

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

EMPIRE TODAY, LLC,

Plaintiff,

v.

NATIONAL FLOORS DIRECT, INC.,
et al.,

Defendants.

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Civil Action No. 08-11999-JLT

MEMORANDUM

June 2, 2011

TAURO, J.

I. Introduction

This case involves a dispute primarily between Empire Today, LLC (“Plaintiff”) and National Floors Direct, Inc. (“NFD”), two at-home (or on-site) carpet and flooring providers. Plaintiff brought various claims against NFD, including tortious interference, Lanham Act violations (trademark infringement as well as false or misleading advertisement), and alter ego liability. NFD counterclaimed for defamation, tortious interference, false or misleading advertisement under the Lanham Act, and abuse of process.

During a thirteen-day trial, the jury heard most of Plaintiff’s and NFD’s claims, excluding those claims under Massachusetts General Laws chapter 93A, which this court has reserved.¹ The jury found against Plaintiff on all of its claims and in favor of NFD on its abuse of process counterclaim. Following this adverse jury verdict, Plaintiff filed a Motion for Judgment as a

¹ See infra note 7.

Matter of Law, Pursuant to Fed. R. Civ. P. 50(b) [#303]. Additionally, both Plaintiff and NFD filed the following motions asserting claims under Chapter 93A: NFD's Motion for Judgment on Its Counterclaim Under M.G.L. Chapter 93A [#312], Plaintiff's Motion to Strike Defendant's Motion for Judgment on Its Chapter 93A Counterclaim [#324], Plaintiff's Motion for Judgment on Its Chapter 93A Claim [#327], and NFD's (1) Opposition to Empire's Motion to Strike NFD's Chapter 93A Counterclaim; (2) Opposition to Empire's Motion to Strike NFD's Fee Petition, or in the Alternative, (3) NFD's Motion to Amend Counterclaim [#333].

Presently at issue are the aforementioned motions as well as NFD's request for attorneys' fees: NFD's Application for Attorney's Fees and Costs Under Mass. Gen. L. Ch. 93A [#316], NFD's Motion for Attorneys' Fees Pursuant to 15 U.S.C. § 1117(A) [#321], and Plaintiff's Motion to Strike Defendant's Application for Attorney's Fees and Costs Under Mass. Gen. L. Ch. 93A [#331]. For the following reasons, Plaintiff's Motions and NFD's Motions are DENIED.²

II. Background

Plaintiff brought this suit against NFD on December 2, 2008.³ After filing an Answer on March 3, 2009,⁴ NFD submitted an Amended Answer and Counterclaim on October 12, 2009.⁵

² Plaintiff's Assented to Motion to Redact Portions of Trial Record [#320] and NFD's Assented to Motion to Redact Portion of Trial Record [#337] are ALLOWED.

³ See Compl. Injunctive & Other Relief [#1].

⁴ Answer Def. Nat'l Floors Direct, Inc. 1st Am. Compl. [#38].

⁵ Nat'l Floors Direct Inc.'s Am. Answer & Countercl. [#91] (excluding abuse of process as a counterclaim).

Eventually Plaintiff filed a Third Amended Complaint,⁶ which contained ten counts. Seven of those counts were directed against NFD, five of which were as follows⁷: tortious interference with Plaintiff's contractual relationships, tortious interference with Plaintiff's advantageous business relationships, Lanham Act violations for trademark infringement⁸ and false or misleading advertisement,⁹ and alter ego liability.¹⁰

Plaintiff also alleged three counts against former sales representatives and employees for breaching their sales agreements, confidentiality agreements, and duties of loyalty.¹¹ Plaintiff reached settlement agreements with these individuals before the end of trial.¹²

NFD filed its Answer and Counterclaim,¹³ including a Chapter 9A claim that this court reserved for its own judgment. NFD's Counterclaim alleged five counts: defamation, tortious interference with NFD's advantageous business relationships, a Lanham Act violation for false

⁶ 3d Am. Compl. [#148].

⁷ The seven counts, numbers four through ten, were also directed against Samuel ("Sam") Rosenberg, two of his children, Daniel ("Dan") and Aaron Rosenberg, as well as Tower Management Solutions LLC ("Tower Management") and Tower M. Solutions, Inc. See 3d Am. Compl., 37–49 [#148]. This court later reserved two of those seven counts against NFD, both Chapter 93A claims, for itself. See Trial Tr. vol. 9, 155:1–16, Oct. 15, 2010 [#294].

⁸ See 15 U.S.C. § 1114.

⁹ See id. § 1125(a)(1).

¹⁰ 3d Am. Compl. [#148].

¹¹ 3d Am. Compl., 35–37 [#148].

¹² See Order Granting Mot. Voluntary Dismissal Pursuant Settlement Fourteen Defs. Without Prejudice [#204]; Order Granting Voluntary Dismissal Without Prejudice Defs. John Jary & RJ Connection Group, LLC [#205]; Order Dismissal [#258].

¹³ Nat'l Floors Direct Inc.'s Ans. & Counterclaim Empire's 3d Am. Compl. [#160] [hereinafter Ans. & Countercl. 3d Am. Compl.].

and misleading advertising, and abuse of process.

Plaintiff brought two Chapter 93A claims against NFD. One Chapter 93A claim alleged that NFD engaged in unfair or deceptive business practices by interfering with Plaintiff's contractual relationships, inducing Plaintiff's employees to violate their duties of loyalty, and using Plaintiff's trade secrets and other confidential and proprietary information.¹⁴ Plaintiff's other Chapter 93A claim alleged that NFD engaged in unfair methods of competition and unfair or deceptive business practices in trade or commerce by NFD's use of certain advertising statements that Plaintiff alleged NFD could not substantiate.¹⁵

In its Chapter 93A claim, NFD alleged that Plaintiff engaged in unfair or deceptive acts in the conduct of trade or commerce by its advertising, its defamation of NFD, and its interference with NFD's business relationships.¹⁶

After a thirteen-day trial that excluded the Chapter 93A claims, the jury found against Plaintiff on all of its claims, in favor of NFD solely on its abuse of process counterclaim, and awarded NFD \$500,000.00.¹⁷

A. Findings of Fact¹⁸

¹⁴ 3d Am. Compl., 41–42 [#148].

¹⁵ 3d Am. Compl., 31–34 [#148].

¹⁶ Ans. & Countercl. 3d Am. Compl., 41–42 [#160].

¹⁷ Verdict Form [#396].

¹⁸ This court does not discuss the Parties' claims at trial that are not relevant to the Parties' pending motions.

Based upon the evidence, the jury could have found the following facts.¹⁹ Plaintiff is a shop-at-home, home improvement company that sells and installs carpet and flooring in, among other places, the Boston and Hartford areas.²⁰ NFD is a direct competitor of Plaintiff in the Boston and Hartford markets.²¹ Unlike other companies, neither Plaintiff nor NFD utilizes storefronts, and both have a comparatively limited selection of inventory.²² Both Plaintiff and NFD emphasize next-day installation,²³ focus on television advertising,²⁴ and rely on effective salespeople.²⁵

Plaintiff's former employees and sales representatives entered into agreements that included confidentiality, non-compete, and non-solicitation provisions.²⁶ Some of those

¹⁹ See, e.g., Cambridge Plating Co. v. Napco, Inc., 85 F.3d 752, 756 (1st Cir. 1996) (reciting facts as jury could have found them in the context of considering 93A and 50(b) claims); Astrolabe, Inc. v. Esoteric Techs. Pty, Ltd., No. 01-11352-PBS, 2002 U.S. Dist. LEXIS 5764, at *2 (D. Mass. Mar. 29, 2002) (same).

²⁰ See, e.g., Trial Tr. vol. 1, 132:16–24, Sept. 27, 2010 [#255]; Pl. Empire Today, LLC's Pre-Trial Mem., Ex. A [#217].

²¹ See, e.g., Trial Tr. vol. 2, 121:13–15, Sept. 28, 2010 [#256]; Pl. Empire Today, LLC's Pre-Trial Mem., Ex. A [#217]; Trial Tr. vol. 10, 32:13–17, 51:20–53:5, 108:18, 118:3–4, 129:8–13, Oct. 12, 2010 [#308].

²² See Trial Tr. vol. 1, 138:9–139:4 [#255]; Trial Tr. vol. 7, 10:5–21, 33:19–22, 137:1–3, Oct. 6, 2010 [#268].

²³ Trial Tr. vol. 1, 139:14–22 [#255]; Trial Tr. vol. 7, 185:6–13 [#268].

²⁴ See Trial Tr. vol. 1, 141:23–142 [#255]; Trial Tr. vol. 7, 139:16–140:2 [#268].

²⁵ See, e.g., Trial Tr. vol. 1, 143:22–25 [#255]; Trial Tr. vol. 7, 10:5–21, 105:24–106:2 [#268].

²⁶ See, e.g., Pl.'s Trial Ex. NNN, 4 (Donald Plouff's agreement); Trial Tr. vol. 6, 13:18–15:6, Oct. 4, 2010 [#262]. See generally Pl.'s Trial Exs. 57–69, 73–99 (Plaintiff's confidentiality and nondisclosure agreements); Trial Tr. vol 2, 30:9 [#256].

employees had been managers.²⁷ Roughly ten managers and thirty sales representatives left Plaintiff to work for NFD,²⁸ some under acrimonious conditions.²⁹

Plaintiff argued that NFD, through its employees and management, had solicited Plaintiff's employees to leave Plaintiff and join NFD.³⁰ One former sales representative for both Plaintiff and NFD testified as such.³¹ This former representative also testified that NFD had Plaintiff's flooring samples and documentation, including (allegedly) confidential par sheets³² and a "pre-installation checklist."³³ Her testimony, however, was sharply disputed by various individuals' testimony³⁴ and at times contradicted by her cross-examination.³⁵

²⁷ See, e.g., Trial Tr. vol. 2, 15:17–18 [#256].

²⁸ Trial Tr. vol. 2, 22:10–11 [#256] (Steve Silver's examination); Trial Tr. vol. 6, 96:7–11 [#262] (Dan Rosenberg's examination).

²⁹ Trial Tr. vol. 2, 24:2–25:25 [#256] (Plaintiff's version of Amidon's departure). But some representatives seem to have then returned to Plaintiff. Trial Tr. vol. 2, 97:2–6 [#256].

³⁰ Trial Tr. vol. 1, 101:19–22 [#255] (opening statements).

³¹ Trial Tr. vol. 3, 99:9–100:21, 101:20–25, 105:21–25, Sept. 29, 2010 (testimony of Diane Johnston) [#260].

³² See Pl.'s Trial Ex. 20 (Plaintiff's "Boston Par Sheet"). Par sheets, or pricing sheets, generally identify products and various pricing levels associated with the commissions that representatives can receive for selling those products. Trial Tr. vol. 2, 152:16–20 [#256]. Par sheets may also identify specifics about those products, such as the face weight, vendor, or fiber type, as well as which products are being promoted. Trial Tr. vol. 1, 152:24–154:2 [#255]. Plaintiff's par sheets also include information on financing and other charges. Trial Tr. vol. 1, 156:15–22 [#255].

