whether the inno, the Helix and the NeXus qualify as DARDs, and they do. (*Id.* at 14-17.)

Pursuant to the plain language of the AHRA, courts considering the immunity provisions of the AHRA have denied the shelter of Section 1008 when the machines at issue are not DARDs, within the meaning of the statute. *See Recording Industry Association of American v. Diamond Multimedia Systems, Inc.*, 180 F.3d 1072 [51 USPQ2d 1115] (9th Cir. 1999); *A & M Records, Inc., et al. v. Napster, Inc.*, 239 F.3d 1004 [57 USPQ2d 1729] (9th Cir. 2001); *In re Aimster Copyright Litigation*, 252 F.Supp.2d 634 (N.D.Ill. 2002), *affirmed by* 334 F.3d 643 [67 USPQ2d 1233] (7th Cir. 2003), *cert denied in Deep v. Recording Industry of America*, 540 U.S. 1107 (2004). However, this action presents the Court with an issue of first impression; there is no precedent to guide the Court's interpretation of the AHRA where, as here, a purported distributor of a DARD primarily and simultaneously operates as a satellite radio broadcaster.

1 At the outset, the Court finds untenable XM's assertion that Section 1008 of the AHRA offers a distributor[FN5] of a DARD "absolute immunity" from copyright litigation. (Def. Mem. Law at 2.) XM is licensed to broadcast the music and is permitting recording outside of live, actual broadcast. While its license would permit consumers to record from live broadcasts, that does not extend to ***1412** permitting consumers to record the music, whether or not heard at the time of broadcast, for as long as they pay XM the monthly subscription fee. While the "Prohibition on Certain Infringement Actions" provided by Section 1008 may protect XM from suit for actions based on its distribution of a DARD, under a plain reading of the statute, that protection is not a wholesale, blanket protection for any and all conduct.

The protected use of a consumer to record music for noncommercial use does not contemplate the commercial recording by a broadcaster to be "leased" to the consumer for only as long as she pays the subscription fee to that broadcaster. The consumer does not own the recording; if the fee stops, so does the music.

XM claims that the Record Companies "argue that the AHRA does not apply to this case because it is not 'based on' the [XM MP3 player]." (Def. Repl. Mem. Law at 5.) Actually, what the Plaintiffs make clear in their Complaint is that XM is acting without authorization as a commercial content delivery provider to those devices - not that XM is infringing on their copyrights by distributing a DARD. As the Record Companies plainly put it, " Section 1008 does not immunize a service such as XM MP3 that delivers permanent digital copies of sound recordings without permission from the copyright owners." (Pl. Repl. Mem. Law at 7-8.)

Plaintiffs rightly read that, under a plain language analysis of the AHRA, "A claim is 'based on' manufacture, importation or distribution of a [DARD] only where the acts of manufacturing, importing, or distributing the device is the conduct on which liability is premised." (Pl. Repl. Mem. Law at 10.) Put another way, XM is not being sued for actions taken in its capacity as a DARD distributor; therefore, XM is not immunized from this suit under the protection offered by the AHRA.

What the Complaint does allege is that, in providing services specific to users of XM MP3 players, XM is acting outside the scope of its license for broadcast service - XM's *only* source of permission to use their recordings. (Compl. ¶ 1.) The Record Companies claim that by operating outside the authority of this statutory license, XM is violating their copyrights and unfair competition laws. Plaintiffs assert that XM's unauthorized use of their copyrighted material "encroaches directly and obviously on the digital download business, undermining Plaintiffs' ability to distribute their copyrighted works through lawful legitimate services. . . ." (*Id.* ¶ 3.)

The Record Companies consent to XM's use of their copyrighted material solely for the purposes of providing a digital satellite broadcasting service. This permission is granted pursuant to a licensing agreement, which is limited to the scope of the compulsory statutory license Congress granted in 17 U.S.C. § 114. (*Id.* ¶ 1.) Under Section 114 of the U.S. Copyright Act (the "Copyright Act"), XM and other pre-existing satellite radio service providers are permitted to perform sound recordings publicly by means of a subscription digital audio transmission. However, this permission is subject to a number of restrictions. 17 U.S.C. § 114(d)(2).

These restrictions serve to ensure that XM's satellite broadcasts operate like traditional radio broadcast providers. (*Id.* ¶ 24.)XM, for example, cannot provide an interactive service. 17 U.S.C. § 114(d)(2)(A)(i). Nor can XM publish its programming schedules prior to broadcast. 17 U.S.C. § 114(d)(2)(B)(ii). XM is also barred from playing songs from the same artist or album more frequently than specified within a three hour period. (Compl. ¶ 24.); 17 U.S.C. § 114(d)(2)(B)(i). By broadcasting and storing this copyrighted music on

DARDs for later recording by the consumer, XM is both a broadcaster and a distributor, but is only paying to be a broadcaster.

The Record Companies sufficiently allege that serving as a music distributor to XM MP3 users gives XM added commercial benefit as a satellite radio broadcaster. As averred in their Complaint:

[t]he sound recordings owned by Plaintiffs and unlawfully distributed by Defendant include some of the most commercially successful recordings in the world. Defendant is thus seeking to capitalize upon the popularity of Plaintiffs' sound recordings in order to attract and retain the maximum number of XM subscribers.

(Compl. ¶ 7.) The Record Companies further claim that XM uses the XM MP3 player to satisfy a known source of demand for copyright infringement, the market comprising digital music download services. *See Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd.*, 545 U.S. 913 [75 USPQ2d 1001] (2005).

