

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

NCC BUSINESS SERVICES, INC.,

Plaintiff,

v.

CASE NO. 3:13-cv-795-J-39MCR

LEMBERG & ASSOCIATES, LLC,

Defendant.

_____ /

REPORT AND RECOMMENDATION¹

THIS CAUSE is before the Court on Defendant's Renewed Motion to Dismiss with Prejudice Plaintiff's Third Amended Complaint ("Motion") (Doc. 28) and Plaintiff's Response in Opposition thereto (Doc. 30). For the reasons stated herein, the undersigned respectfully **RECOMMENDS** that the Motion be **GRANTED** to the extent the Third Amended Complaint be **DISMISSED without prejudice** and Plaintiff be allowed to file an amended complaint within twenty (20) days of the Court's order on this Report and Recommendation.

¹ "Within 14 days after being served with a copy of [this Report and Recommendation], a party may serve and file specific written objections to the proposed findings and recommendations. A party may respond to another party's objections within 14 days after being served with a copy." Fed. R. Civ. P. 72(b)(2); *see also* 28 U.S.C. § 636(b)(1); M.D. Fla. R. 6.02(a). "A judge of the court shall make a de novo determination of those portions of the report or specified proposed findings or recommendations to which objection is made." 28 U.S.C. § 636(b)(1).

I. Background

Plaintiff NCC Business Services, Inc. (“Plaintiff” or “NCC”) filed this action against Defendant Lemberg & Associates, LLC (“Defendant” or “L&A”) on August 24, 2012 in state court. (Doc. 1-2 at 1.) On November 5, 2012, before receiving Defendant’s response to the Complaint, Plaintiff filed an Amended Complaint. (*Id.*) On the same day, Defendant removed the action to this Court based on diversity jurisdiction. (Doc. 1-4.) On March 20, 2013, after determining that no diversity jurisdiction existed, this Court remanded the case back to state court.² (*Id.*)

On June 10, 2013, Plaintiff’s motion to file a Second Amended Complaint (“SAC”) was granted by the state court. (Doc. 1-5.) The SAC included, *inter alia*, a new cause of action under the Lanham Act, 15 U.S.C. § 1125. (Doc. 2.) On July 8, 2013, Defendant removed the case to this Court again – this time based on federal question jurisdiction. (Doc. 1.)

On July 10, 2013, this Court entered an Order *sua sponte* striking the SAC as an impermissible “shotgun pleading” and directing Plaintiff to file an amended complaint no later than July 26, 2013.³ (Doc. 7.) On July 18, 2013, Plaintiff filed its Third Amended Complaint (“TAC”). (Doc. 9.)

² In light of the remand, the Court did not address the merits of Defendant’s pending motion to dismiss. (See Doc. 1 at 2.)

³ In light of this ruling, Defendant’s pending motion to dismiss was denied as moot without prejudice to re-filing. (See Doc. 7-1 at 3.)

On August 1, 2013, Defendant re-filed its motion to dismiss (Doc. 13), to which Plaintiff responded on August 29, 2013 (Doc. 20). On October 4, 2013, the Court entered an Order granting in part and denying in part Defendant's unopposed motion for leave to supplement the motion to dismiss to the extent Defendant was allowed to file a new motion to dismiss addressing all of its arguments in a single consolidated motion no later than October 18, 2013. (Doc. 27.) On October 18, 2013, Defendant filed the present Motion (Doc. 28), to which Plaintiff responded on November 7, 2013 (Doc. 30).

II. Motion to Dismiss Standard

To survive a motion to dismiss brought pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure, "a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (internal quotation marks omitted). A claim is plausible on its face where "the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.* Plausibility means "more than a sheer possibility that a defendant has acted unlawfully." *Id.* "Where a complaint pleads facts that are merely consistent with a defendant's liability, it stops short of the line between possibility and plausibility of entitlement to relief." *Id.* (internal quotation marks omitted).