³³ Trial Tr. vol. 3, 102:15–104–17, 105:5–20 [#260] (testimony of Diane Johnston).

³⁴ See, e.g., Trial Tr. vol. 6, 56:4–18, 59:19–60:6 [#262] (testimony of Donald Plouff); Trial Tr. vol. 11, 83:24–84:11, Oct. 13, 2010 [#309] (testimony of Jack Danhof that he never saw one piece of Plaintiff's documentation or samples).

³⁵ Trial Tr. vol 3, 117:5–118:24, Sept. 29, 2010 [#260] (Diane Johnston admitting that she went to NFD on her own initiative after a chance meeting with an NFD representative).

In fact, both Parties may have had each others' old par sheets and commission structure.³⁶ But it is unclear whether this material was proven as confidential and the Parties do not press the matter post-trial on the 50(b) or 93A claims.

Since April 2006, NFD has advertised commercials that referenced a "15% or its [sic] free" campaign ("15% Promotion").³⁷ These television commercials promise to beat "anyone's price by 15% or it's free."³⁸

Plaintiff alleged that NFD was not providing the discount advertised in its 15% Promotion.³⁹ Plaintiff pointed to (1) a customer order filled out by a sales representative that contained a discount of less than 15% and (2) customer orders in which NFD, namely Dan Rosenberg, reduced the prices by only 13%, despite claiming that he was offering a 15% discount.⁴⁰

In both instances, however, customers were only entitled to receive 15% off of their orders if certain conditions were met. Customers, for instance, had to present a written quote from another company for the same quality and quantity of flooring that they were seeking from

³⁶ See NFD's Trial Ex. AA (e-mail from one of Plaintiff's office managers discussing paying a former NFD sales representative for NFD's par sheet).

³⁷ NFD's Trial Ex. BBB [#297] (introduced by Plaintiff); see also Trial Tr. vol. 6, 135:13–36:5 [#262]; Trial Tr. vol. 7, 170 [#268].

³⁸ Pl.'s Trial Ex. 111 [#297] (CD containing .wmv files).

³⁹ Trial Tr. vol. 12, 96:19–101:21, Oct. 14, 2010 (Plaintiff's closing statement) [#301].

⁴⁰ Pl.'s Trial Ex. 1, NFD 00273, 00274 (wherein Dan Rosenberg, after a customer's complaint, then reduced the price by 15%). Dan Rosenberg is NFD's official treasurer and works as the director of sales for NFD. Trial Tr. vol. 6, 72:16–25 [#262]. He is also likely the sole officer of Tower Management. Trial Tr. vol. 6, 100:1–4 [#262]. Tower Management compensates Sam Rosenberg—Dan and Aaron Rosenberg's father—for his consulting work with NFD. See Trial Tr. vol. 6, 99:10–21 [#262].

NFD.⁴¹ The aforementioned order filled out by the sales representative did not receive 15% off because it did not demonstrate the necessary prerequisites.⁴²

As for the second point, Dan Rosenberg explained that he sometimes took 15% off a competitor's price by dividing the competitor's price by 1.15.⁴³ This price calculation indeed results in only 13% off of the competitor's price, whereas multiplying by 0.85 would result in a 15% price reduction. Of the 10% of NFD's orders that beat competitor's prices, this calculation by Dan Rosenberg was used in about 10% of those orders.⁴⁴ Otherwise, NFD beat its competitors' prices by 15%.⁴⁵ Moreover, when the conditions of the 15% Promotion were met,

⁴¹ Trial Tr. vol. 10, 110:14–25 [#308] (Sam Rosenberg's direct); Trial Tr. vol. 6, 142:22–143:10, 147:4–11 [#262] (Dan Rosenberg's testimony); Trial Tr. vol. 7, 187:18–20 [#301] (Aaron Rosenberg testifying about disclaimers on commercials regarding qualifying terms); see also Trial Tr. vol. 10, 151:4–6 [#308] (Sam Rosenberg explaining that the conditions include that the order specify the same area, padding, rip-up, and cart-away).

⁴² Trial Tr. vol. 10, 149:18–150:7 [#308] (Sam Rosenberg). Only an estimated ten percent of NFD's orders beat competitor's prices. Trial Tr. vol. 10, 109:10–111:7 [#308] (Sam Rosenberg).

⁴³ Trial Tr. vol. 6, 155:7–8 [#262]. Sale representatives were required to call NFD's office to have a deal approved only if they needed to drop below the lowest price on their price list to meet the 15% guarantee. Trial Tr. vol. 6, 146:15–24, 157:23–25 [#262]; Trial Tr. vol. 11, 44:16–25 [#309] (Donald Plouff saying he had never heard of Dan Rosenberg's calculations before trial).

⁴⁴ Trial Tr. vol. 10, 109:10–111:7 [#308] (Sam Rosenberg). Given that Dan did not join NFD until late 2008, this mode of calculation may not have begun until then. See Trial Tr. vol. 10, 153:20–25 [#308]. But see Trial Tr. vol. 7, 171:5–11 [#268] (“The way we discount the price is the same way that our computer discounts the price and discounts the percent off the order, which is, to divide it by 1.15, which is the same computer that all the other, you know, thousands of flooring retailers use across the country, and that's the way that a percent discount is taken off a price.”).

⁴⁵ See, e.g., Pl.'s Trial Ex. EEEE (NFD order of Joyce Dore); Trial Tr. vol. 10, 109:10–111:7 [#308].

the sales representatives calculated the 15% discount in the field by multiplying by 0.85.⁴⁶ NFD also cast Dan Rosenberg's calculations both as an issue of internal disagreement⁴⁷ and a method used by NFD's own management software.⁴⁸

NFD asserted various counterclaims against Plaintiff. The only two relevant here are Count IV, abuse of process,⁴⁹ and Count V, Chapter 93A.⁵⁰ A chronicling of the evidence paints the following story. Plaintiff had identified NFD as an aggressive challenger in the Boston market by April 2007.⁵¹ By September of 2007, Plaintiff expressed that its most significant challenge came from NFD.⁵² As a marketing tactic, Plaintiff performed at least eight "secret shops."⁵³

⁴⁶ E.g., Trial Tr. vol. 10, 109:10–111:7 [#308] (Sam Rosenberg); Trial Tr. vol. 11, 80:24–81:2 [#309] (Jack Danhof testifying that "[NFD] multipl[es] it by .85 and that would be your price and there was no if, ands, but, questions about it."); Trial Tr. vol. 11, 43:17–44:15 [#309] (Donald Plouff testifying that all the sales representatives gave an accurate 15% and did not follow Dan Rosenberg's method).

⁴⁷ Trial Tr. vol. 7, 173:22–174:3 [#268] (Aaron Rosenberg testifying "I don't think that we're only beating them by 13%; I think we're beating them by 15% . . . so the math's the math; you, there's no argument about that."); Trial Tr. vol. 10, 115:1–8 [#308] (Sam Rosenberg testifying as to his own lack of awareness and never hearing any complaints); Trial Tr. vol. 11, 44:5 [#309].

⁴⁸ See Trial Tr. vol. 7, 171:5–11 (Aaron Rosenberg) [#268]; Trial Tr. vol. 10, 114:2–25 [#308] (Sam Rosenberg).

⁴⁹ Ans. & Countercl. 3d Am. Compl., 40–41 [#160].

⁵⁰ Ans. & Countercl. 3d Am. Compl., 41–42 [#160].

⁵¹ NFD's Trial Ex. CC (explaining that NFD drops its price "well below the low to gain market share" and conjecturing that NFD was recruiting Plaintiff's best closers).

⁵² NFD's Trial Ex. BB. (Month End Market Report, prepared by Robert Carter).

⁵³ NFD's Trial Ex. BB. In one form of a "secret shop," an employee or manager of a business pretends to be a customer of a competitor so that the employee or manager may learn more about the competitor, including its pricing. See Trial Tr. vol. 2, 88:11–89:5, 91:19–92:22 [#256] (Steve Silvers discussing Plaintiff's secret shops); NFD's Trial Ex. HH (discussing the commission structure at NFD in an e-mail sent to Steve Silvers).

Plaintiff's fortunes worsened as NFD's market share grew and Plaintiff's market share decreased.⁵⁴ The causes behind the Parties' changes in market positions were hotly contested at trial. NFD's growing market share in Boston was, at least in large part, attributable to NFD's low prices.⁵⁵

Although some of Plaintiff's employees were calling for Plaintiff to lower its prices by October 30, 2007 (and likely by June 2007),⁵⁶ Plaintiff did not decide to cut its prices until April 14, 2008.⁵⁷ Meanwhile, from 2006 to 2009, Plaintiff cut its spending on advertising in the Boston market in half,⁵⁸ which was more than it had reduced its spending on advertising in other markets.⁵⁹

Plaintiff also had management problems in its Boston office.⁶⁰ Plaintiff had planned to close its Boston office in spring of 2008.⁶¹ But Plaintiff eventually cancelled this plan partly

⁵⁴ See, e.g., Trial Tr. vol. 1, 101:9–18 [#255] (Plaintiff, in opening, saying that “NFD took over in 2008 as the leader in Boston as compared to Empire”); Trial Tr. vol. 10, 32:20–33:8 [#308] (Defendant's expert Zito explaining that NFD was able to take leads that were going to Plaintiff because of lower prices); Trial Tr. vol. 9, 109:1–2, 134:18–25, Oct. 8, 2010 [#294].

⁵⁵ Even Plaintiff appeared to admit this fact. See Trial Tr. vol. 2, 159:2–6 [#256]; Pl.'s Trial Ex. CC (Monthly End Market Report in April 2007, prepared by Rob Carter; stating that NFD was “dropping well below the low to gain market share and our reps are feeling frustrated”); Pl.'s Trial Ex. W (e-mail from Rob Carter to Steve Silvers and others on October 30, 2007, stating NFD was beating Plaintiff's prices and Plaintiff needed to be “aggressive with [its] pricing to combat [NFD's] strategies”).

⁵⁶ See supra note 55.

⁵⁷ See Trial Tr. vol. 2, 150:3–157:2 [#256] (mentioning NFD's Trial Ex. G).

⁵⁸ Trial Tr. vol. 2, 147:15–19 [#256].

⁵⁹ Trial Tr. vol. 9, 105:20–21 [#294].

⁶⁰ See Trial Tr. vol. 2, 101:25–102:1 [#256].

