

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

ZP NO. 314, LLC,	*
	*
Plaintiff,	*
	*
vs.	* CIVIL ACTION NO. 16-00521-B
	*
ILM CAPITAL, LLC, <i>et al.</i> ,	*
	*
Defendants.	*

ORDER

This action is before the undersigned for final disposition, with the express written consent of the parties, pursuant to 28 U.S.C. § 636(c). (Doc. 17). This case was tried before the Court on December 6 and 7, 2018. In accordance with Rule 52(a), having heard and considered all of the testimony, evidence, and arguments presented at trial, the Court now enters the following findings of fact and conclusions of law.

I. INTRODUCTION

This is a cybersquatting, trademark infringement, and unfair competition action by Plaintiff ZP NO. 314, LLC ("ZP") against Defendants ILM Capital, LLC ("ILM Capital"), Michael Wheeler ("Wheeler"), A.J. Hawrylak ("Hawrylak"), Mobile CQ Student Housing, LLC ("Mobile CQ"), ILM Mobile Management, LLC ("ILM Management"), and WE Communities, LLC ("WE Communities"). In this action, ZP has asserted six claims: (Count I) Unfair Competition (15 U.S.C. § 1125(a) - Lanham Act § 43(a)); (Count

II) Contributory Unfair Competition (15 U.S.C. § 1125(a) - Lanham Act § 43(a)); (Count III) Vicarious Unfair Competition (15 U.S.C. § 1125(a) - Lanham Act § 43(a)); (Count IV) Cybersquatting (15 U.S.C. § 1125(d)); (Count V) Intentional Interference with Business Relations/Common Law Trademark Infringement/Unfair Competition; and (Count VI) Alabama Trademark Unfair Practices (Alabama Code, § 8-12-1 *et seq.*).

II. FINDINGS OF FACT¹

1. This trademark action involves One Ten Student Living ("One Ten") and Campus Quarters, which are competing off-campus student housing facilities located in close proximity to one another and owned and operated by Plaintiff ZP and Defendant ILM Capital, respectively. (Doc. 166 at 141; Doc. 147 at 2). The parties market their competing student housing facilities by way of internet marketing. (Id.).

2. Plaintiff ZP, a limited liability company formed in August 2015, owns One Ten, which provides student housing and related services to local college students. (Doc. 166 at 20, 48; Doc. 147 at 1-2). One Ten's website is www.liveoneten.com. (Doc. 166 at 21-23).

¹ This order references the trial transcript and trial exhibits located at Docs. 166, 167, and 168, as well as Defendants' Proposed Findings of Fact and Conclusions of Law (Doc. 171), Plaintiff's Proposed Findings of Fact and Conclusions of Law (Doc. 170), and the parties' proposed Joint Pretrial Order. (Doc. 147).

3. Defendant ILM Capital is a real estate investment company whose portfolio includes Campus Quarters, a competitor of One Ten. (Doc. 166 at 153, 196-97). ILM Capital purchased Campus Quarters in 2015. (Doc. 171 at 3). Campus Quarters' website is www.campusquarters.com. (Doc. 171 at 6).

4. Defendant Michael Wheeler is the manager, CEO, and sole member of ILM Capital, ILM Management, and WE Communities. (Doc. 166 at 196-97).

5. Defendant Andrew J. Hawrylak is an employee and Chief Operating Officer of ILM Capital. (Id. at 79).

6. Defendant WE Communities is a property management company that manages Campus Quarters. (Id. at 158, 160, 197).

7. Defendant Mobile CQ owns the real property on which Campus Quarters is located. (Id. at 197).

8. Defendant ILM Management manages Mobile CQ. (Doc. 147 at 2).

9. This case involves the use of domain names.² On December 3, 2015, Plaintiff ZP registered the domain name

² The "domain name system" is a database or directory for the internet that is located on a web server, which enables internet users to locate websites through the use of easily rememberable words or phrases rather than random strings of numbers. (Doc. 167 at 9, 15-16; Doc. 171 at 4). A domain name is different than a website, which is a software file made up of various webpages, which can be created, uploaded to a server, and then found by internet search engines. (Doc. 167 at 10, 25-26). Domain names are registered through a domain name registrar, such as GoDaddy.com, LLC ("GoDaddy"). (Id. at 26).