The determination of whether a complaint states a plausible claim for relief is “a context-specific task that requires the reviewing court to draw on its judicial experience and common sense.” *Id.* at 679. The Court is “not bound to accept as true a legal conclusion couched as a factual allegation.” *Id.* “[B]are assertions” that “amount to nothing more than a ‘formulaic recitation of the elements’” of a claim “are conclusory and not entitled to be assumed true.” *Id.* at 680.

In evaluating the sufficiency of a complaint, a court should make reasonable inferences in plaintiff’s favor, but is “not required to draw plaintiff’s inference.” *Sinaltrainal v. Coca-Cola Co.*, 578 F.3d 1252, 1260 (11th Cir. 2009) (internal citation and quotation marks omitted). “Similarly, unwarranted deductions of fact in a complaint are not admitted as true for the purpose of testing the sufficiency of plaintiff’s allegations.” *Id.* (internal citation and quotation omitted); *see also Iqbal*, 556 U.S. at 681 (stating conclusory allegations are “not entitled to be assumed true”).

III. Allegations of the TAC

The TAC alleges Plaintiff, a debt collection agency, has been operating under the name “NCC Business Services, Inc.” since 1986, and has not authorized Defendant to use, display, or publish its name for advertising or other purposes. (Doc. 9 at 2-3.) The TAC alleges Defendant is a law firm that

represents consumers in Fair Debt Collection and Credit Reporting matters and maintains a website at <http://stopcollector.com> where it advertises its legal services. (*Id.* at 1-2.) The TAC also alleges:

9. Defendant, through its website, publishes, displays and misuses the name and service mark of Plaintiff by purporting to offer information about Plaintiff to viewers of its “stopcollector.com” website.

10. Defendant also misuses the name of Plaintiff in its computer programming and search engine optimization strategy, to impact the ranking of its “stopcollector.com” website when the name of Plaintiff is entered in a search engine; as a result, unsuspecting consumers who search for Plaintiff on the internet and/or existing customers of Plaintiff are redirected to Defendant’s website.

...

12. Internet users who enter Plaintiff’s name in a search engine on the internet, are directed to Defendant’s “stopcollector.com” website, which is misleading, as the website’s purpose is not to provide information about Plaintiff, but to solicit prospective clients for Defendant and to encourage lawsuits against Plaintiff for purported “harassment.”

...

14. The only purpose for Defendant’s “stopcollector.com” website is to promote litigation against debt collection agencies, including Plaintiff, and Defendant improperly uses and publishes Plaintiff’s name to redirect those searching the internet for information about Plaintiff, to Defendant’s website, where Defendant includes untrue information about Plaintiff, and falsely accuses Plaintiff of harassing and/or abusive conduct.

15. On the “stopcollector.com website,” Defendant includes on the page associated with Plaintiff a section entitled “Free Case Evaluation,” and in the “Select State” drop-down menu of that section, Florida is a state listed for potential clients of Defendant to “Sue for Debt Harassment.” (See Exhibit “E” attached hereto and incorporated herein[.])

(*Id.* at 2.)

In Count I (Unfair Competition Based on Trademark Infringement under Florida law), the TAC alleges:

24. Plaintiff owns a valid, protectable service mark by its continuous, uninterrupted use of "NCC Business Services, Inc." ("Mark") for more than 25 years in the state of Florida.
25. Plaintiff first adopted and used the Mark in the debt collection trade as a means of establishing its reputation and to identify particular services.
26. Plaintiff's Mark has acquired special significance by virtue of being inherently distinctive.
27. By actual usage, the Mark has acquired in the debt collection area a secondary meaning identifying Plaintiff as the source of the services.
28. Defendant has commenced use of an identical Mark in the same trade area, and as a consequence of Defendant's action, customer confusion as to the source of the services offered is probable.
29. Defendant's unauthorized, improper use of Plaintiff's Mark is likely to cause confusion to clients or customers of Plaintiff who search the internet for information about Plaintiff.

(*Id.* at 7.)

In Count II (Defamation), the TAC alleges in relevant part:

32. On its website, "stopcollector.com," Defendant makes false, defamatory statements about Plaintiff, including references that Plaintiff engages in abusive or harassing conduct.
33. Defendant's publication of the false and defamatory statements about Plaintiff to third parties on its website is not privileged or authorized.