⁶¹ See Trial Tr. vol. 2, 189:24–190:7 [#256].

because it did not want to leave NFD without direct competition, which would ease NFD's expansion into other areas.⁶²

Plaintiff also felt that NFD was poaching Plaintiff's representatives.⁶³ In response, Plaintiff began sending cease-and-desist letters to NFD.⁶⁴

Additionally, two e-mail chains exist that could imply that Plaintiff viewed legal action against NFD as a tactical means of burying its competitor. First, a March 2008 e-mail from Todd Dickson⁶⁵ to David Elenowitz⁶⁶ and Steve Silvers⁶⁷ discussed potential strategies to deal with difficulties in Plaintiff's Boston market. One of the strategies mentioned was: "We should aggressively work on the legal front. (non-competes and potentially their advertising/disclosures/disclaimers) [sic] This could be an expensive distraction at a time where [NFD is] investing in a new facility and heavy advertising."⁶⁸ Meanwhile, Plaintiff's sales

⁶² See Trial Tr. vol. 2, 190:8–191:3 [#256]; NFD's Trial Ex. R (March 25, 2009 e-mail from Steve Silvers to David Elenowitz containing Steve Silvers' draft letter to Bank of America); infra notes 75–78 and accompanying text.

⁶³ See, e.g., NFD's Trial Ex. CC; Trial Tr. vol. 1, 107:1–5 [#255].

⁶⁴ Trial Tr. vol. 2, 32:21–33:4 [#256]; Trial Tr. vol. 7, 151:18–23 [#268].

⁶⁵ Todd Dickson is Plaintiff's chief marketing officer. Trial Tr. vol. 2, 77:7–12 [#256].

⁶⁶ By 2001, David Elenowitz had retained ownership and control over Plaintiff (through Mercury Capital Management ("Mercury")). See, e.g., Trial Tr. vol. 2, 70:18–22, 72:11–21, Sept. 28, 2010 [#256] (Steve Silvers explaining that Elenowitz is chairman of the board and owner of Mercury, which acquired Plaintiff, and Elenowitz is the "ultimate decision maker"); David Elenowitz Dep., Feb. 24, 2010, 9:15 a.m. (saying that Mercury owned Empire and Elenowitz was chairman of the board and "final decision maker" of Plaintiff) (not marked as exhibit but played to jury on Trial Tr. vol. 11, 5:16–17 [#309]).

⁶⁷ Steve Silvers is the CEO of Plaintiff. Trial Tr. vol. 1, 130:6–7 [#255].

⁶⁸ NFD's Trial Ex. L.

continued to suffer, and it reduced its prices by April 14, 2008.⁶⁹

Second, in an October 2008 e-mail, Elenowitz wrote to Silvers and Dickson that he would like to see if it would be feasible to get a “large amount” of damages and take the “most aggressive” legal position, including “appropriate suing individuals [sic].”⁷⁰ Silvers replied to Elenowitz (and Dickson) that:

[If Plaintiff] truly want[ed] to hurt [a competitor in Chicago] and NFD (including in this conversation at this point as to looking to expand the legal actions to them) we should leverage the profit in other markets to offset loses in Chicago and Boston. The competitors do not have this advantage and [in] losing money they will need to continue to dig into their own pockets versus leveraging other profitable markets. . . . If we do start to make some progress and get back market share via more leads and higher closing, eventually the sale people side will take care of itself.⁷¹

These e-mails revealed Plaintiff’s top management discussing legal action not merely to right NFD’s wrongs, but also seemingly as a tactical means of competition against NFD and as a tool to force NFD to incur legal fees.

Meanwhile, by May 2008, Plaintiff filed at least one complaint with the Better Business Bureau (“BBB”) regarding NFD’s 15% Promotion.⁷² On December 2, 2008, Plaintiff filed its initial lawsuit against NFD.⁷³ Plaintiff also named as Defendants Sam Rosenberg and fourteen of

⁶⁹ See NFD’s Trial Ex. GG; NFD’s Trial Ex. O; Trial Tr. vol. 2, 156:24–157:2 [#256].

⁷⁰ NFD’s Trial Ex. U.

⁷¹ NFD’s Trial Ex. U. Plaintiff emphasized that (a) these e-mails were merely about a financing program and (b) Plaintiff had already started the process of putting together its legal work. Trial Tr. vol. 3, 66:15–67:5 [#260].

⁷² Pl’s Trial Ex. EEEE.

⁷³ Compl. Injunctive & Other Relief [#1].

Plaintiff's former employees or sales representatives who allegedly began working for NFD.⁷⁴

By March 2009, Silvers wrote that Plaintiff's Boston office was going to close.⁷⁵ The poor performance of Plaintiff's Boston office was credited in particular to being beaten on price by NFD, but also to the absence of effective leadership at Plaintiff's Boston office and generally poor economic conditions.⁷⁶ A sales representative from the Boston office pointed out that after Plaintiff left Boston, NFD would have "free reign."⁷⁷ Moreover, Plaintiff would only be able to get back into the Boston market by underselling NFD and the sales representative wondered whether Plaintiff would next have to pull out of the Hartford market.⁷⁸ Plaintiff decided to not close its Boston office.

III. Discussion

This court will consider first Plaintiff's Rule 50(b) Motion, followed by the Parties' Chapter 93A claims.

A. Plaintiff's Motion for Judgment as Matter of Law

Plaintiff moves for judgment as a matter of law pursuant to Rule 50 on Count IV of NFD's abuse of process counterclaim, asking for the jury's verdict to be set aside. Plaintiff claims that NFD fell short of its burden to provide the jury with an evidentiary basis on which to award

⁷⁴ Compl. Injunctive & Other Relief [#1].

⁷⁵ NFD's Trial Ex. OOOO.

⁷⁶ See, e.g., Trial Ex. OOOO.

⁷⁷ NFD's Trial Ex. OOOO.

⁷⁸ NFD's Trial Ex. OOOO.

any fees.⁷⁹ Plaintiff argues that NFD mentioned its legal fees incurred in the lawsuit only twice at trial, and in merely general and unsubstantiated ways.⁸⁰ This evidence, Plaintiff argues, does not provide the specificity regarding attorney hours, charges, and rates that is necessary to determine the reasonableness of the attorneys' fees sought.⁸¹ Moreover, none of NFD's attorneys testified or offered any affidavits as to the reasonableness of their bills.⁸² NFD instead argues that the jury's award for abuse of process was based not merely on attorneys' fees and costs incurred in defending against Plaintiff's claims, but on the financial harm caused to NFD's business as a result of Plaintiff's lawsuit.⁸³ Plaintiff rebuts NFD's assertion by arguing that the testimony at trial about the financial harm to NFD was never quantified by documentary or expert evidence.⁸⁴

Upon a Rule 50 motion, a court may (1) let the verdict stand, (2) enter judgment as a matter of law for the moving party, or (3) order a new trial.⁸⁵ In ruling on a motion for judgment as a matter of law, a court considers the facts and evidence in a light most favorable to the jury's verdict.⁸⁶ But Rule 50 authorizes a court to grant a motion for a judgment as a matter of law only

⁷⁹ See Pl. Empire Today, LLC's Mem. Supp. Rule 50(b) Mot. J. Matter Law Def.'s Abuse Process Countercl., 1 [#304] [hereinafter Pl.'s Rule 50(b) Mot.].

⁸⁰ Pl.'s Rule 50(b) Mot., 2-3 [#304].

⁸¹ Pl.'s Rule 50(b) Mot., 3-6 [#304].

⁸² Pl.'s Rule 50(b) Mot., 3 [#304].

⁸³ Nat'l Floor Direct, Inc.'s Opp'n Pl.'s Rule 50(B) Mot. J. Matter Law, 1 [#314].

⁸⁴ Pl.'s Reply Supp. Rule 50(b) Mot., 3 [#348]. Plaintiff, however, does not cite to any case law requiring such evidence.

⁸⁵ Fed. R. Civ. P. 50(b).

⁸⁶ See, e.g., Rodriguez-Garcia v. Miranda-Marin, 610 F.3d 756, 765 (1st Cir. 2010). But see Morrison v. Carleton Woolen Mills, Inc., 108 F.3d 429, 436 (1st Cir. 1997) ("In making this determination, the court examines the evidence adduced at trial in the light most favorable to the

if a court finds that a “reasonable jury would not have a legally sufficient evidentiary basis to find for” the non-moving party.⁸⁷ Additionally, a court “may not set aside the jury verdict and direct the entry of a contrary verdict, unless no reasonable jury could have returned a verdict adverse to the moving party.”⁸⁸ Finally, it is worth noting that credibility “determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge.”⁸⁹

The jury had a sufficient evidentiary basis upon which to award \$500,000 to NFD for its abuse of process counterclaim. First, contrary to Plaintiff’s claims, the jury had evidence of specific financial harm caused by Plaintiff’s lawsuit against NFD. Aaron Rosenberg, NFD’s president,⁹⁰ testified that NFD incurred more than \$1.5 million in defense costs.⁹¹ Moreover, Aaron Rosenberg testified that the diversion of those funds from advertising resulted in lost

nonmoving party, drawing all reasonable inferences in its favor.” (internal citation omitted)).

⁸⁷ Fed R. Civ. P. 50(a)(1).

⁸⁸ Morrison, 108 F.3d at 436 (internal citation omitted); see also Mercado-Berrios v. Cancel-Alegria, 611 F.3d 18, 22 (1st Cir. 2010) (“[A] Rule 50 motion is properly granted when the facts and inferences viewed in the light most favorable to the verdict point so strongly and overwhelmingly in favor of the movant that a reasonable jury could not have returned the verdict.” (internal citations and quotation marks omitted)).

⁸⁹ Reeves v. Sanderson Plumbing Prods., Inc., 530 U.S. 133, 150–51 (2000) (internal citations omitted) (“Thus, although the court should review the record as a whole, it must disregard all evidence favorable to the moving party that the jury is not required to believe. That is, the court should give credence to the evidence favoring the nonmovant as well as that ‘evidence supporting the moving party that is uncontradicted and unimpeached, at least to the extent that that evidence comes from disinterested witnesses.’” (internal citations omitted)).

⁹⁰ Trial Tr. vol. 7, 157:5–7 [#268].

⁹¹ Trial Tr. vol. 7, 192:18 [#268].

revenue and, in turn, lost profits of more than \$2.7 million.⁹² This testimony was corroborated by Sam Rosenberg, NFD's consultant with over forty years of experience in the carpet business.⁹³ Specifically, diverting NFD's legal fees of \$1.5 million to advertising would have translated into approximately 6 million dollars in sales and 3 million dollars in profits.⁹⁴ Second, various excerpts of testimony throughout the trial provided an abundant basis for the jury to decide that NFD had suffered general harm to its business.⁹⁵ In sum, the testimony explained how the Rosenbergs' diversion of time, attention, and financial resources was a result of Plaintiff's suit.