***1413** Although XM does not explicitly refute Plaintiffs' claim that being able to deliver music content for storage on a DARD provides them with added commercial benefit, XM suggests that an XM MP3 player is "much like a traditional radio/cassette player." (Def. Mem. Law at 10.) It is not. Traditionally, radio/cassette players have been used in the context of public radio broadcasts. Moreover, the only contact between manufacturers of radio/cassette players and users traditionally has occurred at the point of sale. *Id.* at 438.It is manifestly apparent that the use of a radio/cassette player to record songs played over free radio does not threaten the market for copyrighted works as does the use of a recorder which stores songs from private radio broadcasts on a subscription fee basis. *See e.g. Sony Corp. of America, et al. v. Universal City Studios*, 464 U.S. 417 [220 USPQ 665] (1984) (finding a substantial likelihood that copyright holders who license their works for broadcast on free television would not object to having their broadcasts time-shifted by private viewers).

Although XM subscribers might put XM MP3 players to private use, the Record Companies' Complaint alleges that XM does not. Because "[c]ourts have properly rejected attempts by for profit users to stand in the shoes of their customers making nonprofit or noncommercial uses," this Court recognizes that delivering music to XM MP3 players confers XM with added commercial benefit. *Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.*, 192 F.Supp.2d 321, 333 [62 USPQ2d 1464] (D.NJ. 2002) (quoting *Princeton University Press v. Michigan Document Services, Inc.*, 99 F.3d 1381, 1389 [40 USPQ2d 1641] (1996). Finding that this conduct is not protected under the AHRA is consistent with the fundamental tenet of copyright law that "all who derive value from a copyrighted work should pay for that use." Paul Goldtein *Goldstein on Copyright* § 7.7.2, at 7:158 (3d ed. 2005 and 2006 Supp.)

Moreover, the only way to enforce XM's rights and obligations under Section 114, while affording XM the protections of the AHRA, is to read the statute as the Court does under a plain language analysis: under the AHRA, XM is protected from suit based on actions taken in its capacity as a distributor of audio recording devices, but it is not immunized from suit based on its conduct as a satellite radio broadcaster, or from suit based on its actions as an XM MP3 content delivery provider.

The question presented here is plain: whether the conduct alleged in the Record Companies' Complaint falls within the ambit of conduct protected by the AHRA. The Court finds that because of the unique circumstances of XM being both a broadcaster and a DARD distributor and its access to the copyrighted music results from its license to broadcast only, that the alleged conduct of XM in making that music available for consumers to record well beyond the time when broadcast, in violation of its broadcast license, is the basis of the Complaint, and being a distributor of a DARD is not. Thus the

AHRA, on these facts, provides no protection to XM merely because they are distributors of a DARD.

2. Legislative History of the AHRA

As XM recognizes, where the language of a statute is not clear, courts must examine "'the intent of Congress as revealed in the history and purposes of the statutory scheme.'" (Def. Mem Law at 17, quoting *Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 290 [64 USPQ2d 1891] (2d Cir. 2002).) However, the Court has determined that the meaning of the AHRA is plainly evident. Mindful of the admonition that "[r]esort to legislative history is only justified where the face of the Act is inescapably ambiguous," the Court makes short shrift of XM's argument that the legislative history of the AHRA supports dismissal of this suit. *Garcia v. U.S.*, 469 U.S. 70, 76 n.3 (1984) (quoting *Schwegmann Bros. v. Calvert Distillers Corp.*, 341 U.S. 384, 395-96 (1951) (Jackson, J. concurring)).*See also Gottlieb v. Carnival Corp.*, 436 F.3d 335, 337-38 (2d Cir. 2006) (Observing that statutory analysis begins with text and plain meaning, turns to canons of statutory construction and then at last resort to legislative history.). Because the plain language of the AHRA is unambiguous, the Court declines to consider XM's argument that reviewing the statute's legislative history is either necessary or helpful.

Accordingly, XM's Motion to Dismiss the Record Companies' Complaint pursuant to the affirmative defense of immunity from suit under the AHRA is DENIED.

***1414** D. Counts Eight and Nine: Plaintiffs' State Law Infringement and Unfair Competition Claims

XM asks the Court to decline to exercise pendant jurisdiction over the Record Companies' remaining state law claims, as charged in Counts Eight and Nine, under 28 U.S.C. 1338(b). This request, however, presupposes that the Court grants dismissal of the Record Companies' federal question claims, as charged in Counts One through Seven of the Complaint. Because the Court has not dismissed Plaintiffs' federal law claims, it is inappropriate to consider this request.

III. CONCLUSION

For the foregoing reasons, this Court DENIES Defendant's Motion to Dismiss Plaintiffs' Complaint. Defendant shall file an Answer to Plaintiffs' Complaint within thirty (30) days of the date of this Order.

SO ORDERED.

FN1. The facts herein are as set forth in the Complaint. On a Motion to Dismiss under Rule 12(b)(6) of the Federal Rules of Civil Procedure, the Court shall presume true all allegations in the Complaint.

FN2. XM markets three such devices. They are the "inno," the "Helix" and the "NeXus." (Compl. ¶ ¶ 29,30)

FN3. "An MPEG-1 Audio Layer 3 (commonly known as "MP3") is the most popular digital audio compression algorithm in use on the Internet, and the compression it provides makes an audio file 'smaller' by a factor of 12 to one without significantly reducing sound quality." *Recording Industry Association of America, et al. v. Diamond Multimedia Systems, Inc.*, 180 F.3d 1072, 1074 [51 USPQ2d 1115] (1999).