(*Id.* at 8.)

In Count III (Lanham Act, 15 U.S.C. § 1125), the TAC alleges:

37. Defendant, in connection with services, uses in commerce the trade name and mark of Plaintiff, a false designation of origin, false

or misleading descriptions of fact and/or false or misleading representations of fact, which are likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Defendant with Plaintiff, or as to the origin, sponsorship or approval of Defendant's services or commercial activities by Plaintiff in violation of 15 U.S.C. § 1125(a)(1)(A).

38. Defendant uses the Mark and trade name of Plaintiff in commerce that is likely to cause dilution by blurring or dilution by tarnishment of Plaintiff's Mark, in violation of 15 U.S.C. § 1125(c)(1).

(*Id.* at 8-9.)

A printout of Defendant's website was made an attachment to the TAC.

(See Docs. 19, 23.) Some of the headers on the web page include "Stop Collector Harassment," "How to Stop the Harassment Now," "Illegal Behavior," "Who Is Harassing You," "Debt Collection Laws," and "Free Case Evaluation."

(Doc. 19-1 at 2.) In the "Free Case Evaluation" section, the website provides in part: "Recover up to \$1000.00 for harassment by debt collectors. Call us today at (855) 301-8100 for a FREE and confidential consultation. Or fill out this form to be contacted by one of our client coordinators." (*Id.*) Visitors of the website can see a description of Plaintiff's business by clicking on "Debt Collector Info" tab, and then on "About NCC Business Services, Inc." (*Id.*) It reads as follows:

NCC Business Services, Inc. was founded in 1986 and is headquartered in Jacksonville, FL. While the client base for NCC Business Service [sic] consists of a number of financial institutions and collects credit card debt, it appears that NCC Services [sic] also specializes in serving as the collection agent for property management firms. In this capacity, NCC Business Service [sic] tracks down former apartment tenants to collect missed rental fees or fees added after the tenant moved out. NCC Business Svcs Inc.

[sic] also collects on behalf of utilities, healthcare providers and hospitals, and small businesses. NCC Business Services, Inc. operates five call centers, located in Phoenix, AZ; Cleveland, OH; Louisville, KY; California, and Jacksonville, FL.

(*Id.*) There is a “Note to Readers” section toward the bottom of the page, which provides in part:

The information on this website . . . neither is nor is intended to be the full or complete description of any company’s business. To the extent any portion of the website is non-factual in nature, it constitutes our opinion only. We ask that you not rely on any information here in deciding whether or not to do business with any company mentioned on this website. Nothing here constitutes or is intended to constitute legal advice.

(*Id.* at 2-3.) Further down that page, the website provides: “Lemberg & Associates is a Connecticut Law Firm representing consumers in Fair Debt Collection, Fair Credit Reporting, Telephone Consumers Protection Act, Pay Overtime and other consumer law matters in Federal Courts.” (*Id.* at 3.)

IV. Discussion

A. Trademark Infringement under the Lanham Act, 15 U.S.C. § 1125 (Count III)

1. Standard

“Section 43(a) of the Lanham Act forbids unfair trade practices involving infringement of trade dress, service marks, or trademarks, even in the absence of federal trademark registration.” *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1193 (11th Cir. 2001). Pursuant to § 1125:

(a) Civil action. (1) Any person who, on or in connection with any . . . services . . . , uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her . . . services, or commercial activities by another person, . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

...

(c) Dilution by blurring; dilution by tarnishment. (1) Injunctive relief. Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

...