Plaintiff offers two replies. First, the Rosenbergs' estimation of lost profits (or revenue or potential advertising) is based on their underlying estimate of legal fees at trial, which is not supported by credible evidence and, therefore, none of their estimates can support the jury award

⁹² Trial Tr. vol. 7, 193:7–15 [#268] (Aaron Rosenberg explaining that for every dollar NFD spent in defending against Plaintiff's lawsuit, NFD lost approximately four dollars); see also Trial Tr. vol. 7, 209:23–210:2 [#268] (same).

⁹³ See Trial Tr. vol. 10, 142:6 [#308] (testifying as to forty years of experience); Trial Tr. vol. 7, 147:7–12, 195:24–195:1 [#268] (providing testimony of others who saw Samuel Rosenberg's role as a professional consultant).

⁹⁴ Trial Tr. vol. 10, 118:7 –119:14 [#308].

⁹⁵ See Trial Tr. vol. 7, 28:24–29:12 [#268] (discussing “devastating impact on [NFD's] ability to do business” and resulting layoffs); Trial Tr. vol. 7, 29:7–12 [#268] (testifying that lawsuit has forced NFD to “lay off approximately 45 sales reps, approximately 40 employees” and “dramatically” diminish its advertising budget); Trial Tr. vol. 7, 30:10–31:12 [#268] (explaining how the lawsuit prevented the Rosenbergs from running NFD's business, where they would otherwise have spent “every waking hour”); Trial Tr. vol. 7, 56:12–57:5 [#268] (mentioning how the lawsuit diverted money from advertising and NFD went through a “total standstill in our new market as a result of this case”); Trial Tr. vol. 7, 189:9–21 [#268] (discussing how NFD was forced to take out a \$1 million loan to keep business going because of the lawsuit); Trial Tr. vol. 7, 190:22–192:7 [#268] (demonstrating NFD's inability to operate during and because of trial, including temporarily closing offices).

of \$500,000 as NFD's harm.⁹⁶ Second, Plaintiff argues, much of NFD's evidence of financial harm is not quantified.⁹⁷ But, for the reasons explained below, both replies are insufficient to overturn the jury's verdict on an abuse of process counterclaim for overall financial damage to NFD.

Plaintiff's first reply falls short for three reasons. First, although it is true that the legal costs incurred in defending against Plaintiff's suit are specific damages and such damages must be affirmatively proved,⁹⁸ Plaintiff does not provide any authority that the testimony of a company's president is an insufficient basis for a jury to determine damage to a company resulting from defending against a lawsuit.⁹⁹ Second, Plaintiff did not provide any evidence contradicting NFD's calculations on the matter. Third, Plaintiff's attempt to invalidate the jury's award based upon NFD's estimated legal fees ignores the other grounds for the jury's award. Specifically, NFD's estimate of financial harm was not based solely on its estimated legal fees. NFD's estimated financial harm was instead grounded in various considerations, such as NFD's inability to operate certain offices and the Rosenberg's inability to operate NFD during trial.¹⁰⁰ And so, even if NFD's estimate of legal fees is not supported by credible evidence, the jury nonetheless had other

⁹⁶ Pl.'s Reply Supp. Rule 50(b) Mot., 2 [#348].

⁹⁷ Pl.'s Reply Supp. Rule 50(b) Mot., 3 [#348].

⁹⁸ Millennium Equity Holdings, LLC v. Mahlowitz, 456 Mass. 627, 645 (2010).

⁹⁹ Similarly, all of the cases relied upon by Plaintiff involved parties who were seeking attorneys' fees rather than economic harm arising from an abuse of process. For instance, Pride Hyundai, Inc. v. Chrysler Financial Co., 355 F. Supp. 2d 600 (D.R.I. 2005), involved a party attempting to enforce a contract provision for recovery of attorneys' fees and had nothing to do with abuse of process or recovery of harm to a company's business.

¹⁰⁰ See supra note 95.

sufficient, independent support for its abuse of process award.

Plaintiff's second reply falters for a few reasons. First, it is contradicted by the record: NFD did in fact provide specific damages in some instances.¹⁰¹ Second, Plaintiff does not cite to any authority that (more) quantification of general financial harm to NFD was necessary to support the jury's finding for abuse of process. Finally, Plaintiff's two supporting points here, regarding this court's exclusion of Dan Rosenberg's testimony of specific damages and NFD's improved financial condition, are insufficient to support overturning the jury's verdict. First, this court's act of preventing Dan Rosenberg from testifying at one point about NFD's costs¹⁰² does not change the fact that the jury repeatedly heard testimony about NFD's specific and general damages.¹⁰³ Second, the fact that NFD's financial condition improved after it was sued is an insufficient basis to undermine the jury's determination that NFD suffered damages that prevented it from an even more profitable financial condition. The jury could have, for instance, also considered that NFD experienced disproportionately large monetary losses before Plaintiff's lawsuit because, while in its infancy, NFD aggressively spent a large amount of money to open new markets, and that NFD perhaps only began to realize the revenue from this spending after Plaintiff's suit.¹⁰⁴

Given the above, a reasonable jury had a legally sufficient evidentiary basis upon which to

¹⁰¹ See supra notes 91–94 and accompanying text.

¹⁰² See Trial Tr. vol. 7, 29:7–30:17 [#268].

¹⁰³ See supra notes 91–95 and accompanying text.

¹⁰⁴ See Trial Tr. vol. 7, 56:16–25, 56:19–21 [#268]; cf. Trial Tr. vol. 1, 135:17–23 [#255] (Steve Silvers testifying that “it takes 18 to 24 months before” a “new market gets to the point where the revenue are at the levels where you want them to be at” and that it is a “slow” and “very expensive process”).

determine that NFD was owed \$500,000 as a result of Plaintiff's abuse of process. This court therefore holds that it is inappropriate to disturb the jury's verdict.

B. Chapter 93A

1. NFD's Chapter 93A Request

NFD, in its Motion for Judgment on its Counterclaim Under M.G.L. Chapter 93A [#312], requests entry of judgment on Count V of its counterclaim against Plaintiff for violation of M.G.L. chapter 93A.¹⁰⁵ First, NFD argues that Plaintiff engaged in unfair and deceptive conduct in violation of Chapter 93A.¹⁰⁶ The unfair and deceptive conduct was Plaintiff's abuse of the legal process by filing suit against NFD, which was intended to hurt NFD's business.¹⁰⁷ NFD also points to the manner in which Plaintiff conducted the lawsuit, such as waiting two years to file suit, refraining from seeking injunctive relief, and suing employees individually.¹⁰⁸ Second, NFD argues that Plaintiff's conduct was undertaken willfully and knowingly to harm NFD's business and, therefore, multiple damages are justified under Chapter 93A, Section 11.¹⁰⁹

Plaintiff argues, inter alia, that NFD's Chapter 93A counterclaim should be stricken

¹⁰⁵ NFD also requests a trebling of the jury's award of \$500,000 (to \$1.5 million), reasonable attorneys' fees and costs, and pre-judgment interest. Nat'l Floor Direct, Inc's Mot. J. Countercl. Under M.G.L. Chapter 93A, 1-2 [#312].

¹⁰⁶ Nat'l Floor Direct, Inc.'s Mem. Law Supp. Mot. J. Countercl. Under M.G.L. Chapter 93A, 1-3 [#313] [hereinafter NFD's Mem. Supp. 93A].

¹⁰⁷ NFD's Mem. Supp. 93A, 1-2 [#313]. NFD also argues that Plaintiff's motive was to hurt NFD because, as the evidence showed, Plaintiff lost revenue due to Plaintiff's refusal to compete with NFD on price (rather than any alleged wrongful conduct by NFD). Id. at 3.

¹⁰⁸ NFD's Mem. Supp. 93A, 2 [#313].

¹⁰⁹ NFD's Mem. Supp. 93A, 3-4 [#313]. This court need not consider NFD's other arguments for attorneys' fees and costs as well as pre-judgment interest under Chapter 93A given its disposition of NFD's Chapter 93A claim.

because NFD, when it asserted its Chapter 93A claim, expressly mentioned only Plaintiff's alleged false advertising, defamation, and tortious interference but did not explicitly reference abuse of process.¹¹⁰ NFD replies that its Chapter 93A counterclaim incorporated by reference all of the previous paragraphs of NFD's Answer and Counterclaim [#160], including those that set forth the facts surrounding the alleged abuse of process and the abuse of process count itself.¹¹¹

First Circuit law provides that a party may satisfy its pleading requirements by incorporating by reference other paragraphs within the same complaint or counterclaim.¹¹²

This court assumes, for the purposes of deciding NFD's Chapter 93A counterclaim, that NFD's abuse of process counterclaim was incorporated by reference into NFD's Chapter 93A counterclaim. NFD satisfied its pleading requirements because its Chapter 93A counterclaim explicitly incorporated all the previous paragraphs, including its abuse of process counterclaim. NFD's Chapter 93A counterclaim contained at least two incorporating statements. First, NFD's counterclaim explicitly "incorporated by reference Paragraphs 1 through 82 of this counterclaim

¹¹⁰ Pl. Empire Today, LLC's Combined Mem. Law Supp. Mot. Strike & Opp'n Def.'s Mot. J. Chapter 93 Countercl., 2-4 [#324].

¹¹¹ Nat'l Floor Direct, Inc.'s: (1) Opp'n Empire's Mot. Strike NFD's Chapter 93A Countercl.; (2) Opp'n Empire's Mot. Strike NFD's Fee Pet., or, Alternative, (3) NFD's Mot. Amend Countercl., 2-3 [#333] [hereinafter NFD's Opp'n Mot. Strike].

¹¹² Simas v. First Citizens' Fed. Credit Union, 170 F.3d 37, 47 (1st Cir. 1999) (holding that a count for violation of the Federal Credit Union Act included an adverse employment claim because it incorporated by reference other portions of complaint setting forth facts supporting such a claim); Pujol v. Shearson Am. Express, Inc., 877 F.2d 132, 138 (1st Cir. 1989) (reversing a dismissal for failure to state a claim for conversion where the cause of action for malicious prosecution incorporated by reference allegations that would support a conversion claim); Chaabouni v. City of Boston, 133 F. Supp. 2d 93, 95 (D. Mass. 2001) (holding that a two-sentence negligence count that incorporated by reference previous paragraphs of the complaint met the notice pleading requirement for negligence).

as through fully set forth herein.”¹¹³ This reference was meant to include the material that was not explicitly included in the Chapter 93A counterclaim, such as the abuse of process counterclaim. This conclusion is reinforced by another part of NFD’s counterclaim, the second incorporating statement, which provided that Plaintiff’s “interference with [NFD’s] business relationships described herein constitute ‘unfair or deceptive acts or practices in the conduct of any trade or commerce’”¹¹⁴ This reference was not necessarily limited to NFD’s tortious interference counterclaim. Rather, this statement reinforced that NFD’s Chapter 93A counterclaim was incorporating NFD’s abuse of process, especially because NFD’s abuse of process claim included allegations that Plaintiff was impeding NFD from operating its business.¹¹⁵

Insofar as Plaintiff argues that NFD’s pre-trial memorandum or its initial jury instructions can somehow change the scope of NFD’s counterclaim,¹¹⁶ these claims are without merit. First, and most importantly, the argument is unsupported by the case law. In fact, the counterclaim governs.¹¹⁷ Second, the record indicates that Plaintiff knew NFD’s Chapter 93A counterclaim

¹¹³ Ans. & Countercl. 3d Am. Compl. ¶ 82 [#160]; see also Nat’l Floor Direct Inc.’s Am. Ans. & Countercl. ¶ 68 [#91] [hereinafter Am. Ans. & Countercl.].