"liveoneteten.com" with the registrar GoDaddy.com for One Ten's use. (Doc. 166 at 21; Doc. 147-2 at 5). In February 2016, ZP began advertising its One Ten facility on ZP's parent company's ("ZDC's") website, such that internet users could see the advertisements for the upcoming One Ten housing facility. (Doc. 166 at 24; Doc. 147-2 at 4-5).

10. In the spring of 2016, ZP began preleasing activities for One Ten (Doc. 166 at 23-24, 58, 72-73), and in May 2016, One Ten began posting on its Twitter, Instagram, and Facebook accounts. (Doc. 166 at 23-24, 95-96; Doc. 168-2 at 56-57). The website associated with liveoneteten.com went live on May 26, 2016. (Doc. 166 at 22-23; Doc. 171 at 5).

11. In late 2015, Defendants ILM Capital, Wheeler, and Hawrylak learned that ZDC would be building a new student housing facility in close proximity to Campus Quarters, Defendants' student housing facility. In April 2016, Defendants learned that the facility would be named "One Ten." (Doc 166 at 89-91; Doc. 147-2 at 5; Doc. 171 at 5).

12. In May 2016, Defendants ILM Capital, Wheeler, and Hawrylak began registering multiple domain names through Wheeler's account with GoDaddy that expressly incorporated the words "One Ten" in the domain name. Defendants knew that the term "One Ten" was being used by its competitor, ZP, for its new student housing project, and that was the reason that the

particular domain names were chosen. (Doc. 166 at 86-89, 183, 198; Doc. 168-2 at 77; Doc. 147-2 at 5; Doc. 171 at 5).

13. On May 11, 2016, Hawrylak, acting on behalf of ILM Capital and Wheeler,³ registered the following domain names through third-party registrar GoDaddy.com, LLC: onetenlive.com, liveontenmobile.com, liveone10.com, onetenstudentliving.com, and onetenliving.com, which are collectively referred to as the "May 11" domain names. (Doc. 166 at 80-89, 116, 202, 234-235; Doc. 168-2 at 55; Doc. 147-2 at 5; Doc. 171 at 6). Within *one hour* of registering the May 11 domain names, Hawrylak, at Wheeler's direction, contacted a non-party, Jon Finkelstein, and directed Finkelstein to set up "ghost pages"⁴ to redirect traffic from the May 11 domains (all of which used variations of the term "One Ten") to Campus Quarters, the website for Defendants' competing

³ Wheeler testified that he approved Hawrylak's request to acquire domain names that used the terms of its competitor, "One Ten." According to Wheeler, he told Hawrylak to "go get them;" "great[;] go do it." The email exchange between Wheeler and Hawrylak on May 11, 2016, confirms that Wheeler told Hawrylak, "[g]o get em[;] Awesome." (Doc. 166 at 202, 234; Doc. 168-2 at 55; Doc. 171 at 6).

⁴ ZP's internet expert, Glenda Snodgrass, testified at trial that "ghost pages" are essentially web pages designed to redirect a user to content that is different from the content that the user entered in a search. (Doc. 167 at 10-11). Ghost pages can be added to a domain name and can contain content that can be found by internet search engines but cannot be seen by the user. They can be used to instantly redirect a user to a different webpage and to impact the traffic to a website. (Id.).

student housing facility.⁵ (Doc. 166 at 83-95, 137, 142, 182, 241; Doc. 167 at 9-10; Doc. 168-2 at 55, 61-62).

14. On May 26, 2016, WE Communities employee Mary Rutherford notified Defendant Hawrylak of One Ten's Instagram account, and Hawrylak replied "let the fun begin." (Doc. 166 at 97; Doc. 168-2 at 56). The following day, on May 27, 2016, Hawrylak registered three more domain names using the terms "One Ten:" onetenusa.com, liveonetenapartments.com, and liveonetenmobile.com, which are collectively referred to as the "May 27" domain names. (Doc. 166 at 93-94, 98; Doc. 168-2 at 30, 43). The May 11 domain names and the May 27 domain names were all registered through Wheeler's/ILM's account with GoDaddy.com. (Doc. 166 at 88-89, 159, 196-199, 234-235, 241; Doc. 168-2 at 43, 72).