FN4. The parties to this case are in dispute over whether XM MP3 players qualify as "digital audio recording devices" under the AHRA. The dispute turns principally on whether XM MP3 players

> meet the statutory definition of such a device as that definition has been interpreted by the Ninth Circuit in *Recording Industry Association of America, et al. v. Diamond Multimedia Systems, Inc.*, 180 F.3d 1072 [51 USPQ2d 1115] (9th Cir. 1999).

The Ninth Circuit case dealt with a device, the Rio, that could not transmit and could not record without the use of a computer, which is exempted under 17 U.S.C. 1001(5)(B). Therefore the facts are totally different from the facts here. XM MP3 players do receive from transmission and permit copying without an external computer or computer hard drive. The fact that it can be connected to a computer to get non-XM music on the computer hard drive does not bring it within the ambit of the limitations of the Rio. According to *Diamond*, "a device falls within the [AHRA's] provisions if it can indirectly copy a digital music recording by making a copy from a transmission of that recording. Because the Rio cannot make copies from transmissions, but instead, can only make copies from a computer hard drive, it is not a digital audio recording device." *Diamond*, 180 F.3d at 1081.Accordingly, at this stage of the proceeding, relying on plain meaning statutory interpretation and the definition of a DARD contained in *Diamond*, until proven otherwise by means of discovery, the Court treats the inno, Helix and NeXus as DARDs.

> FN5. The Court observes that Plaintiffs' Complaint does not explicitly allege that XM is a distributor of XM MP3 players. However, the Complaint does allege facts which support that conclusion. (Comp. ¶ 29.)

S.D.N.Y.
Atlantic Recording Corp. v. XM Satellite Radio, Inc.
Not Reported in F.Supp.2d, 2007 WL 136186 (S.D.N.Y.), 2007 Copr.L.Dec. P 29,312, 81 U.S.P.Q.2d 1407, 35 Media L. Rep. 1161

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 28

to

CGG'S THIRD NOTICE OF RELIANCE

Westlaw

423 F.3d 233
(Cite as: 423 F.3d 233)

H

United States Court of Appeals,
Third Circuit.
Jackie MCDOWELL, et al.
v.
PHILADELPHIA HOUSING AUTHORITY (PHA); John White; Barry Miller Jackie McDowell and the certified class whom she represents, Appellant.

No. 04-2609.
Argued May 27, 2005.
Sept. 13, 2005.
Rehearing and Rehearing En Banc Denied Oct. 17, 2005.FN*

FN* As to panel rehearing only.

Background: Public housing tenants brought § 1983 action, alleging that the Philadelphia Housing Authority (PHA) deprived them of their federal rights by failing to factor rising gas rates into the gas allowances they were entitled to under the United States Housing Act. Following the parties' settlement, tenants moved to enforce consent decree, and moved for civil contempt order against PHA and two of its employees. The United States District Court for the Eastern District of Pennsylvania, John P. Fullam, J., denied motions. Tenants appealed.

Holdings: The Court of Appeals, Alito, Circuit Judge, held that:
(1) under consent decree, the PHA could not revise the tenants' gas allowances retroactively to correct for historic overestimates of gas consumption, and
(2) tenants were entitled to an award of damages in the amount of the difference between the recalculated gas allowances, and the allowances the tenants actually received.

Order vacated.

West Headnotes

[1] United States 393 ⚷82(3.4)

393 United States
393VI Fiscal Matters
393k82 Disbursements in General
393k82(3) Public Works and Utilities; Housing and Urban Development
393k82(3.4) k. Housing Subsidies and Rent Supplements. Most Cited Cases

Under the Housing Act's provision for utility allowances, if a public housing tenant's utility bill exceeds the allowance, the tenant must make up the difference; if the allowance exceeds the bill, the difference may be pocketed. United States Housing Act of 1937, § 3(a)(1)(A), as amended, 42 U.S.C.A. § 1437a(a)(1)(A); 24 C.F.R. § 965.504(b).

[2] Federal Courts 170B ⚷829

170B Federal Courts
170BVIII Courts of Appeals
170BVIII(K) Scope, Standards, and Extent
170BVIII(K)4 Discretion of Lower Court
170Bk829 k. Amendment, Vacation, or Relief from Judgment. Most Cited Cases

The denial of a motion for reconsideration is reviewed for abuse of discretion. Fed.Rules Civ.Proc.Rule 59(e), 28 U.S.C.A.

[3] Federal Courts 170B ⚷813

170B Federal Courts
170BVIII Courts of Appeals
170BVIII(K) Scope, Standards, and Extent
170BVIII(K)4 Discretion of Lower Court
170Bk813 k. Allowance of Remedy and Matters of Procedure in General. Most Cited Cases

The Court of Appeals reviews a denial of a motion to enforce a consent decree for abuse of discretion.

[4] Federal Courts 170B ⚷812

170B Federal Courts

170BVIII Courts of Appeals
170BVIII(K) Scope, Standards, and Extent
170BVIII(K)4 Discretion of Lower Court
170Bk812 k. Abuse of Discretion. Most Cited Cases

An "abuse of discretion" may occur as a result of an errant conclusion of law, an improper application of law to fact, or a clearly erroneous finding of fact.