¹¹⁴ Ans. & Countercl. 3d Am. Compl. ¶ 86 [#160]; see also Am. Ans. & Countercl. ¶ 71 [#91].

¹¹⁵ Ans. & Countercl. 3d Am. Compl. ¶¶ 56–57 [#160] (alleging that Plaintiff was attempting to put NFD “out of business” and NFD has suffered harm to its business as a result); Ans. & Countercl. 3d Am. Compl. ¶ 79 [#160] (alleging that Plaintiff was “hindering [NFD’s] ability to conduct its business”).

¹¹⁶ See Pl. Empire Today, LLC’s Combined Mem. Law Supp. Mot. Strike & Opp’n Def.’s Mot. J. Chapter 93 Countercl., 4–5 [#325].

¹¹⁷ See *Bonneau v. Guidance Fishing Corp.*, 919 F. Supp. 46, 47 (D. Mass. 1996) (holding that a statement in a joint pre-trial memorandum that a claim should be dismissed did not amount to dismissal or waiver of that claim by the plaintiff where it was asserted at trial).

encompassed NFD's abuse of process counterclaim. After only three days of evidence and long before Plaintiff had rested, NFD sent Plaintiff a condensed set of jury instructions that included an instruction on NFD's Chapter 93A claim based on abuse of process.¹¹⁸ On October 8, 2010, the ninth day of trial, Plaintiff provided this court with draft jury instructions that included this same instruction.¹¹⁹

This court now turns to the merits of NFD's Chapter 93A counterclaim. Although it is true that abuse of process can constitute a violation of Chapter 93A,¹²⁰ this court, in its determination of the Parties' 93A claims, is not bound by the jury's finding on abuse of process.¹²¹

Chapter 93A, Section 2(a) makes unlawful any "[u]nfair . . . acts or practices in the

¹¹⁸ NFD's Opp'n Mot. Strike, Ex. A, 18 [#333].

¹¹⁹ NFD's Opp'n Mot. Strike, Ex. B, 23 [#333]. Plaintiff points out that it in fact objected to this jury instruction by marking it as disputed. Pl. Empire Today, LLC's Opp'n Def.'s Mot. Amend Countercl., 5, Ex. A [#340] (affidavit of Plaintiff's lawyer who objected to the jury instruction). After this court indicated that it did not want to submit any Chapter 93A claims to the jury, see Trial Tr. vol. 9, 15:1–7, Oct. 8, 2010 [#294], Plaintiff did not object again or bring the objection to the court's attention until these motions. Insofar as Plaintiff objects now or reaffirms its objection, Plaintiff's objection is overruled.

¹²⁰ See, e.g., N. Shore Pharm. Serv., Inc. v. Breslin Assocs. Consulting, LLC, 491 F. Supp. 2d 111, 131–32 (D. Mass. 2007).

¹²¹ See, e.g., Perdoni Bros. v. Concrete Sys., Inc., 35 F.3d 1, 5 (1st Cir. 1994) ("Moreover, in the Chapter 93A context, the court has recognized that judge and jury, sitting as independent triers of fact, may reach conflicting conclusions." (internal citation omitted)); Prof'l Servs. Group, Inc. v. Town of Rockland, 515 F. Supp. 2d 179, 196 (D. Mass. 2007) ("[A] judge may make independent and, therefore, different, findings on the c.93A aspect of a case that arises from the same facts which gave rise to parallel common law claims." (alteration in original) (quoting Poly v. Moylan, 423 Mass. 141, 151 (1996))).

conduct of any trade or commerce.”¹²² The Massachusetts Supreme Judicial Court (“SJC”) has instructed that “‘a practice or act [is] unfair under G. L. c. 93A, § 2, if it is (1) within the penumbra of a common law, statutory, or other established concept of unfairness; (2) immoral, unethical, oppressive, or unscrupulous; or (3) causes substantial injury to competitors or other business people.’”¹²³ In assessing claims of unfairness, Massachusetts courts have applied what is commonly known as the “rascality” test: the “‘objectionable conduct must attain a level of rascality that would raise an eyebrow of someone inured to the rough and tumble world of commerce.’”¹²⁴ Additionally, although “‘whether a particular set of acts, in their factual setting, is unfair or deceptive is a question of fact . . . the boundaries of what may qualify for consideration as a c. 93A violation is a question of law.’”¹²⁵

¹²² Datacomm Interface, Inc. v. Computerworld, Inc., 396 Mass. 760, 778 (1986) (internal quotation marks omitted). Chapter 93A, Section 11, states, in relevant part:

Any person who engages in the conduct of any trade or commerce and who suffers any loss of money or property, real or personal, as a result of the use or employment by another person who engages in any trade or commerce of an unfair method of competition or an unfair or deceptive act or practice . . . may . . . bring an action in the superior court . . . for damages and such equitable relief . . . as the court deems to be necessary and proper.

¹²³ Milliken & Co. v. Duro Textiles, LLC, 451 Mass. 547, 562–63 (2008) (alteration in original) (quoting Morrison v. Toys “R” Us, Inc., 441 Mass. 451, 457 (2004)). But see Datacomm., 396 Mass. at 778 (quoting PMP Assocs., Inc. v. Globe Newspaper Co., 366 Mass. 593, 596 (1975)) (framing the three requirements as conjunctive considerations to be considered together); Lane v. First Nat’l Bank, 737 F. Supp. 118, 119 (D. Mass. 1989).

¹²⁴ Quaker State Oil Refining Corp. v. Garrity Oil Co., Inc., 884 F.2d 1510, 1513 (1st Cir. 1989) (quoting Levings v. Forbes & Wallace, 8 Mass. App. Ct. 498, 504 (1979)). But see Mass. Emp’s Ins. Exch. v. Propac-Mass, Inc., 420 Mass. 39, 43 (1995) (noting that the rhetoric of “rascality” is “uninstructive”).

¹²⁵ Milliken, 451 Mass. at 562 (alteration in original) (quoting Schwanbeck v. Fed.-Mogul Corp., 31 Mass. App. Ct. 390, 414 (1991)).

The elements of an abuse of process claim are that “[1] process was used, [2] for an ulterior or illegitimate purpose, [3] resulting in damage.”¹²⁶ As the SJC has reaffirmed, the process must be used “to accomplish some ulterior purpose for which it was not designed or intended, or which was not the legitimate purpose of the particular process employed.”¹²⁷ Filing a groundless claim or having an improper motive of “vexation, harassment, or annoyance” is relevant but does not alone suffice to demonstrate ulterior purpose.¹²⁸ An ulterior purpose “is not simply the intent to harm the other party directly by bringing the suit.”¹²⁹ In particular, merely intending to “cause a party to expend substantial time and money to defend against the claim in a suit” does not prove abuse of process.¹³⁰ Rather, “there must be [an] intention to use process for coercion or harassment to obtain something not properly part of the suit.”¹³¹

The record does not support that NFD is entitled to judgment on its Chapter 93A claim for abuse of process.

First, NFD has not shown that Plaintiff’s acts were unfair or deceptive such that NFD

¹²⁶ Psy-ed Corp. v. Klein, SJC-10722, 2011 Mass. LEXIS 254, at *32 (Mass. May 12, 2011) (quoting Mahlowitz, 456 Mass. at 636).

¹²⁷ Id. (internal citations and quotation marks omitted). The “ulterior purpose must be to gain some collateral advantage” indirectly that is not properly involved in the proceeding, such as the surrender of property or payment of money. Id. at *33–34 & n.35 (citations omitted).

¹²⁸ Id. at *32–33.

¹²⁹ Id. at *34 n.35 (citations omitted).

¹³⁰ N. Shore, 491 F. Supp. 2d at 130 (quoting Broadway Mgmt. Servs., Ltd. v. Cullinet Software, Inc., 652 F. Supp. 1501, 1503 (D. Mass. 1987)).

¹³¹ Id. (internal citation and quotation marks omitted); see also Broadway Mgmt., 652 F. Supp. at 1504 (“In cases involving actionable abuse of process, the collateral benefits sought were well-defined and clearly outside the interests properly pursued in the proceeding.” (citations omitted)).

would be entitled to judgment on its Chapter 93A claim. NFD relies on two e-mails that reveal a discussion by Plaintiff's top management of using a lawsuit as a means of hurting NFD's business.¹³² The two e-mails, however, are not enough to convince this court that Plaintiff engaged in abusive litigation unfair so as to violate Chapter 93A.¹³³ NFD relies on a "conclusory allegation"¹³⁴ that (1) Plaintiff's discussions of using its deep pockets to compete aggressively and also possibly sue NFD for allegedly wrongful conduct means that (2) the lawsuit was motivated by a desire to injure NFD's business. But NFD has failed to prove a casual connection between (1) and (2). As for the first e-mail, NFD has shown no casual connection between the March 2008 e-mail sent by Dickson and Plaintiff's (not Dickson's) decision to bring suit about eight months later.¹³⁵ The second e-mail reflected a conversation among interested parties who were discussing various legitimate business practices, including leveraging profits in other markets and

¹³² See supra notes 65–71 and accompanying text.

¹³³ See Broadway Mgmt., 652 F. Supp. at 1504 (explaining that litigating with concurrent intent to burden defendant with cost is not abuse of process without collateral motive or design to coerce).

¹³⁴ Amcel Corp. v. Int'l Executive Sales, Inc., No. 93-11128-RCL, 1997 U.S. Dist. LEXIS 23543, at *39 (D. Mass. Sept. 26, 1997) ("The defendants thus make an argument for their abuse of process claim that is a variation of the faulty inductive reasoning expressed by the Latin phrase post hoc ergo propter hoc, after this therefore because of this.").