15. On May 28, 2016, and June 3, 2016, within days of "One Ten's" first social media posts and website going live, One Ten was contacted by prospective tenants. (Doc. 166 at 24, 73).

16. On June 14, 2016, Defendants began redirecting users of the May 11 domain name sites to their own website www.campusquarters.com such that, if a user typed in one of the May 11 domain names into an internet browser, the user would be automatically redirected to the website for Campus Quarters.

⁵ Hawrylak contacted Finkelstein repeatedly about redirecting the domain names using the names "One Ten" and "One Ten Student Living." (Doc. 166 at 99-100, 182-183; Doc. 168-2 at 70).

(Doc. 166 at 103; Doc. 147-2 at 13). Defendants redirected prospective One Ten customers for the express purpose of achieving more traffic for their Campus Quarters website. (Doc. 168-2 at 70; Doc. 166 at 100, 186-87). In Hawrylak's instructions to Finkelstein, he stressed that "for us the most important thing is for people to find the site, then find us."⁶ (Doc. 166 at 100; Doc. 168-2 at 70). The redirections of the May 11 domain names by Hawrylak and Finkelstein were done using Wheeler's account and with his express authority.⁷ (Doc. 166 at 241).

17. On September 19, 2016, ZP learned that Defendants were redirecting users of one of the May 11 domain names (onetenstudentliving.com) to their Campus Quarters website. (Doc. 166 at 25; Doc. 168-2 at 1).

18. On the same day, September 19, 2016, a representative from Asset Campus Housing ("ACH"), which managed the One Ten facility for ZP, sent an email to Defendant Hawrylak requesting

⁶ Defendants did not use a "traffic reporting service" for any of the One Ten domain names at issue; therefore, the specific number of prospects who were redirected to Defendants' website for Campus Quarters is unknown. (Doc. 166 at 67-68, 122).

⁷ At trial, there was evidence that Defendants have a history of registering domain names using the names or substantially similar names of its competitors and then redirecting users of those websites to ones owned by Defendants. Defendants registered at least twenty-six domain names that redirected web traffic to their own websites, including the ones using the name One Ten. (Doc. 166 at 125-29, 185-86; Doc. 168-2 at 16-19).

that Defendants end the redirection of the onetenstudentliving.com domain name and transfer the domain name to ZP. (Doc. 166 at 26-29, 107-08; Doc. 168-2 at 68). Hawrylak forwarded the email to Wheeler and another ILM representative, Michael Cohen, and sought guidance on how to respond to the request. Cohen advised Hawrylak, via email, "Tell him FU!" (Doc. 166 at 106-08; Doc. 168-2 at 68; Doc. 147-2 at 6).

19. That same day, ZP's in-house counsel left voice messages for Defendants and sent Defendants cease and desist letters, demanding that they transfer all rights to the onetenstudentliving.com domain name (which was the only domain name of which ZP was then aware) and cease and desist from any further use of that domain name and all use of the name "One Ten." (Doc. 166 at 28-29, 46, 106-107; Doc. 168-2 at 2-8). Defendants did not respond. (Doc. 166 at 29-30, 46, 107-108, 173, 187, 205).

20. On September 20, 2016, after receiving the cease and desist letter dated September 19, 2016, Defendants suspended the redirection of all of the May 11 domain names. (Doc. 166 at 47; Doc. 147-2 at 6). This meant that internet searchers who typed in the May 11 domain names were no longer redirected to the

Campus Quarter website. They were instead directed to a "parked page."⁸ (Doc. 166 at 47; Doc. 147-2 at 7).

23. On September 23, 2016, ZP's outside counsel sent a second formal cease and desist letter to Defendants, as well as email correspondence on October 1, 2016 and October 3, 2016, demanding that Defendants transfer the onetenstudentliving.com domain name to ZP. (Doc. 166 at 29-30, 108, 208-211; Doc. 168-2 at 36-39). In total, Defendants received six written (letter and email) pre-suit demands for the transfer of the onetenstudentliving.com domain. (Doc. 166 at 26, 206-213; Doc. 168-2 at 36-38, 68).