[5] Federal Courts 170B 754.1

170B Federal Courts
170BVIII Courts of Appeals
170BVIII(K) Scope, Standards, and Extent
170BVIII(K)1 In General
170Bk754 Review Dependent on Whether Questions Are of Law or of Fact
170Bk754.1 k. In General. Most Cited Cases

The proper construction of a consent decree is a question of law that receives plenary review.

[6] Federal Courts 170B 820

170B Federal Courts
170BVIII Courts of Appeals
170BVIII(K) Scope, Standards, and Extent
170BVIII(K)4 Discretion of Lower Court
170Bk820 k. Depositions and Discovery. Most Cited Cases

Federal Courts 170B 823

170B Federal Courts
170BVIII Courts of Appeals
170BVIII(K) Scope, Standards, and Extent
170BVIII(K)4 Discretion of Lower Court
170Bk823 k. Reception of Evidence. Most Cited Cases

A district court's decision to deny discovery or an evidentiary hearing is reviewed for abuse of discretion.

[7] Federal Civil Procedure 170A 2397.5

170A Federal Civil Procedure
170AXVII Judgment
170AXVII(A) In General
170Ak2397 On Consent
170Ak2397.5 k. Construction and Operation. Most Cited Cases

Since a consent decree issued upon the stipulation of the parties has the characteristics of a contract, contract principles govern its construction.

[8] Contracts 95 143(1)

95 Contracts
95II Construction and Operation
95II(A) General Rules of Construction
95k143 Application to Contracts in General
95k143(1) k. In General. Most Cited Cases

An unambiguous agreement should be enforced according to its terms.

[9] Contracts 95 143(2)

95 Contracts
95II Construction and Operation
95II(A) General Rules of Construction
95k143 Application to Contracts in General
95k143(2) k. Existence of Ambiguity. Most Cited Cases

Contracts 95 176(2)

95 Contracts
95II Construction and Operation
95II(A) General Rules of Construction
95k176 Questions for Jury
95k176(2) k. Ambiguity in General. Most Cited Cases

Whether a contract is unambiguous is a question of law that the court decides by considering whether, from an objective standpoint, the contract is reasonably susceptible to at least two different interpretations.

[10] Contracts 95 155

95 Contracts
95II Construction and Operation
95II(A) General Rules of Construction
95k151 Language of Instrument
95k155 k. Construction Against Party Using Words. Most Cited Cases

Evidence 157 448

157 Evidence
157XI Parol or Extrinsic Evidence Affecting Writings
157XI(D) Construction or Application of Language of Written Instrument
157k448 k. Grounds for Admission of Extrinsic Evidence. Most Cited Cases

If a contract is ambiguous, the court may look to extrinsic evidence of its meaning, but ambiguities that persist must be construed against the party seeking enforcement.

[11] Federal Civil Procedure 170A 2397.5

170A Federal Civil Procedure
170AXVII Judgment
170AXVII(A) In General
170Ak2397 On Consent
170Ak2397.5 k. Construction and Operation. Most Cited Cases

Under consent decree between public housing tenants and the Philadelphia Housing Authority (PHA), which required tenants' utilities allowances to be reviewed annually, and revised to reflect significant changes in utility rates, the PHA could not revise the tenants' gas allowances retroactively to correct for historic overestimates of gas consumption; the decree contained no retroactive language with respect to changes in consumption, and the regulations promulgated by the Department of Housing and Urban Development (HUD), providing that the PHA was required to give 60 days advance notice to tenants before making effective any change to their utilities' allowances, buttressed the plain meaning of the decree. United States Housing Act of 1937, § 3(a)(1)(A), as amended, 42 U.S.C.A. § 1437a(a)(1)(A); 24 C.F.R. § 965.502(c).

[12] Federal Civil Procedure 170A 2397.5

170A Federal Civil Procedure
170AXVII Judgment
170AXVII(A) In General
170Ak2397 On Consent
170Ak2397.5 k. Construction and Operation. Most Cited Cases

A consent decree should be construed as it is written, and not as it might have been written had the plaintiff established his factual claims and legal theories in litigation.

[13] Federal Civil Procedure 170A 2397.5

170A Federal Civil Procedure
170AXVII Judgment
170AXVII(A) In General
170Ak2397 On Consent
170Ak2397.5 k. Construction and Operation. Most Cited Cases

A court should confine its interpretation of a consent decree to the four corners of the decree and not try to divine its meaning from speculation about the purposes of the parties or the background legal regime.

[14] Contempt 93 75

93 Contempt
93III Punishment
93k73 Indemnity to Party Injured
93k75 k. Amount of Fine. Most Cited

The sanction imposed on a civil contemnor for his past conduct may not exceed the actual damages caused by his violation of the court's order.

[15] Contempt 93 75

93 Contempt
93III Punishment
93k73 Indemnity to Party Injured
93k75 k. Amount of Fine. Most Cited

Whether an award for civil contempt be measured in terms of a plaintiff's loss or a defendant's

profit, such an award, by very definition, must be an attempt to compensate plaintiff for the amount he is out-of-pocket or for what defendant by his wrong may be said to have diverted from the plaintiff or gained at plaintiff's expense.