¹³⁵ Silvers, not Dickson, had the ultimate decision regarding whether to sue NFD. See Trial Tr. vol. 3, 88:21–89:5 [#260]. This same point applies to the other exhibits that NFD cites. NFD's Mem. Supp. 93A, 2 [#313]. The monthly reports prepared by Robert Carter do not prove improper motive because there is no evidence that he had any involvement in Plaintiff's decision to sue. See NFD's Trial Exs. BB, CC, and GG. Similarly, the e-mails or letters in which Plaintiff's employees or sales representatives sometimes blame Plaintiff's struggling Boston market on NFD do not address Plaintiff's motive of filing suit. See NFD's Trial Exs. OOOO, R, and W.

recovering market share by generating and closing more leads.¹³⁶ Insofar as Silvers adverted to a speculative desire to “hurt” NFD, there is no showing that Plaintiff sued to hurt NFD’s finances or to drive it out of business. Rather, as far as the context indicates and this court’s Chapter 93A decision is concerned, this language of hurting NFD refers to (1) the legal fees that NFD would incur as a result of a legal action and (2) beating NFD by various legitimate practices, including providing different financing offers. In fact, Plaintiff’s primary investor and ultimate decision maker replied to Silvers’s e-mail by endorsing only the improvement of financing offers and increase in advertising.¹³⁷ In sum, mere conversation among interested individuals about a possible lawsuit does not constitute abuse of process.

The other conduct upon which NFD relies, even in conjunction with Plaintiff’s two e-mails, is also insufficient to entitle NFD to judgment on its Chapter 93A counterclaim. Parties have been held liable under Chapter 93A for abusive litigation or conduct that was factually different from that of Plaintiff’s, such as racing to litigate claims (that clearly lacked merit) without knowing all the facts,¹³⁸ or failing to make a reasonable settlement offer in the face of a meritorious claim.¹³⁹ NFD does not point to evidence revealing such conduct by Plaintiff. To the contrary, Plaintiff pursued a course of conduct that outlined the path a litigant not seeking to abuse the legal process might follow. Plaintiff waited two years to initiate its suit and attempted

¹³⁶ See NFD’s Trial Ex. U.

¹³⁷ NFD’s Trial Ex. U (“[W]e should be prepared to gear up spending/actions as much as necessary to counter these competitors, in terms of better financing offers (as noted below), and more aggressive adversting.”).

¹³⁸ Fed. Ins. Co. v. HPSC, Inc., 480 F.3d 26, 26 (1st Cir. 2007); see also Heller v. Silverbranch Constr. Corp., 376 Mass. 621, 628 (1978).

¹³⁹ Int’l Fid. Ins. Co. v. Wilson, 387 Mass. 841, 857–58 (1983).

to resolve its issues outside of court. Plaintiff sent multiple cease-and-desist letters to NFD.¹⁴⁰ Plaintiff also attempted to reach an administrative resolution through the BBB and only sued after that avenue proved fruitless.¹⁴¹ In fact, NFD may not have always engaged Plaintiff in good faith during this process.¹⁴² This fact further supports that Plaintiff's conduct was not unfair.¹⁴³ Moreover, Plaintiff engaged in settlement discussions.¹⁴⁴ There is no allegation that Plaintiff refused to discuss a settlement.¹⁴⁵

Plaintiff's conduct also did not violate any established concepts of unfairness because Plaintiff did not engage in a level of rascality that would raise an eyebrow of someone inured to the rough and tumble world of commerce. NFD has not shown that other corporations do not discuss pursuing legal claims as one of many means of competing against companies that they believe are engaging in illegal conduct.

¹⁴⁰ See supra note 64 and accompanying text.

¹⁴¹ See Trial Tr. vol. 3, 88:3–89:14 [#260] (Silvers testifying that Plaintiff sued NFD because the BBB could not help them and the BBB “indicated litigation might be the best option” and Plaintiff felt it “had no more choices left”).

¹⁴² See Trial Tr. vol. 7, 112–114 [#268] (NFD refused to comply with the BBB because they felt complaints should go through the National Advertising Board). Compare, e.g., Trial Ex. 56 (NFD denying it used Plaintiff's purchase order to create NFD's purchase order), with Trial Tr. vol. 7, 119–120, 159–162 [#268] (Aaron Rosenberg admitting that NFD did use Plaintiff's purchase order);

¹⁴³ See Incase Inc. v. Timex Corp., 488 F.3d 46, 57 (1st Cir. 2007) (“In determining whether an act or practice is unfair, as opposed to deceptive, we must evaluate the equities between the parties. What a defendant knew or should have known may be relevant in determining unfairness.” (quoting Swanson v. Bankers Life Co., 389 Mass. 345, 349 (1980))).

¹⁴⁴ See, e.g., Trial Tr. vol. 5, 11:15–12:22, Oct. 1, 2010 [#272].

¹⁴⁵ See Amcel, 1997 U.S. Dist. LEXIS 23543, at *40 (“A party wishing to drive another to business ruin, through the vehicle of litigation, might well be expected to abjure settlement efforts.”).

Second, NFD has also not shown how Plaintiff's conduct was immoral or otherwise unscrupulous. Finally, the cases that NFD cites to support its Chapter 93A Motion are all factually distinguishable.¹⁴⁶

2. Plaintiff's Chapter 93A Request

Plaintiff requests judgment on Count IX of its Third Amended Complaint on its Chapter 93A claim, \$1.6 million in compensatory damages, \$3.2 million in multiple damages, attorneys' fees and costs, and pre-judgment interest.¹⁴⁷ Plaintiff argues that NFD's false advertising violates Chapter 93A.¹⁴⁸ Plaintiff argues that NFD's 15% Promotion¹⁴⁹ was literally false in several ways, including: (a) Aaron Rosenberg's confirmation that NFD, at most, only provides a 13% discount; and (b) NFD has never given a free carpet or flooring job.¹⁵⁰ Plaintiff also pointed to various inconsistencies between the testimony of the Rosenbergs', such as at one time alleging that the

¹⁴⁶ NFD points to four cases in particular, none of which resemble Plaintiff's conduct. First, the SJC dealt with a party that had instituted a lawsuit as a marketing tool and obtained an injunction by making knowing misrepresentations in its complaint. Datacomm, 396 Mass. at 776. Second, Fafard Real Estate & Development Corp. v. Metro-Boston Broadcasting, Inc., 345 F. Supp. 2d 147, 154 (D. Mass. 2004), discussed a plaintiff who brought suit maliciously for the purpose of gaining unfair leverage over the defendant in the midst of negotiations to acquire the defendant's property. Third, North Shore, 491 F. Supp. 2d at 131–32, found that a jury could conclude that a suit was vindictive because a party had sued based on preliminary reports that were subject to final revision and had refused to engage in any further dealings with the opposition. Fourth, in Refuse & Environmental Systems, Inc. v. Industrial Services of America, Inc., 932 F.2d 37, 43 (1st Cir. 1993), the First Circuit agreed that bringing a lawsuit in spite of the evidence may indeed constitute an unfair and deceptive practice under 93A.

¹⁴⁷ Pl. Empire Today, LLC's Mot. Strike Def.'s Mot. J. Chapter 93 Claim, 1–2 [#327].

¹⁴⁸ Pl. Empire Today, LLC's Mem. Law Supp. Mot. J. Chapter 93A Claim, 2–6 [#328] [hereinafter Pl.'s Mem. Supp. Mot. 93A].

¹⁴⁹ See supra notes 37–39 and accompanying text.

¹⁵⁰ Pl.'s Mem. Supp. Mot. 93A, 3–6 [#328].

promotion accounted for very little business and at other times claiming that the promotion was used “all day long” and “on every single customer.”¹⁵¹

To establish a false advertising claim under Chapter 93A, a plaintiff must prove all of the elements of a false advertising claim under Section 43(a) of the Lanham Act.¹⁵² As the First Circuit has explained:

[T]o prove a false advertising claim under the Lanham Act, a plaintiff must demonstrate that (1) the defendant made a false or misleading description of fact or representation of fact in a commercial advertisement about his own or another’s product; (2) the misrepresentation is material, in that it is likely to influence the purchasing decision; (3) the misrepresentation actually deceives or has the tendency to deceive a substantial segment of its audience; (4) the defendant placed the false or misleading statement in interstate commerce; and (5) the plaintiff has been or is likely to be injured as a result of the misrepresentation, either by direct diversion of sales or by a lessening of goodwill associated with its products.¹⁵³

A plaintiff can succeed on a false advertising claim by proving either that the defendant’s advertisement is literally false or proving that it is implicitly false (i.e., true or ambiguous yet misleading).¹⁵⁴ If an advertisement is literally false, a violation can be established without evidence of consumer deception.¹⁵⁵ If the advertisement is implicitly false, the plaintiff has an additional burden to show that the advertisement conveys a misleading message to the viewing

¹⁵¹ Pl.’s Mem. Supp. Mot. 93A, 4–6 [#328]. Given this court’s disposition of Plaintiff’s Chapter 93A claim, it need not consider Plaintiff’s request for attorneys’ fees, costs and pre-judgment interests under Chapter 93A. See Pl.’s Mem. Supp. Mot. 93A, 7 [#328].

¹⁵² Gillette Co. v. Norelco Consumer Prods. Co., 946 F. Supp. 115, 120 n.3 (D. Mass. 1995).

¹⁵³ Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave., 284 F.3d 302, 310–11 (1st Cir. 2002) (citing Clorox Co. P.R. v. Proctor & Gamble Commercial Co., 228 F.3d 24, 33 n.6 (1st Cir. 2000)).

¹⁵⁴ Id. at 311 (internal citation omitted).

¹⁵⁵ Id. (internal citations omitted).

public.¹⁵⁶ Additionally, a plaintiff seeking damages must show actual harm to its business.¹⁵⁷

NFD's conduct did not rise to the level of unfair or deceptive conduct required under Chapter 93A. In particular, Plaintiff has failed to establish at least three elements under Section 43(a) of the Lanham Act.

a. Falsity

Plaintiff has not demonstrated that NFD's 15% Promotion was literally false. In this respect, this court agrees with the jury's finding regarding Plaintiff's Chapter 93A claim.¹⁵⁸ This court's agreement with the jury may well be sufficient to deny Plaintiff's 93A Motion.¹⁵⁹ But this court will nonetheless address Plaintiff's arguments.

First, Plaintiff's argument that NFD did not honor the 15% discount as a standard practice and therefore engaged in false or misleading advertising is not supported by the record. All of Plaintiff's examples of alleged falsity of NFD's 15% Promotion are defeated by the fact that NFD's 15% Promotion was subject to certain conditions.¹⁶⁰ For instance, an exhibit in which a sales representative provided a 10% discount to a customer only demonstrated an instance of the

¹⁵⁶ Id. (internal citation and quotation marks omitted).

¹⁵⁷ Id. Such a plaintiff must also show that consumers were actually deceived by the misrepresentations unless the plaintiff can avail itself of a "presumption to that effect." Id. at 311 n.9 (internal citation omitted).

¹⁵⁸ See Verdict Form, 4 [#269] (finding that Plaintiff did not prove NFD's advertisements made false representations or that that NFD's advertisements were likely to mislead consumers).

¹⁵⁹ See, e.g., Cahill v. TIG Premier Ins. Co., 20 F. Supp. 2d 141, 143 (D. Mass. 1998) (denying a Chapter 93A claim where the jury denied all but the plaintiff's breach of contract claim, which did not rise to the level of a Chapter 93A violation on its own).