24. On October 6, 2016, ZP filed the instant action. (Doc. 1).

25. On October 7, 2016, ILM Capital's attorney, Tom David, responded to ZP's correspondence with a letter in which he denied that either of his clients, ILM Capital and WE Communities, owned the onetenstudentliving.com domain name. He further informed Plaintiff that the "owner" of the onetenstudentliving.com domain name (whom he did not identify) "purchased the asset for legitimate business purposes" and was "reserv[ing it] for potential future use in business

⁸ At no time did Defendants use the three May 27 domain names to redirect internet traffic to their Campus Quarters' website. The May 27 domain names are maintained on parked pages. (Doc. 147-2 at 6; Doc. 166 at 98, 166-67).

operations,” and would not be transferring it to ZP. (Doc. 168-2 at 41-42; Doc. 166 at 134-135). The attorney did not disclose that ILM Capital owned not only the domain name at issue but also seven other domain names using variations of the term “One Ten,” five of which had been used to redirect internet traffic to Defendants’ Campus Quarters website. (Doc. 166 at 31, 113-22, 242; Doc. 168-2 at 41).

26. On December 5, 2016, ZP applied with the United States Patent and Trademark Office (“USPTO”) for registration of the trademark “One Ten Student Living.” (Doc. 166 at 32-33; Doc. 168-3 at 1-26; Doc. 147-2 at 8). The USPTO issued ZP a certificate of registration for the “One Ten Student Living” mark on July 25, 2017. (Doc. 166 at 34; Doc. 168-3 at 1-26). Additionally, on March 16, 2017, ZP applied to register the trademark “One Ten” with the USPTO. (Doc. 166 at 34-35; Doc. 168-4 at 1-26). The USPTO issued ZP a certificate of registration for the “One Ten” mark on October 10, 2017. (Doc. 166 at 35; Doc. 168-4 at 1-26). ZP also applied with the Alabama Secretary of State for certificates of registration for the “One Ten” and “One Ten Student Living” marks, and the applications were granted on March 23, 2017. (Doc. 166 at 35-36; Doc. 168-4 at 27-28; Doc. 147-2 at 8).

27. In May 2018, with knowledge that ZP had obtained federal and state registration of “One Ten” and “One Ten Student

Living” marks, Defendants re-registered the May 11 and May 27 domain names.⁹ (Doc. 166 at 132-135; Doc. 147-2 at 9). Defendants have never had any ownership rights in the One Ten or One Ten Student Living marks. (Doc. 166 at 126-136).

28. On January 12, 2017, Defendants filed a state court lawsuit against ZP and its management company asserting interference with business relations and other tort claims. (Doc. 166 at 39-45; Doc. 168-4 at 29). Defendants subsequently voluntarily dismissed the state court lawsuit. (Doc. 166 at 44-45; Doc. 168-4 at 48).

III. CONCLUSIONS OF LAW.

As stated, Plaintiff ZP has alleged unfair competition in violation of 15 U.S.C. § 1125(a)-Lanham Act §43(a) (Count I); contributory unfair competition in violation of 15 U.S.C. § 1125(a)-Lanham Act § 43(a) (Count II); vicarious unfair competition in violation of 15 U.S.C. § 1125(a)-Lanham Act § 43(a) (Count III); Cybersquatting in violation of 15 U.S.C. § 1125(d) (Count IV); Intentional interference with business relations (Alabama common law) (Count V); and Alabama Trademark Unfair Practices in violation of Alabama Code, § 8-12-1, *et seq.*, and Alabama common law (Count VI). (Doc. 60 at 9-14).

⁹ Defendants also renewed the domain names on March 14, 2017, prior to ZP obtaining registration of the trademarks. (Doc. 166 at 132).

Having conducted a bench trial on December 6-7, 2019, this matter is ripe for disposition.¹⁰

A. Cybersquatting (15 U.S.C. § 1125(d) (Count IV) .

The Court begins its analysis with Count IV of the second amended complaint, Plaintiff's claim under the Anti-Cybersquatting Consumer Protection Act ("ACPA"), 15 U.S.C. §1125(d)(1)(A). The ACPA was enacted to prevent cybersquatting, which the Eleventh Circuit has described as "essentially extortion." Jysk Bed'N Linen v. Dutta-Roy, 810 F.3d 767, 775 (11th Cir. 2015). The ACPA provides that:

(1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person-

(i) has a bad faith intent to profit from that mark . . .; and

(ii) registers, traffics in, or uses a domain name that -

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark[.]