(3) Exclusions. The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

- (i) advertising or promotion that permits consumers to compare goods or services; or
- (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

15 U.S.C. § 1125.

To properly plead an infringement claim under § 1125(a), a plaintiff must plead facts supporting the following elements: “(1) that the plaintiff had

enforceable trademark rights in the mark or name, and (2) that the defendant made unauthorized use of it 'such that consumers were likely to confuse the two.'" *Custom Mfg. & Eng'g, Inc. v. Midway Servs., Inc.*, 508 F.3d 641, 647 (11th Cir. 2007). In determining whether likelihood of confusion exists, courts consider the following factors:

(1) the type of mark (in short, whether the relationship between the name and the service . . . it describes is such that the chosen name qualifies as generic, descriptive, suggestive, or arbitrary); (2) the similarity of the marks (based on the overall impressions that the marks create, including the sound, appearance, and manner in which they are used); (3) the similarity of the goods (whether the products are the kind that the public attributes to a single source); (4) the similarity of the parties' retail outlets, trade channels, and customers (considering where, how, and to whom the parties' products are sold); (5) the similarity of advertising media (examining each party's method of advertising to determine whether there is likely to be significant enough overlap in the respective target audiences such that a possibility of confusion could result); (6) the defendant's intent (determining whether the defendant had a conscious intent to capitalize on the plaintiff's business reputation, was intentionally blind, or otherwise manifested improper intent); and (7) actual confusion (that is, whether there is evidence that consumers were actually confused).

Id. at 648 (internal quotation marks omitted). "[W]hile these seven subsidiary findings typically inform a court's determination of the likelihood of confusion, a court must also take into account the unique facts of each case." *Id.* at 649. See also *Jellibeans, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833, 840 n.17 (11th Cir. 1983) ("[T]he district court should not determine whether a likelihood of confusion exists by merely computing whether a majority of the subsidiary facts

indicates that such a likelihood exists. Rather, the district court must evaluate the weight to be accorded the individual subsidiary facts and then make its ultimate fact decision.”). The determination of a likelihood of confusion is a question of fact. *Jellibears*, 716 F.2d at 839.

To properly plead a dilution claim under § 1125(c)(1), a plaintiff must plead facts supporting the following elements: “(1) the plaintiff’s mark is famous; (2) the defendant used the plaintiff’s mark after the plaintiff’s mark became famous; (3) the defendant’s use was commercial and in commerce; and (4) the defendant’s use of the plaintiff’s mark has likely caused dilution.” *Rain Bird Corp. v. Taylor*, 665 F. Supp. 2d 1258, 1266-67 (N.D. Fla. 2009). “[A] mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.” 15 U.S.C. § 1125(c)(2)(A). “Trademark dilution claims[] are limited to ‘truly famous marks such as Budweiser beer, Camel cigarettes, and Barbie dolls.’” *Brain Pharma, LLC v. Scalini*, 858 F. Supp. 2d 1349, 1357 (S.D. Fla. 2012).

2. Analysis

Defendant argues Plaintiff has failed to state a claim under the Lanham Act because “no one that views the contents of StopCollector.com would think that [Plaintiff] was the source or sponsor of the site -- [Plaintiff] is a debt collector while [Defendant] is a law firm that sues debt collectors on behalf of clients.” (Doc. 28

at 6.) Defendant points out that “[a] potential customer of NCC that came across StopCollector.com would quickly move on, realizing that it was not the web site for a debt collector but instead the web page of a law firm that sues debt collectors.” (*Id.*) Defendant argues its website is “similar in nature to what have been termed by courts as ‘gripe sites,’” which generally do not present a likelihood of confusion for purposes of the Lanham Act. (*Id.* at 7-8.)

Plaintiff concedes that “its claims are somewhat unique and differ from a traditional Lanham Act case,” but asserts that “[a] novel application of existing law to facts does not render Plaintiff’s claim undeserving of the opportunity to demonstrate Defendant’s liability.” (Doc. 30 at 16.) Plaintiff responds to Defendant’s arguments in part:

Defendant’s website is more than just a “gripe site” as Defendant contends, since it intentionally publishes unauthorized, incomplete and inaccurate information about Plaintiff with deliberate mischaracterizations that Plaintiff engages in conduct which violates federal law. This goes far beyond providing a forum for consumers to post unsolicited complaints about their experiences, to purposefully soliciting clients for Defendant to sue Plaintiff, and allow Defendant to recover attorney fees from Plaintiff.