[16] Federal Civil Procedure 170A 2397.6

170A Federal Civil Procedure
170AXVII Judgment
170AXVII(A) In General
170Ak2397 On Consent
170Ak2397.6 k. Compliance; Enforcement. Most Cited Cases

Public housing tenants were entitled to an award of damages in the amount of the difference between the recalculated gas allowances reflecting the increase in the gas company's rates that they were entitled to receive under a consent decree with the Philadelphia Housing Authority (PHA), and the allowances the tenants actually received, in tenants' civil contempt action against the PHA, based on PHA's breach of provision of parties' consent decree, prohibiting revision of gas allowances retroactively to correct for past overestimates of gas consumption. United States Housing Act of 1937, § 3(a)(1)(A), as amended, 42 U.S.C.A. § 1437a(a)(1)(A).

***235** Paul A. Brooks (Argued), George Gould, Community Legal Services, Inc., Philadelphia, Pennsylvania, for Appellants.

Alan C. Kessler, Abbe F. Fletman (Argued), Stephanie L. Kosta, Wolf, Block, Schorr and Solis-Cohen LLP, Philadelphia, Pennsylvania, for Appellees.

Before SCIRICA, Chief Judge, ALITO and GARTH, Circuit Judges.

OPINION OF THE COURT

ALITO, Circuit Judge.

This case requires us to construe a consent decree. The appellants, a class of tenants living in Philadelphia public housing, moved the District Court to enforce the decree and to cite the Philadelphia Housing Authority and two of its employees (together, the "PHA") for civil contempt. The tenants alleged that the PHA had violated the decree by failing to factor ***236** rising gas rates into allowances they were entitled to receive for their gas bills. The District Court denied the motion initially and on reconsideration, concluding that the tenants could not show any actual provable injury as a result of the PHA's violations. It reasoned that the PHA could offset its arrears by retroactively reducing the tenants' allowances in light of evidence that tenant gas consumption during the period of the violations had been overstated.

We disagree with this reasoning. The plain text of the decree and applicable federal regulations do not permit the PHA to revise the tenants' allowances retroactively to correct for historically overstated consumption. The tenants were entitled to recover in the form of sanctions the difference between the allowances they received and the allowances they should have received based on the consumption factor then in effect. The District Court erred in calculating their loss based on the PHA's revised figures, and its order denying their motion is vacated.

I.

This case has its genesis in an April 1997 lawsuit filed against the PHA by Jackie McDowell, a tenant in Philadelphia's public housing system. The suit was brought in federal court pursuant to 42 U.S.C. § 1983. McDowell's complaint alleged that the PHA had deprived her of her federal rights by failing to factor rising gas rates into the gas allowances she was entitled to receive under the United States Housing Act of 1937, 42 U.S.C. § 1437 *et seq.* McDowell sought relief for herself and for similarly situated tenants who were allegedly owed allowances by the PHA. The plaintiff class was certified in May 1997.

To understand the plaintiffs' claims, some exposition of the Housing Act and its accompanying

regulations is necessary. Under section 3(a)(1)(A) of the Act, as amended, a public housing authority ordinarily may not require a tenant family to pay more than 30% of its monthly adjusted income as rent. 42 U.S.C. § 1437a(a)(1)(A). Since the Department of Housing and Urban Development ("HUD") has interpreted "rent" to include the reasonable cost of utilities, *see, e.g.,* Tenant Allowances for Utilities, 49 Fed.Reg. 31,399, 31,400 (Aug. 7, 1984); *Wright v. Roanoke Redevelopment & Hous. Auth.,* 479 U.S. 418, 420, 107 S.Ct. 766, 93 L.Ed.2d 781 (1987), housing authorities must issue rebates to tenants who purchase service directly from a utility company. *See West v. Sullivan,* 973 F.2d 179, 182 (3d Cir.1992); *West v. Bowen,* 879 F.2d 1122, 1129 (3d Cir.1989).

[1] These rebates take the form of monthly allowances credited toward the tenant's rent. *See* 24 C.F.R. § 965.504(b). The amount of the allowance is calculated "to approximate a reasonable consumption of utilities by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment." *Id.* § 965.505(a). Separate allowances are calculated for each utility based on the utility company's rates and a consumption factor that takes account of the climate in which the housing is located, the size of the dwelling units, and other relevant circumstances. *Id.* §§ 965.505(d), 965.507(a). If a tenant's utility bill exceeds the allowance, the tenant must make up the difference; if the allowance exceeds the bill, the difference may be pocketed. *See West v. Bowen,* 879 F.2d at 1129 & n. 8.

In January 1998, the parties agreed to settle McDowell's lawsuit. The stipulation of settlement read in pertinent part:

> 6. PHA shall, commencing with 1997, review, at least annually, the basis on ***237** which utility allowances have been established and, if reasonably required, shall establish revised allowances.
>
> 7. The annual review shall include all changes in circumstances indicating probability of a significant change in reasonable consumption requirements and changes in utility rates.
>
> 8. PHA may revise its allowances for resident-purchased utilities between annual reviews if there is a rate change except that PHA shall revise its allowances for resident-purchased utilities between annual [reviews] if any change in utility rates, by itself or together with prior rate changes not adjusted for, results in a change of 10 percent or more from the rates on which the allowances were based.
>
> 9. Adjustments to utility allowances shall be retroactive to the first day of the month following the month in which the last rate change taken into account in such revision became effective.

App. at 25. The terms of the settlement were incorporated into a consent decree, which provided that the District Court would retain continuing jurisdiction over the administration and enforcement of the parties' agreement. *Id.* at 29.