¹⁰ For the reasons discussed in more detail, *infra*, the Court **FINDS** in favor of Defendants ILM Mobile Management LLC, We Communities LLC, and Mobile CQ Student Housing LLC on all claims, as there is no evidence that these Defendants participated in any of the matters alleged in ZP's second amended complaint. (Doc. 60). For this reason, the Court's reference to "Defendants" herein refers only to Defendants ILM Capital, Wheeler, and Hawrylak.

15 U.S.C. § 1125(d)(1)(A). Thus, a defendant violates the ACPA if it registers, traffics, or uses a domain name that is identical or confusingly similar to a distinctive mark with a bad faith intent to profit from its act(s).¹¹ Id.; see also Jysk, 810 F.3d at 775 (“Cybersquatting can take the form of

¹¹ Under 15 U.S.C.A. § 1125 (d)(1)(D), “[a] person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant’s authorized licensee.” In this case, it is undisputed that Defendant Wheeler is the manager, CEO, and sole member of ILM Capital and that Defendant Hawrylak is ILM Capital’s chief operating officer. (Id. at 79, 196-97). It is also undisputed that Hawrylak, acting for and on behalf of ILM Capital and Wheeler, registered the domain names at issue using a privacy service called Domains by Proxy, LLC, and Wheeler’s GoDaddy account. Hawrylak testified that the registrar, GoDaddy, required him to register the domain names using an individual name, not a company, as the registrant; thus, he designated “Michael Wheeler,” as the official account registrant. (Doc. 166 at 159, 199-200, 234; Doc. 147-1 at 4; Doc. 147-2 at 7, 13; Doc. 171 at 4). Under these circumstances, the Court finds that Wheeler, individually and as the authorized licensee and agent of ILM Capital, is the registrant of the domain names at issue and that Hawrylak is an authorized licensee and agent of Wheeler and ILM Capital for purposes of registration of the domain names under the ACPA. See Edible Arrangements, LLC v. Provide Commerce, Inc., 2015 U.S. Dist. LEXIS 36322, *10, 2015 WL 1321441, *4 (D. Conn. Mar. 24, 2015) (“if through discovery it becomes apparent that the true owner of the typosquatting domains registered the domain names on behalf of [Defendant] Provide Commerce, this domain name registrant would be considered an agent [of Provide Commerce]. . . . Likewise, if it is determined that the privacy services and/or domain name registrant(s) participated with Defendant [Provide Commerce] in the infringement of Plaintiffs’ mark under the ACPA—which imposes liability on both the domain name registrant and the registrant’s authorized licensee, see 15 U.S.C. 1125(d)(1)(D)—the proposed parties would be jointly and severally liable for the infringement. . . .”).

'register[ing] numerous domain names containing ... trademarks or tradenames only to hold them ransom in exchange for money'" or it can take the form of "intend[ing] to profit by diverting customers from the website of the trademark owner to the defendant's own website, where those consumers would purchase the defendant's products or services instead of the trademark owner's.").

This Court has previously found as a matter of law that (1) Plaintiff's marks, "One Ten" and "One Ten Student Living," are descriptive; (2) that the "One Ten" and "One Ten Student Living" marks became distinctive (and ZP thereby acquired a protectible interest therein) after July 2017, when the marks were registered with the USPTO;¹² and (3) Defendants re-registered domain names in May 2018 that are identical or confusingly similar to the "One Ten" and "One Ten Student Living" marks in which ZP has a protectible interest. (Doc. 130 at 14-15, 28-33). Thus, at trial, consideration of whether Defendants violated the ACPA was limited to the attenuated issue of whether a violation occurred when Defendants re-

¹² ZP's marks were registered with the USPTO in July and October 2017 (Doc. 166 at 34-35; Doc. 168-3 at 1-26; Doc. 168-4 at 1-26) and with the State of Alabama in March 2017. (Doc. 168-4 at 27). The parties do not dispute that the marks became distinctive for purposes of ZP's federal claims in July and October 2017 and for purposes of ZP's state law claims in March 2017. More importantly, the parties do not dispute that the marks were distinctive at the time of Defendants' re-registration of the infringing domain names in May 2018.

registered the eight identical or confusingly similar domain names at issue in May 2018, and the only element requiring proof at trial was bad faith intent to profit.