(*Id.* at 13.)

Upon review of the allegations of the TAC, the undersigned determines that even assuming Plaintiff has sufficiently alleged its mark is valid, Plaintiff has not plausibly alleged likelihood of confusion to state a claim under § 1125(a). As recently stated by another district court deciding a motion for judgment on the

pleadings under similar facts, the content of Defendant's website "facially disassociates [it] from Plaintiff's business." *Allied Interstate LLC v. Kimmel & Silverman P.C.*, 2013 WL 4245987, *6 (S.D.N.Y. Aug. 12, 2013).

The plaintiff in *Allied* provided debt collection services, among others, and as such, was subject to the Fair Debt Collection Practices Act ("FDCPA"), 15 U.S.C. §1692 *et seq.*, while the defendants administered a legal services website, www.creditlaw.com, intended to solicit new clients for them, advertising their services, and generating leads for potential FDCPA claims against the plaintiff. *Allied*, 2013 WL 4245987 at *1. The defendants' website included headers, such as "When debt collectors called you, they never expected you to call us!" and "Stop Debt Collector Harassment! The law protects you from unfair and deceptive debt collection practices"; invited users to complete an online form for a "FREE Case Review," allowing users to select "Allied Interstate," among other options, in response to the question "Who Have You Heard From?"; and included a link to "Stop Allied Interstate Debt Harassment," redirecting users to a page describing the plaintiff's alleged misconduct. *Id.* The plaintiff in that case alleged, in part, that by incorporating the name "Allied Interstate" into the defendants' website through metatags, keywords, and/or hidden words, the defendants "increased the likelihood that search engines would direct Internet users to Defendants' website in response to searches of Plaintiff's name." *Id.* at *2.

In granting the defendants' motion for judgment on the pleadings, the court in *Allied* found that “[n]othing alleged in or attached to the Complaint provides any plausible factual support for the confusion element of Plaintiff’s unfair competition and false designation of origin claims.” *Id.* at *6. Rather, based on the plaintiff’s generalized, conclusory allegations, in the court’s view, the defendants were “plainly soliciting complaints about Plaintiff’s services and inviting searchers and visitors to Defendants’ website to consider suing the Plaintiff.” *Id.*

The undersigned finds the reasoning and holding in *Allied* persuasive. Plaintiff’s conclusory allegations in the TAC are insufficient to state a claim for relief under § 1125(a). Plaintiff has failed to plausibly allege that Defendant’s website, through its references to NCC Business Services, Inc., is likely to cause confusion among consumers because the website makes clear that it belongs to a law firm suing debt collectors, such as Plaintiff, and any references to Plaintiff’s name are merely for the purpose of advertising Defendant’s services and generating leads for potential lawsuits. Plaintiff does not allege that actual confusion among consumers exists, that there is any competition between Plaintiff and Defendant, or that Defendant’s intent was to capitalize on Plaintiff’s business reputation. Defendant’s brief description of Plaintiff’s business, particularly in light of the disclaimer included in the “Note to Readers,” does not support Plaintiff’s argument that the mention of Plaintiff’s name or practices on

Defendant's website is likely to cause confusion.

Plaintiff also alleges that by including its name in the computer programming and search engine optimization strategy, Defendant is misleading consumers searching for Plaintiff on the Internet because they would be directed to Defendant's website StopCollector.com. However, this argument has been previously rejected. For example, in *deVere Group GMBH v. Opinion, Corp.*, the district court observed that "[b]ecause consumers diverted on the Internet can more readily get back on track than those in actual space, thus minimizing the harm to the owner of the searched-for site from consumers becoming trapped in a competing site, Internet initial interest confusion requires a showing of intentional deception," but found the doctrine inapplicable in that case. 877 F. Supp. 2d 67, 73 (E.D.N.Y. July 13, 2012) (quotation marks omitted). The deVere court explained:

PissedConsumer.com does not divert Internet users away from deVere's website because deVere does not have a website that competes for business with PissedConsumer.com; Opinion Corp. provides a forum for customer criticism of businesses, while deVere provides financial services. Initial interest confusion does not arise "in circumstances where the products in question are used for substantially different purposes and therefore the merchants are not in close competitive proximity. Accordingly, deVere's allegations "do not create any plausible inference of intentional deception"; there is no risk that a customer seeking deVere financial services would mistakenly visit and divert their business to PissedConsumer.com.