¹⁶⁰ See Trial Tr. vol. 10, 110:14–24 [#24] (Sam explaining terms); Trial Tr. vol. 7, 187:18–20 [#268] (Aaron testifying about disclaimers on commercials regarding qualifying terms); see supra note 41 and accompanying text.

15% Promotion's conditions not being satisfied, not of the 15% Promotion being dishonored.¹⁶¹ Likewise, of the various NFD purchase orders where less than 15% was given to customers, none were established as matching the conditions of the 15% Promotion.¹⁶² Also, even if sales representatives earned higher commissions for providing discounts under 15% and it was within their discretion to offer certain discounts,¹⁶³ no evidence indicates that NFD encouraged sales representatives to give less than 15% to customers who qualified for the 15% Promotion. And even the customer orders showing Dan Rosenberg's alleged miscalculations of 15% (and other percentages)¹⁶⁴ were not definitively established as qualifying for the 15% Promotion.¹⁶⁵

Second, and separately, the different ways that Dan Rosenberg calculated 15% and the testimony surrounding the issue does not reflect literally false advertising. Instead, the testimony reveals that NFD and the Rosenbergs generally thought that they were consistently providing 15% to customers when the customers qualified for the 15% Promotion.¹⁶⁶ At worst, the 15%

¹⁶¹ See Trial Tr. vol. 10, 149:18–150:7 [#308] (Sam Rosenberg explaining that the document reflected a situation in which the customer received something different from NFD than she had been quoted from the competitor).

¹⁶² See Pl.'s Trial Ex. 1.

¹⁶³ See Pl.'s Mem. Supp. Mot. 93A, 3–4 [#327].

¹⁶⁴ See Pl.'s Ex. C.

¹⁶⁵ The record only established that they were evidence of NFD beating competitor's prices:

Q: And Exhibit C was produced to show price beats, correct?

A: I'm not sure why it was produced, but I think it shows that.

Trial Tr. vol. 6, 151:23–152:1 [#262].

¹⁶⁶ Plaintiff claims that Dan and Aaron Rosenberg were unequivocal that NFD has always beat competitors prices by 13% and not 15%. See Pl.'s Mem. Supp. Mot. 93A, 4–5 [#327]. But this assertion crumbles upon closer inspection of the record, which reveals, at most, an internal

Promotion more likely suggested an internal disagreement at NFD over a mathematical calculation.¹⁶⁷ It was a disagreement that was only used in a small percentage of instances,¹⁶⁸ none of which were clearly established as qualifying for the 15% Promotion.¹⁶⁹ Such a reasonable but incorrect interpretation of a matter does not alone constitute unfair and deceptive conduct.¹⁷⁰ Even if, arguendo, NFD or the Rosenbergs' behavior was negligent, negligence alone does not support Chapter 93A liability.¹⁷¹ The internal disagreement, therefore, did not indicate that NFD did not intend to honor its intentions or that its 15% Promotion was literally false.

Third, Plaintiff's attempt to paint the Rosenbergs' testimony as contradictory or not credible is not supported when viewing the record as a whole. For instance, Sam Rosenberg's

disagreement. Plaintiff, for instance, points to Dan Rosenberg's (out of context) statement that the math is "consistent throughout the whole period of time." Pl.'s Mem. Supp. Mot. 93A, 5 [#327]. But Dan Rosenberg says in the next sentence, "It's a discount of 15 percent." Trial Tr. vol. 6, 156:16–17 [#262].

¹⁶⁷ Compare Trial Tr. vol. 6, 154:6–155:9 [#262] (Dan Rosenberg explaining his method of calculation), with Trial Tr. vol. 7, 173:22–174:3 [#268] (Aaron Rosenberg testifying "I don't think we're only beating them by 13%; I think we're beating them by 15% . . .so the math's the math; you know, there's no argument about that"), and Trial Tr. vol. 10, 115:1–8 [#308] (Sam Rosenberg testifying that he was unaware of Dan's method).

¹⁶⁸ Dan Rosenberg appeared to stand alone in his mistaken interpretation. See, e.g., Trial Tr. vol. 8, 122:21–123:9 [#291]; see supra notes 42–44 and accompanying text.

¹⁶⁹ That is, his behavior was therefore not definitively linked to the 15% Promotion.

¹⁷⁰ See, e.g., Aquino v. Pacesetter Adjustment Co., 416 F. Supp. 2d 181, 191, 200 (D. Mass. 2005) (holding that an insurer's statements regarding coverage that were based on a reasonable but incorrect interpretation of the policy did not rise to a violation of 93A).

¹⁷¹ See, e.g., Darviris v. Petros, 442 Mass. 274, 278 (2004) ("A negligent act standing by itself does not give rise to a claim under [G. L.] c. 93A. There must in addition be evidence that the negligence was or resulted in an unfair or deceptive act or practice." (internal citation and quotation marks omitted)); Moylan, 423 Mass. at 151 (affirming a finding that no 93A violation occurred even where jury had found that the defendant was negligent because the defendant did not engage in dishonesty, fraud, deceit, or misrepresentation).

statements regarding the small share of total orders calculated by this 13% method is not contradicted by the Rosenbergs' statements about providing 15% "every single day" or "all day long."¹⁷² That is, NFD could beat competitor's quotes every day without this practice constituting a substantial portion of NFD's total business.¹⁷³ Plaintiff's claim that Sam Rosenberg's testimony is not credible because he was not involved in the day-to-day 15% calculation is irrelevant.¹⁷⁴ Sam Rosenberg was merely pointing out that the sales representatives primarily apply the 15% Promotion in the field "by themselves."¹⁷⁵ The 15% Promotion was nonetheless created by Sam or Aaron.¹⁷⁶ Moreover, this is a curious argument given that Plaintiff, through an alter ego claim against Sam Rosenberg, repeatedly claimed that Sam Rosenberg was an integral component of NFD.¹⁷⁷ It is therefore reasonable to not immediately discard Sam Rosenberg's statements regarding NFD's operations.

Additionally, NFD told the BBB its method of calculating 15%,¹⁷⁸ and nothing suggests

¹⁷² Pl.'s Mem. Supp. Mot. 93A, 5 [#327].

¹⁷³ These statements were in fact often uttered in the same sentence or breath. See, e.g., Trial Tr. vol. 10., 109:12–18 [#308] ("We beat the price by 15 percent. It's, you know, probably 10 percent of our business every day involves price beats."). Moreover, Sam Rosenberg's statement that NFD gives "15% on every single customer" was also not contradictory. Trial Tr. vol. 10, 147:4–5 [#308]. Given the context of his testimony, this statement reasonably meant that NFD would attempt to offer the 15% Promotion to every customer, and only those customers whose orders met the 15% Promotion's conditions would be entitled to a 15% discount.

¹⁷⁴ See Pl.'s Mem. Supp. Mot. 93A, 5 [#327].

¹⁷⁵ Trial Tr. vol. 10, 111:19–23 [#308].

¹⁷⁶ Trial Tr. vol. 10, 108:9–10 [#308].

¹⁷⁷ See, e.g., 3d Am. Compl., 46–47 [#148]; Trial Tr. vol. 12, 63:7–64:16, 65:11–17 [#301].

¹⁷⁸ Pl.'s Trial Ex. EEEE, NFD005110.

that the BBB accused NFD of making false statements specifically about its “15% or its free guarantee.”¹⁷⁹ Accordingly, Dan Rosenberg’s instances of dividing by 1.15 fall into this pattern of internal disagreement.

Also, Plaintiff’s argument that the 15% Promotion is literally false because NFD has never given away carpet or flooring for free¹⁸⁰ is flawed. Just because NFD has never been in a position to give away anything for free does not mean that it would not readily do so if it were unable to lower the price by 15% on a qualifying offer.

In sum, there clearly was no practice that would make the 15% Promotion literally false. There is insufficient evidence to conclude that NFD was not providing consumers 15% on qualifying offers or providing products for free when it failed to do so.

b. Consumer Deception

Plaintiff does not argue that the alleged misrepresentation deceived a substantial portion of the consuming public. Plaintiff has not shown through consumer surveys, for instance, that consumers were misled by the alleged misrepresentations.¹⁸¹ Plaintiff presumably relies on its

¹⁷⁹ NFD’s communication may reveal the same sort of internal disagreement regarding NFD’s calculation. See Trial Tr. vol. 6, 155:15–156:7 [#262] (Dan Rosenberg explaining that letter to BBB contains a “typo that instead” of saying NFD multiplies by 1.15, should have said NFD divided by 1.15). Regardless, this court is not compelled to follow the BBB’s views of an organization. See, e.g., Timothy Noah, Busted Watchdog: Is the Better Business Bureau a Protection Racket?, Slate (December 7, 2010, 7:38 PM), <http://www.slate.com/id/2277100/>; David Lazarus, Better Business Bureau Grades Companies on a Peculiar Curve, L.A. Times, Jan. 21, 2009, <http://articles.latimes.com/2009/jan/21/business/fi-lazarus21>.

¹⁸⁰ See Pl.’s Mem. Supp. Mot. 93A, 6 [#327].

¹⁸¹ See Cashmere, 284 F.3d at 310 n.6.

view that NFD's advertisements were literally false.¹⁸² Given this court's conclusion that NFD's claims were not literally false, Plaintiff has also not satisfied this element.

c. Causation and Damages

Plaintiff calculates \$1.6 million in damages based upon \$20 on every \$1000 of revenue generated since NFD's inception.¹⁸³

The First Circuit has explained that “[i]n order to prove causation under § 1125(a) of the Lanham Act, the aggrieved party must demonstrate that the false advertisement actually harmed its business.”¹⁸⁴ A “precise showing is not required” and a diversion of sales, for example, may suffice.¹⁸⁵ But a plaintiff must prove a casual connection between the alleged misrepresentations and the harm sustained.¹⁸⁶

Plaintiff fails to provide sufficient evidence of how it has been harmed by NFD's alleged conduct in the 15% Promotion. The evidence does not demonstrate a casual connection between NFD's representations and the alleged harm that Plaintiff sustained. Contrary to Plaintiff's understanding, the money that NFD “saved” would not automatically be Plaintiff's damages. Rather, the evidence provided a bounty of reasons for Plaintiff's suffering sales, most of which

¹⁸² See Id. at 314–15 (discussing a presumption of consumer deception for literally falsity claims).

¹⁸³ Pl.'s Mem. Supp. Mot. 93A, 8 [#327].

¹⁸⁴ Cashmere, 284 F.3d at 318.

¹⁸⁵ Id. (internal citation and quotation marks omitted).