In determining whether Defendants in this case possessed a bad faith intent to profit from ZP's marks, the ACPA identifies nine non-exhaustive factors that a court may consider: (1) the trademark or other intellectual property rights of Defendants, if any, in the domain names; (2) the extent to which the domain names consist of the legal name or commonly used names of Defendants; (3) Defendants' prior use of the domain names for the bona fide offering of goods or services; (4) any bona fide noncommercial or fair use of the mark under the domain names; (5) Defendants' intent to divert consumers from Plaintiff's website to Defendants' website by creating a likelihood of confusion; (6) Defendants' offer to transfer, sell, or otherwise assign the domain names to Plaintiff or others for financial gain; (7) Defendants' provision of material and misleading false contact information when registering the domain names and their intentional failure to maintain accurate contact information; (8) Defendants' registration or acquisition of multiple domain names that they know are identical or confusingly similar to marks of others; and (9) the extent to which Plaintiff's marks are or are not distinctive and famous. 15 U.S.C. § 1125(d)(1)(B)(i)(I)-(IX).

In addition, the Court may consider the “unique circumstances” of the case. Southern Grouts & Mortars, Inc. v. 3M Co., 575 F.3d 1235, 1244 (11th Cir. 2009) (citing Sporty’s Farm, LLC v. Sportsman’s Mkt., Inc., 202 F.3d 489, 499 (2d Cir. 2000) (“The most important grounds for our holding that Sporty’s Farm acted with a bad faith intent, however, are the unique circumstances of this case, which do not fit neatly into the specific factors enumerated by Congress but may nevertheless be considered under the statute.”)).

With respect to the foregoing factors, the first four factors are those that militate against a finding of bad faith by providing some reasonable basis for why a defendant might have registered the domain name of another mark holder while the while the next three are indicative of the presence of bad faith on the part of the defendant. A Metal Source, LLC v. All Metal Sales, Inc., 2016 U.S. Dist. LEXIS 7215, *21 (N.D. Ohio Jan. 21, 2016). In this case, there is no evidence, nor do Defendants contend, that they had any trademark or intellectual property rights to the domain names at issue. (Doc. 147-2 at 13). Second, it is uncontested that the phrases “One Ten” and “One Ten Student Living” are not associated with Defendants’ legal name(s) or one(s) which they commonly use. (Id.). Third, there is no evidence that Defendants have previously used the domain names at issue for the bona fide offering of goods or services.

(Id.). Fourth, there is no evidence that Defendants made any noncommercial or fair use of the marks.¹³ Fifth, Defendants have candidly admitted that, from June to September 2016, they intended to and did in fact divert internet users to their own website (Campus Quarters) by utilizing five of the eight identical or confusing domain names (which used some form of the names "One Ten" or "One Ten Student Living") to redirect internet traffic to Campus Quarters, for the purpose of increasing commercial traffic to Defendants' Campus Quarters website. (Doc. 166 at 25-29, 186-87; Doc. 168-2 at 16, 62, 70, 75, 186; Doc. 147-2 at 13). Sixth, although there was evidence at trial that Defendants offered to transfer the infringing domain names to ZP if ZP agreed to pay Defendants' attorneys' fees in a separate state court case, the Court declines to consider that evidence, as it is precluded by Federal Rule of Evidence 408(a).¹⁴ (Doc. 166 at 44, 64; Doc. 168-2 at 81-83).

¹³ As stated, Defendants disclaimed fair use of the domain names. (Doc. 166 at 145-46).

¹⁴ The Court rejects Plaintiff's argument that Federal Rule of Evidence 408(b) allows consideration of this evidence because it is being offered for another purpose, namely, to prove Defendants' bad faith. In this case, bad faith is actually an element of the underlying ACPA claim. Therefore, consideration of such evidence here would violate Rule 408(a). See Dryspace, Inc. v. Crawlspace Concepts, LLC, 2012 WL 13006222, *9 (E.D. Mich. Oct. 31, 2012) ("Dryspace seeks to admit the email to prove an element of its ACPA claim: bad faith intent to profit. . . . Because Dryspace seeks to admit the settlement offer to prove 'the validity . . . of the claim that was the subject of