Id. at 73-74 (internal citations omitted).

Similarly, here, there is no risk that clients seeking help with collecting on a debt would divert their business to a law firm that sues debt collectors. Plaintiff admits that “Plaintiff and Defendant offer different services [albeit] within the same area of consumer law.” (Doc. 30 at 14.) It is not plausible that Plaintiff’s potential clients, many of whom are likely sophisticated persons or entities, would not move on to their search of Plaintiff once they realize they have found a law firm website attempting to generate leads for potential lawsuits against debt collectors, such as Plaintiff. Because Plaintiff has not plausibly alleged likelihood of confusion, the undersigned recommends that Plaintiff has failed to state a claim under § 1125(a)(1)(A).

Plaintiff also alleges a dilution claim under § 1125(c). Defendant argues this claim must be dismissed because even if Plaintiff’s name is “big in the debt collection arena,” Plaintiff cannot “seriously contend that it is in the league of a famous mark protected by 15 U.S.C. § 1125(c)(2)(A).” (Doc. 28 at 14.) Plaintiff responds that—

[It] has asserted sufficient facts that its trade name or service mark is famous and has been in use in the consumer collection trade since 1986, that its mark has been displayed on Defendant’s website since at least 2012, that Defendant’s misuse of Plaintiff’s mark likely caused dilution and that Defendant has misused Plaintiff’s mark in commerce through its internet advertising.

(Doc. 30 at 14-15.)

Plaintiff’s assertions, however, are not supported by the allegations in the

TAC. For example, the TAC does not allege when Defendant has allegedly started displaying Plaintiff's mark on StopCollector.com. This failure alone is sufficient to warrant dismissal of Plaintiff's dilution claim. See *Brain Pharma*, 858 F. Sup. 2d at 1358. The TAC also does not adequately allege that Plaintiff's mark was famous and that Defendant's use of the mark has likely caused dilution. Any allegations as to these elements are at best conclusory.

Further, to the extent the TAC alleges Defendant is "advertising a service . . . that challenges the integrity of Plaintiff's services," such conduct "is outside the ambit of the federal dilution cause of action" because it "falls squarely within the federal statute's fair use exclusion [set forth in] Section 1125(c)(3)(A)." *Allied*, 2013 WL 4245987 at *4. Pursuant to § 1125(c)(3)(A), "fair use . . . of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with . . . criticizing, or commenting upon the famous mark owner or the . . . services of the famous mark owner" is not "actionable as dilution by blurring or dilution by tarnishment." 15 U.S.C. § 1125(c)(3)(A). Therefore, Plaintiff has also failed to state a claim for dilution under § 1125(c).

B. Unfair Competition Based on Trademark Infringement under Florida Law (Count I)

1. Standard

Under Florida law:

A cause of action for injunctive relief on the common law of unfair competition based on tradename or trademark infringement requires the following elements to be alleged and proved:

- (1) The plaintiff first adopted and used a certain name (or mark or symbol or logo or sign design) in a certain market or trade area, as a means of establishing good will and reputation and to describe, identify or denominate particular services rendered or offered by it . . . and to distinguish them from similar services rendered or offered . . . by others, and
- (2) through its association with such services . . . the plaintiff's tradename (or mark, etc.) has acquired a special significance as the name of the services rendered . . . by the plaintiff in its trade area because plaintiff's tradename (or mark, etc.)
 - (a) is inherently distinctive (fanciful, novel or arbitrary), or
 - (b) while generic, descriptive, or geographic, plaintiff's tradename (or mark, etc.) has, by actual usage, acquired in a certain trade area, a secondary, special or trade meaning as indicating, describing, identifying or denominating the plaintiff as the source of certain services . . . , and
- (3) the defendant has commenced, or intends to commence, the use of an identical or confusingly similar tradename (or mark, etc.) to indicate or identify similar services rendered . . . by it in competition with plaintiff in the same trade area in which the plaintiff has already established its tradename (or mark, etc.) and
- (4) as a consequence of the defendant's action, or threatened action, customer confusion of source or as to the sponsorship of the services . . . offered, or to be offered, by the defendant is probable (likely) or inevitable.