¹⁸⁶ Id. at 318 n.16; see also Heller Fin. v. Ins. Co. of N. Am., 410 Mass. 400, 409 (1991) (“[T]he evidence must warrant a finding that a causal relationship existed between the [alleged] misrepresentation and the injury.” (internal citations omitted)).

focused on Plaintiff's management issues and NFD's generally low prices.¹⁸⁷ Plaintiff's reliance on the fact that an increase in NFD's sales corresponded to a decrease with Plaintiff's sales¹⁸⁸ only proves a correlation, not a causation. Plaintiff may argue that the evidence supported a finding that advertising affected leads and leads affected sales. But, first, Plaintiff has not in fact presented a causal relationship between NFD's 15% Promotion itself and a decrease in Plaintiff's sales. Plaintiff, for instance, has not presented evidence of any consumers who chose to purchase NFD's products instead of Plaintiff's products because of the 15% Promotion.¹⁸⁹ Second, there is a paucity of evidence supporting Plaintiff's argument and an abundance of evidence pointing to causes that are not the 15% Promotion. If there is evidence presenting "inconsistent positions on a crucial issue of fact," it is appropriate to agree with the jury, which is "best suited to resolve" such a dispute.¹⁹⁰ Plaintiff's claim therefore fails on the fifth element.

C. Additional Motions

1. NFD's Motion for Attorneys' Fees Pursuant to 15 U.S.C. § 1117(a)

A Lanham Act defendant is entitled to an award of its attorneys' fees in "exceptional cases" if it succeeds on its defense.¹⁹¹ The "party requesting attorneys' fees must prove the

¹⁸⁷ See supra notes 54–60 and accompanying text.

¹⁸⁸ See supra note 54 and accompanying text.

¹⁸⁹ Cf. Am. Med. Sys., Inc. v. Biolitec, Inc., No. 08-30061-MAP, 2011 U.S. Dist. LEXIS 33604, at *43 (D. Mass. Mar. 30, 2011) (explaining that the plaintiffs had failed to demonstrate any injury caused by the alleged falsity because there was no evidence of any consumer who choose the other product over plaintiff's due to the alleged misrepresentation).

¹⁹⁰ Cashmere, 294 F.3d at 320.

¹⁹¹ See 15 U.S.C. § 1117(a); Yankee Candle Co. v. Bridgewater Candle Co., 140 F. Supp. 2d 111, 119 (D. Mass. 2001) (recognizing the defendant as a "prevailing party"), abrogated on other grounds, 259 F.3d 25 (1st Cir. 2001); Ting Ji v. Bose Corp., 647 F. Supp. 2d 80, 83 (D.

exceptional circumstances by clear and convincing evidence.”¹⁹² The determination of whether to award attorneys’ fees in an “exceptional case” lies within a court’s discretion.¹⁹³

NFD requests an award of attorneys’ fees pursuant to the Lanham Act. NFD argues that attorney fees should be awarded to it, the prevailing defendant, because Plaintiff engaged in abusive and expensive litigation and brought unfounded claims.¹⁹⁴ Moreover, Defendant relies on a Seventh Circuit decision, Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC,¹⁹⁵ which recently held that a plaintiff’s abuse of process constitutes an “exceptional case” warranting the award of attorneys’ fees to a successful Lanham Act defendant.¹⁹⁶ Because, NFD argues, the jury found that Plaintiff engaged in an abuse of process by bringing this suit, including presumably its Lanham Act claim, this is an exceptional case warranting an award of attorneys’ fees.

NFD’s request for attorney’ fees here fails. First, NFD has not met the more relevant standard for attorneys’ fees in the First Circuit under the Lanham Act.¹⁹⁷ The First Circuit has

Mass. 2009) (same). See generally Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC, 626 F.3d 958 (7th Cir. 2010) (noting a general agreement among courts that “prevailing party” includes defendants).

¹⁹² Gillette Co. v. Norelco Consumer Prods. Co., 69 F. Supp. 2d 246, 267 (D. Mass. 1999) (citing Seven-Up Co. v Coca-Cola Co., 86 F.3d 1379, 1390 (5th Cir. 1996)).

¹⁹³ Gillette, 69 F. Supp. 2d at 267 (citing BASF Corp. v. Old World Trading Co., 41 F.3d 1081, 1099 (7th Cir. 1994); Seven-Up, 86 F.3d at 1390).

¹⁹⁴ Nat’l Floor Direct, Inc.’s Mem. Supp. Mot. Att’y’s Fees Pursuant 15 U.S.C. § 1117(A), 2–3 [#322] [hereinafter NFD Mem. Supp. Mot. Fees § 1117(A)].

¹⁹⁵ 626 F.3d 958 (7th Cir. 2010).

¹⁹⁶ See NFD Mem. Supp. Mot. Fees § 1117(A), 2–4 [#322].

¹⁹⁷ See Ting Ji v. Bose Corp., 626 F.3d 116, 129 (1st Cir. 2010). The Seventh Circuit’s Nightingale decision is not binding on this court. See, e.g., Diaz v. Metro. Life Ins. Co., 688 F. Supp. 2d 49, 61 n.18 (D.P.R. 2010); cf. Eulitt v. Me. Dep’t of Educ., 386 F.3d 344, 349 (1st Cir.

approved (or at least not disapproved of) a standard that requires that NFD, as a defendant, show something less than bad faith, such as a plaintiff's use of groundless arguments, failure to use controlling law, and generally oppressive nature of the case.¹⁹⁸ Here, NFD has not pointed to the use of any groundless arguments or Plaintiff's failure to use controlling law. NFD has not argued here (nor demonstrated) that the suit is generally oppressive.¹⁹⁹ Plaintiff's suit was not, for instance, completely lacking in merit.²⁰⁰ In fact, Plaintiff presented a substantial amount of evidence on its false advertising and trademark infringement claims. Both claims went to the jury²⁰¹ and there was seemingly no dispute regarding two of the three elements of the trademark infringement claim.²⁰²

2004) ("Until a court of appeals revokes a binding precedent, a district court within the circuit is hard put to ignore that precedent unless it has unmistakably been cast into disrepute by supervening authority." (internal citations omitted)).

¹⁹⁸ Ting Ji, 626 F.3d at 129 (acknowledging that it has never determined the appropriate standard to apply to requested attorneys fees by prevailing defendants under Section 1117(a) but deciding it need not reach the issue because the parties had agreed to apply the district court's standard).

¹⁹⁹ See Eagles, Ltd. v. Am. Eagle Found., 356 F.3d 724, 728–29 (6th Cir. 2004) (explaining that a prevailing defendant may show that a suit was oppressive if "it lacked merit, had elements of an abuse of process claim, and plaintiff's conduct unreasonably increased the cost of defending against the suit" (emphasis added) (quoting S Indus., Inc. v. Centra 2000, Inc., 249 F.3d 625, 627 (7th Cir. 2001))).

²⁰⁰ Cf. Ferraris Med., Inc. v. Azimuth Corp., No. 99-66-M, 2002 U.S. Dist. LEXIS 13589, at *6 (D.N.H. July 24, 2002).

²⁰¹ See Verdict Form, 3–4 [#296].

²⁰² See Venture Tape Corp. v. McGills Glass Warehouse, 540 F.3d 56, 60 (1st Cir. 2008). That is, there was no dispute that Plaintiff owned a valid trademark, see Pl.'s Trial Ex. 103, and little to no dispute that NFD had used Plaintiff's mark without permission, see Trial Tr., vol. 6, 111:17–25 [#262]; Pl.'s Trial Ex. 39, 40; see also Verdict Form, 3–4 [#296] (focusing on whether NFD's purchase of Plaintiff's trademarks intended to deceive consumers and whether there was a likelihood of consumer confusion).

Second, even if this court were to consider the Seventh Circuit’s Nightingale decision, would not be entitled to attorneys’ fees. Nightingale is factually distinguishable from this case. In Nightingale, the district court had granted summary judgment in favor of defendant on the plaintiff’s Lanham Act false advertising claim early in the litigation because the claim lacked “any merit” and was “disingenuous.”²⁰³ Here, however, Plaintiff’s claim was meritorious enough to go to the jury and falter on perhaps only one of three statutory elements.²⁰⁴ Moreover, the Seventh Circuit’s vision of a typical “exceptional” case was far removed from this case. NFD is correct that Nightingale held that a case is “exceptional” if a plaintiff is guilty of abuse of process. But the Seventh Circuit described the conditions sufficient to make a case “exceptional” as when the party’s claim is “objectively unreasonable”—that is, a claim that a rational litigant would pursue “only because it was extortionate in character if not necessarily in provable intention.”²⁰⁵ As this court has already found in denying NFD’s Chapter 93A claim, however, Plaintiff’s conduct did not signify an unfair or unscrupulous,²⁰⁶ or similarly, extortionate, character. NFD fails to fit this case within the facts or the spirit of the Seventh Circuit’s decision.

IV. Conclusion

This court has chosen not to disturb the jury’s verdict. Plaintiff’s Motion for Judgment as a Matter of Law, Pursuant to Fed. R. Civ. P. 50(b) [#303] is therefore DENIED. The various

²⁰³ Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC, No. 1:06-cv-1435-SEB-WTL, 2010 U.S. Dist. LEXIS 32195, at *5–6 (S.D. Ind. Mar. 31, 2010) (granting summary judgment in part because the two misrepresentations did not constitute “commercial advertising or promotion” actionable under the Lanham Act (internal citations omitted)).

²⁰⁴ See supra note 202 and accompanying text.

²⁰⁵ Nightingale, 626 F.3d at 965.

²⁰⁶ See supra notes 132–46 and accompanying text.

motions asserting claims under Chapter 93A—NFD’s Motion for Judgment on Its Counterclaim Under M.G.L. Chapter 93A [#312], Plaintiff’s Motion to Strike Defendant’s Motion for Judgment on Its Chapter 93A Counterclaim [#324], Plaintiff’s Motion for Judgment on Its Chapter 93A Claim [#327], and NFD’s (1) Opposition to Empire’s Motion to Strike NFD’s Chapter 93A Counterclaim; (2) Opposition to Empire’s Motion to Strike NFD’s Fee Petition, or in the Alternative, (3) NFD’s Motion to Amend Counterclaim [#333]—are also DENIED for the reasons detailed above. Moreover, NFD’s Application for Attorney’s Fees and Costs Under Mass. Gen. L. Ch. 93A [#316], for the foregoing reasons, is DENIED. Lastly, NFD’s Motion for Attorneys’ Fees Pursuant to 15 U.S.C. § 1117(A) [#321] and Plaintiff’s Motion to Strike Defendant’s Application for Attorney’s Fees and Costs Under Mass. Gen. L. Ch. 93A [#331] are DENIED.²⁰⁷

AN ORDER HAS ISSUED.

/s/ Joseph L. Tauro
United States District Judge

²⁰⁷ Plaintiff’s Assented to Motion to Redact Portions of Trial Record [#320] and NFD’s Assented to Motion to Redact Portion of Trial Record [#337] are ALLOWED.