On December 1, 2000, after three years of stability in gas prices, the Philadelphia Gas Works ("PGW") raised the tenants' rates by approximately 11%. A month later, it raised them again. The PHA's own data show that the tenants' rates exceeded the baseline rate at the time the decree was entered by at least 10% during all but two months of the 25-month period from December 2000 through December 2002. Despite receiving several letters from the tenants' counsel urging it to revise the gas allowances, the PHA took no action on the rate hikes. The PHA frankly admits that it "fell out of compliance" with the decree during this period. PHA's Br. at 5.

On October 30, 2002, the tenants filed a motion to enforce the consent decree and to cite the PHA for civil contempt. Under a settlement reached in December 2002, the PHA agreed to increase the tenants' gas allowances effective January 1, 2003. The adjustment was not retroactive, however, and

the parties' agreement expressly left unresolved whether the tenants were entitled to sanctions for the period of noncompliance from November 2000 through December 2002. The District Court fixed a briefing schedule to resolve this issue and heard oral argument on it in July 2003.

The Court denied the tenants' motion in an unpublished order dated March 9, 2004. It found that the tenants had "not suffered any actual provable injury as a result of any failure of PHA to comply with the Consent Decree prior to January 1, 2003." App. at 536. This finding was based on "[r]evised gas consumption calculations for the period July 1, 1999, through December 31, 2002," which showed that the overstatement of gas consumption during this period equaled or exceeded the shortfalls in the allowances due to the higher rates. *Id.* The revised calculations were provided by Sud Associates, P.A. ("Sud"), a consulting firm retained by the PHA.

The tenants moved for reconsideration under Federal Rule of Civil Procedure 59(e). In addition to challenging the District Court's construction of the consent decree, they argued that the Court should have afforded them discovery of Sud's data and an evidentiary hearing to contest its findings. The Court denied the motion on May 6, 2004, and the tenants timely appealed on June 4 of that year, raising the same claims rejected on their motion for reconsideration.

***238** II.

[2][3][4] The denial of a motion for reconsideration is reviewed for abuse of discretion. *See N. River Ins. Co. v. CIGNA Reinsurance Co.,* 52 F.3d 1194, 1203 (3d Cir.1995). This standard of review also applies to the underlying decision to deny the motion to enforce the consent decree. *See Holland v. N.J. Dep't of Corrs.,* 246 F.3d 267, 281 (3d Cir.2001); *Harris v. City of Philadelphia,* 47 F.3d 1342, 1349 (3d Cir.1995). An abuse of discretion may occur as a result of an errant conclusion of law, an improper application of law to fact, or a clearly erroneous finding of fact. *Chiang v. Veneman,* 385 F.3d 256, 264 (3d Cir.2004).

[5][6] The proper construction of the consent decree is a question of law that receives plenary review. *See Holland,* 246 F.3d at 270; *Sansom Comm. ex rel. Cook v. Lynn,* 735 F.2d 1535, 1539 (3d Cir.1984). The decision to deny the tenants discovery and an evidentiary hearing is reviewed for abuse of discretion. *See United States v. Hedaithy,* 392 F.3d 580, 605 (3d Cir.2004); *United States v. Albinson,* 356 F.3d 278, 281 & n. 5 (3d Cir.2004). Under these standards, vacatur may be required if the District Court denied the tenants' motions based on a misconstruction of the decree or if it abused its discretion in denying them discovery and an evidentiary hearing. We discuss these claims in turn.

III.

[7][8][9] Since a consent decree issued upon the stipulation of the parties has the characteristics of a contract, contract principles govern its construction. *See Frew ex rel. Frew v. Hawkins,* 540 U.S. 431, 437, 124 S.Ct. 899, 157 L.Ed.2d 855 (2004); *United States v. New Jersey,* 194 F.3d 426, 430 (3d Cir.1999). One of these principles is that an unambiguous agreement should be enforced according to its terms. *See United States v. New Jersey,* 194 F.3d at 430 (citing *Fox v. U.S. Dep't of Hous. & Urban Dev.,* 680 F.2d 315, 319-20 (3d Cir.1982)). Whether the decree is unambiguous is a question of law that the Court decides by considering whether, "from an objective standpoint, [the decree] is reasonably susceptible to at least two different interpretations." *Id.* (citing *Hullett v. Towers, Perrin, Forster & Crosby, Inc.,* 38 F.3d 107, 111 (3d Cir.1994)).

[10] If the decree is ambiguous, the Court may look to extrinsic evidence of its meaning, *see Thermice Corp. v. Vistron Corp.,* 832 F.2d 248, 252 (3d Cir.1987), but ambiguities that persist must be construed against the party seeking enforcement. *See Harris,* 47 F.3d at 1350; *accord FTC v. Kuykendall,* 371 F.3d 745, 760-61 (10th Cir.2004). This rule avoids imposing obligations on the parties that they did not bargain for, and it ensures that a party has fair notice of what the decree requires be-

fore the serious sanction of contempt is invoked. *See United States v. Armour & Co.,* 402 U.S. 673, 681-82, 91 S.Ct. 1752, 29 L.Ed.2d 256 (1971); *Harris,* 47 F.3d at 1350.

There can be no doubt that the consent decree obligated the PHA to revise its gas allowances after the rate changes at issue here. This duty emerges unambiguously from the plain text of paragraph 8 of the decree, and the PHA does not deny that this duty was breached. The interpretive question we must answer is how the consent decree permitted the PHA to remedy this breach. The PHA argues that the decree permitted it to offset the shortfall in the allowances the tenants received by revising estimates of tenant gas consumption during the period when the violations were occurring. The tenants argue that the PHA may not offset its sanctions in this manner because the decree does not ***239** permit it to adjust the tenants' allowances retroactively based on revised consumption data.