Am. Bank of Merritt Island v. First Am. Bank & Trust, 455 So.2d 443, 445-46 (Fla. Dist. Ct. App. 1984).

2. Analysis

Defendant argues that dismissal of Count I is warranted for the same

reasons justifying a dismissal of Count III. (Doc. 28 at 10.) The undersigned agrees. In the Eleventh Circuit, “[c]ourts may use an analysis of federal infringement claims as a ‘measuring stick’ in evaluating the merits of state law claims of unfair competition.” *Planetary Motion*, 261 F.3d at 1193 n.4. See also *Rain Bird*, 665 F. Supp. 2d at 1267, 1270 (stating that the legal standards for federal trademark infringement, unfair competition, and dilution also govern such claims under Florida law). Therefore, in light of the conclusion that Plaintiff has failed to state a claim under § 1125, the undersigned recommends that Plaintiff’s state law claim for unfair competition based on trademark infringement also be dismissed as the TAC does not adequately allege the necessary elements for such a claim.

C. Defamation under Florida Law (Count II)

To properly plead a claim for defamation under Florida law, a plaintiff must allege that the defendant published a defamatory statement, which was false, with knowledge or reckless disregard as to the falsity if the matter concerns a public official, or at least negligently if the matter concerns a private person, and that the plaintiff suffered actual damages. *Jews for Jesus, Inc. v. Rapp*, 997 So.2d 1098, 1106 (Fla. 2008).

Defendant argues the TAC does not allege what statements about Plaintiff on StopCollector.com were allegedly false. (Doc. 28 at 12.) The undersigned

agrees with Defendant. Although Plaintiff argues there are “specific untrue and defamatory statements about Plaintiff on Defendant’s *stopcollector.com* website” (Doc. 30 at 9), the allegations in the TAC and the exhibits attached thereto simply do not support this argument. Count II of the TAC includes conclusory allegations, which are woefully insufficient to state a claim for defamation absent some plausible factual support. Moreover, Exhibit E to the TAC, as presented to the Court, does not seem to include any defamatory statements. (See Doc. 19-1.)

Plaintiff asserts that portions of Exhibit E have been redacted in part “because Plaintiff did not want to further publish in the court file the false information propounded by Defendant, lest Defendant later accuse Plaintiff of contributing to its own damages.” (Doc. 30 at 10.) However, Plaintiff does not explain why it has not sought to file an unredacted version of this exhibit under seal. Essentially, Plaintiff is asking the Court to infer defamation based on the arguments made in Plaintiff’s Response to Defendant’s Motion to Dismiss, rather than from the pleadings. However, even if the Court could accept the representations in Plaintiff’s Response in lieu of the allegations in the TAC, dismissal of Plaintiff’s defamation claim would still be warranted.

For example, Plaintiff’s Response provides in relevant part:

The heading of the web page that was redacted reads: “Stop NCC Business Services Harassment” and the page includes other

headings: “Stop Collector Harassment,” “Free Case Evaluation” (in a larger font), “How to Stop the Harassment Now,” and “Illegal Behavior,” all under the main page heading of “About NCC Business Services, Inc.” . . . Simply because Defendant references other “online consumer comments” and uses the word “If” to preface specific conduct (i.e., “If you’ve been yelled at by debt collectors from NCC . . .” and “If NCC . . . uses the offensive language . . .”), Defendant should not be permitted to publish unsubstantiated, defamatory statements about Plaintiff with impunity in a deliberate attempt to procure clients to sue Plaintiff collect [sic] attorney fees from Plaintiff.