We agree with the tenants. The only paragraph of the decree that discusses consumption is paragraph 7, which permits the PHA, in the course of an annual review, to consider "all changes in circumstances indicating probability of a significant change in reasonable consumption requirements." App. at 25. The word "probability" plainly indicates that the focus of the review is to be prospective. Although paragraph 9 arguably gives limited retroactive effect to some revisions based on consumption changes, it does not follow that the revisions may be retrospective. The unambiguous language of paragraph 7 indicates that revisions must correct for "probab[le]" changes in consumption, not for past consumption levels that, in retrospect, were overstated.

[11] Paragraph 8 discusses retrospective adjustments but does not mention consumption. It permits (and in some cases requires) an adjustment "if there is a rate change." *Id.* In light of the language of paragraph 7, which mentions both rate and consumption changes, the omission of consumption in paragraph 8 is a significant one. A reading of the decree in its entirety, aided by a straightforward application of the *expressio unius* canon, compels the conclusion that the PHA may not revise the tenants' allowances retroactively to correct for historic overestimates of gas consumption.

This view is buttressed by HUD regulations whose language the consent decree tracks. Under 24 C.F.R. § 965.502(c), the PHA must give at least 60 days' notice to all tenants before the "proposed effective date" of an adjustment to their allowances. Section 965.507(b) carves out an exception to the notice requirement for adjustments based on rate changes of 10% or more but does not mention adjustments based on consumption changes. *Id.* § 965.507(b). Adjustments based on consumption changes thus remain subject to § 965.502(c)'s notice requirement. Since such an adjustment may not take effect until 60 days after the tenants have received notice, retroactive adjustments are plainly forbidden under the regulations.

[12][13] The District Court disregarded the regulations, believing that the tenants' motion should be decided solely on the consent decree, which contains no notice requirement. It is true that a consent decree should be "construed as it is written, and not as it might have been written had the plaintiff established his factual claims and legal theories in litigation." *Armour & Co.,* 402 U.S. at 682, 91 S.Ct. 1752. Because the decree compromises litigation, it will rarely afford the plaintiffs all the relief they would have obtained had the case proceeded to a judgment in their favor. *See id.* at 681, 91 S.Ct. 1752; *Harris,* 47 F.3d at 1350. Ordinarily, therefore, a court should confine its interpretation to the four corners of the decree and not try to divine its meaning from speculation about the purposes of the parties or the background legal regime. *See United States v. Atl. Ref. Co.,* 360 U.S. 19, 23, 79 S.Ct. 944, 3 L.Ed.2d 1054 (1959); *Hughes v. United States,* 342 U.S. 353, 357, 72 S.Ct. 306, 96 L.Ed. 394 (1952).

Notwithstanding these principles, the Supreme Court has indicated that relevant statutes and regu-

lations may sometimes be used to shed light on the terms of a consent decree. *See United States v. ITT Cont'l Baking Co.,* 420 U.S. 223, 238, 240-41, 95 S.Ct. 926, 43 L.Ed.2d 148 (1975). The Court in *ITT Continental Baking Co.* looked to section 7 of the Clayton Act, 15 U.S.C. § 18, to help gloss the words "acquire" and "acquisition" in an antitrust consent decree. ***240**420 U.S. at 240-41, 95 S.Ct. 926. The Court defended its reliance on this extrinsic evidence on two grounds. First, the gloss supplied by the statute simply confirmed the meaning that emerged naturally from the decree's terms. *See id.* at 235, 95 S.Ct. 926. Second, the extrinsic evidence was being used to determine not whether the decree had been violated but what the appropriate sanction for the violation was. *See id.* at 237, 95 S.Ct. 926. Since the contemnor had clearly breached some duty under the decree, there was no danger that he would be sanctioned for contempt without fair notice of his obligations. *See id.*

These rationales apply equally here. As we noted earlier, the PHA concedes that it was in violation of the Court's order. It disputes only the amount of the sanction. In resolving this dispute, we may construe the decree "basically as a contract," and "reliance on certain aids to construction is proper, as with any other contract." *Id.* at 238, 95 S.Ct. 926; *see also United States v. New Jersey,* 194 F.3d at 430 (permitting the use of extrinsic evidence to interpret a decree); *Thermice Corp.,* 832 F.2d at 252 (same). For the reasons set forth earlier, we believe the plain language of the decree did not permit the PHA to offset its arrears by revising estimates of tenant consumption. To the extent that any doubt remains about the meaning of the decree, the regulations clearly resolve it in the tenants' favor. In this respect, the regulations do not guide our interpretation so much as confirm it.

The PHA submits that it was required to retroactively revise the allowances because § 1437a(a)(1) does not allow tenants to pay less than 30% of their monthly adjusted income in rent. The PHA points to dicta in *Wright v. Roanoke Redevelopment & Housing Authority,* in which the Supreme Court explained that § 1437a permits a housing authority to charge "no more and no less than 30 percent" of a tenant's income as rent. 479 U.S. 418, 430, 107 S.Ct. 766, 93 L.Ed.2d 781 (1987). According to the PHA, many tenants will end up paying less than 30 percent of their income in rent if allowances based on inflated consumption estimates are left uncorrected.

Even if the language on which the PHA relies were binding, it could not support the PHA's argument. In 1998, over a decade after *Wright* was decided, Congress rewrote § 1437a(a)(2) and added the following language:

> The monthly rental amount determined under this clause for a family shall be an amount, determined by the public housing agency, that does not exceed the greatest of the amounts (rounded to the nearest dollar) determined under subparagraphs (A), (B), and (C) of paragraph (1). *This clause may not be construed to require a public housing agency to charge a monthly rent in the maximum amount permitted under this clause.*

Quality Housing and Work Responsibility Act of 1998, Pub.L. No. 105-276, § 523, 112 Stat. 2518, 2566 (codified at 42 U.S.C. § 1437a(a)(2)(B)(i)(II)) (emphasis added). The amendment takes pains to ensure that the amounts set forth in § 1437a(a)(1) are not construed as minimum rents. Once this putative rent floor is removed, the PHA's argument has nothing left to stand on.

[14][15] There is consequently no merit to the District Court's conclusion that the tenants failed to show "actual provable injury" resulting from the PHA's violations. The sanction imposed on a civil contemnor for his past conduct may not exceed the actual damages caused by his violation of the court's order. *See Gregory v. Depte,* 896 F.2d 31, 34 (3d Cir.1990) (citing ***241***Quinter v. Volkswagen of Am.,* 676 F.2d 969 (3d Cir.1982)). It does not follow, however, that the tenants' actual consumption of gas is the baseline from which their damages

should be measured. As this Court explained years ago in *National Drying Machinery Co. v. Ackoff*, the offended party's rights under the decree set the baseline for calculating his loss:

> Whether an award in civil contempt be measured in terms of a plaintiff's loss or a defendant's profit, such an award, by very definition, must be an attempt to compensate plaintiff for the amount he is out-of-pocket or for what defendant by his wrong may be said to have diverted from the plaintiff or gained at plaintiff's expense.

245 F.2d 192, 194 (3d Cir.1957); *see also Quinter,* 676 F.2d at 975 ("[I]n civil contempt proceedings enforcement of the rights and remedies of a litigant is the ultimate object."); *cf. Leman v. Krentler-Arnold Hinge Last Co.,* 284 U.S. 448, 455-56, 52 S.Ct. 238, 76 L.Ed. 389 (1932) (permitting the recovery of profits from a patent infringement in violation of a court order even though the patentee could not show damages resulting from the infringement).

[16] For the reasons set forth above, the consent decree permitted the PHA to revise estimates of tenant consumption prospectively only. When PGW raised its rates, the tenants were entitled under paragraph 8 of the decree to have their allowances recalculated based on the increased rates and the consumption factor in effect at the time. The difference between the allowances so calculated and the allowances the tenants received is the loss the tenants suffered and the benefit the PHA reaped as a result of the latter's contempt. This is the tenants' actual provable injury.

IV.

Because we conclude that the consent decree did not permit the PHA to offset a shortfall in the tenants' allowances with revised estimates of tenant gas consumption, we need not consider the tenants' alternative argument that they were wrongfully denied discovery and an evidentiary hearing to contest the revisions. The order of the District Court denying the tenants' motion for reconsideration is accordingly vacated. On remand, the tenants' motion to cite the PHA for civil contempt shall be granted, and an appropriate sanction shall be calculated in the manner described above.

C.A.3 (Pa.),2005.
McDowell v. Philadelphia Housing Authority (PHA)
423 F.3d 233

END OF DOCUMENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

JEC II, LLC		
	Petitioner,	
v.		Cancellation No. 92049165
CGG, L.L.C.		
	Respondent.	
JEC II, LLC, The One Group, LLC and One Marks, LLC		
	Opposer,	
v.		Opposition No. 91187956 Opposition No. 91188809
CGG, L.L.C.		
	Applicant.	

EXHIBIT 29

to

CGG'S THIRD NOTICE OF RELIANCE

Missouri Secretary of State, Robin Carnahan

SOS Home :: Business Services :: Business Entity Search

- Search
- By Business Name
- By Charter Number
- By Registered Agent
- For New Corporations
- Verify
- Verify Certification
- Registration Report
- File Online
- File Fictitious Name
- Registration
- File Online
- Renew Online
- File LLC Registration
- File Online
- Online Orders
- Register for Online
- Orders
- Order Good Standing
- Order Certified Documents

Filed Documents

Date: 9/6/2012 (Click above to view filed documents that are available.)

Business Name History

Name	Name Type
SOUTHEAST MANAGEMENT, LLC	Legal

Limited Liability Company - Domestic - Information

Charter Number: LC0080881
Status: Admin Diss/Cancel/Other
Entity Creation Date: 3/31/2003
State of Business.: MO
Expiration Date: Perpetual

Registered Agent

Agent Name: Secretary of State
Office Address: 600 West Main
Jefferson City MO 65102
Mailing Address:

Organizers

Name: **THOMAS W. GRAY**
Address: 120 WEST 12TH STREET, STE.1600
KANSAS CITY MO 64105

Commissions	Corporations	UCC Office
Phone: (573) 751-2783	Phone: (573) 751-4153	Phone: (573) 751-4628
Toll Free: (866) 223-6535	Toll Free: (866) 223-6535	Toll Free: (866) 223-6535

600 West Main Street
Jefferson City, MO 65101
Main Office: (573) 751-4936

CGG 3RD NOR EX29
CGGT 01897