(*Id.* at 10-11 (emphasis omitted).) These representations are insufficient to state a claim for defamation. Plaintiff is asking the Court to infer defamation from “the name of Defendant’s website itself and the inclusion of Plaintiff in the list of collectors on the website,” both of which, according to Plaintiff, “sufficiently assert that Defendant is publishing statements to third parties that Plaintiff engages in some conduct or activity that must be ‘stopped.’” (*Id.* at 9-10.) The Court cannot do so. Therefore, the undersigned recommends that Plaintiff’s defamation claim be dismissed.

V. Leave to Amend the TAC

Without properly requesting leave to amend the TAC in the event the Court dismisses any of its claims,⁴ Plaintiff states:

⁴ In this circuit, “[a] district court is not required to grant a plaintiff leave to amend his complaint sua sponte when the plaintiff, who is represented by counsel, never filed a motion to amend nor requested leave to amend before the district court.” *Wagner v. Daewoo Heavy Industries Am. Corp.*, 314 F.3d 541, 542 (11th Cir. 2002) (en banc). See also *Detris v. Coats*, 523 F. App’x 612, 618 (11th Cir. July 11, 2013) (per curiam) (affirming the district court’s denial of plaintiff’s request that any dismissal be without prejudice, which was included in plaintiff’s opposition to defendants’ motion to dismiss,

[T]his case does not present a situation in which the Court has repeatedly dismissed multiple complaints filed by Plaintiff with several grants of leave to amend, or where Plaintiff has failed to correct pleading deficiencies. Only once did this Court strike any pleading of Plaintiff based on its form, and no court has rendered any decision on the merits of any complaint filed by Plaintiff in this action.

(Doc. 30 at 2.) Defendant requests dismissal of the TAC with prejudice and seems to imply that Plaintiff has repeatedly failed to cure deficiencies by previous amendments and a further amendment would be futile. (Doc. 28 at 5.)

Rule 15(a)(2) of the Federal Rules of Civil Procedure provides that “[t]he court should freely give leave [to amend pleadings] when justice so requires.” Fed. R. Civ. P. 15(a)(2). The Supreme Court has stated that “this mandate is to be heeded.” *Foman v. Davis*, 371 U.S. 178, 182 (1962). The Supreme Court further stated:

In the absence of any apparent or declared reason—such as undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, undue prejudice to the opposing party by virtue of allowance of the amendment, futility of amendment, etc.—the leave sought should, as the rules require, be “freely given.” Of course, the grant or denial of an opportunity to amend is within the discretion of the District Court, but outright refusal to grant the leave without any justifying reason appearing for the denial is not an exercise of discretion; it is merely abuse of that discretion and inconsistent with the spirit of the Federal Rules.

Id.

Although Plaintiff may not be able to cure the defects in the TAC, the

because plaintiff’s opposition “did not contain any proposed amendments or set forth the substance of the proposed amendments”).

undersigned cannot yet conclude that re-pleading would be futile and, therefore, recommends that Plaintiff be allowed an opportunity to amend. Because the Court is addressing the merits of Plaintiff's pleading for the first time, there has been no "repeated" failure to cure deficiencies. Further, Defendant has made no other arguments opposing amendment, such as "undue delay, bad faith or dilatory motive" or "undue prejudice." *Foman*, 371 U.S. at 182. Accordingly, the undersigned recommends that the TAC be dismissed without prejudice, and that Plaintiff be given twenty (20) days to file an amended complaint.

VI. Recommendation

For the foregoing reasons, the undersigned respectfully **RECOMMENDS** that:

1. The Motion (**Doc. 28**) be **GRANTED** to the extent the TAC (**Doc. 9**) be **DISMISSED without prejudice**; and
2. Plaintiff be allowed to file an amended complaint within **twenty (20) days** of the Court's order on this Report and Recommendation.

DONE AND ENTERED at Jacksonville Florida, on June 6, 2014.


MONTE C. RICHARDSON
UNITED STATES MAGISTRATE JUDGE

Copies to:

The Honorable Brian J. Davis
United States District Judge

Counsel of Record