Seventh, there is no evidence that Defendants used material and misleading false contact information when registering the domain names. While there is evidence that Defendants used a privacy service when registering the domain names, “[u]se of a privacy protection service is not the same thing as providing false or misleading contact information.” Career Agents Network, Inc. v. careeragentsnetwork.biz, 2010 WL 743053, *5 (E.D. Mich. Feb. 26, 2010). Eighth, Defendants admit that, in May 2018, they re-registered the eight infringing domain names (that the Court has found were identical or confusingly similar to ZP’s “One Ten” and “One Ten Student Living” marks). Ninth, it is undisputed that Defendants knew that ZP had protectible trademark interests in the “One Ten” and “One Ten Student Living” marks (and that the marks were distinctive) at the time that they re-registered the infringing domain names in May 2018.¹⁵

the compromise,’ it is inadmissible under Evidence Rule 408.”). Moreover, Plaintiff actually invoked the protection of Rule 408 in the email to Defendants which elicited Defendants’ offer to transfer the domain names for payment of attorneys’ fees. (Doc. 168-2 at 83). Therefore, Defendants’ offer to transfer the domain names for payment of attorneys’ fees in the state court case will not be considered as evidence of bad faith intent to profit here.

¹⁵ It is undisputed that Defendants knew that ZP had obtained trademarks on the “One Ten” and “One Ten Student Living” marks in 2017, as the trademark registrations were part of the court record at the time of Defendants’ May 2018 re-registrations of the infringing domain names, and Defendants acknowledged ZP’s registrations of the marks in briefs they filed in January 2018. (Doc. 83 at 25-26; Doc. 106-17). While there was evidence from

Without question, the factors enumerated above strongly suggest bad faith on the part of Defendants. This finding is bolstered by evidence from which it reasonably can be inferred that Defendants' conduct in registering domain names that are identical or confusingly similar to the marks of ZP, their direct competitor, was not an isolated occurrence, but appears to be Defendants' mode of operation. However, as the Eleventh Circuit has stressed, proving mere bad faith is not enough. Southern Grouts, 575 F.3d at 1246. "A defendant is liable only where a plaintiff can establish that the defendant had a 'bad faith *intent to profit.*'" Id. (citing 15 U.S.C. §1125(d) (emphasis in original)).

As aptly observed by the court in Way Int'l v. Church of the Way Int'l, 2017 U.S. Dist. LEXIS 13736, 2017 WL 432466, *8 (N.D. Ala. Feb. 1, 2017):

The requirement of proof of a bad faith intent to profit limits the statute's scope and ensures that the ACPA targets only the specific evils that Congress sought to prevent. This element removes from the ambit of the statute conduct that might

Defendants at trial that they re-registered the infringing domain names in 2018 simply to maintain the "status quo" of the current litigation (Doc. 166 at 174, 187-90), given the evidence of Defendants' bad faith conduct detailed above, the Court finds Defendants' assertion non-credible at worst, and self-serving at best. This is particularly true in light of Defendants' past behavior of utilizing domain names that are identical and/or confusingly similar to the names of their competitors in order to redirect traffic to their own webpages.

annoy or frustrate mark holders, but that Congress shielded from liability by requiring indicia of the sort of bad faith it had in mind. See, e.g., S. Grouts & Mortars, 575 F.3d at 1246-47.

At trial, Defendants argued lack of intent to profit and offered evidence that at the time of the May 2018 re-registrations, they were merely "parking" (and no longer redirecting) the domain names at issue. The Eleventh Circuit in the Southern Grouts case spoke directly to the question of the registration of a domain name "not to display content, but to prevent others from registering it," and held that such conduct does not violate the law. Southern Grouts, 575 F.3d at 1245-47. In Southern Grouts, after summarizing the plaintiff's arguments that the defendant registered the domain name only to prevent someone else from registering it, the court observed, "[t]his circumstance does not, however, tip our analysis toward a conclusion that the [defendant] has violated the Anticyberquatting Consumer Protection Act. Proving 'bad faith' is not enough. A defendant is liable only where a plaintiff can establish that the defendant had a "bad faith *intent to profit*." Id. at 1245-46 (emphasis in original). "Southern Grouts does not stand for the proposition that registration for the sole purpose of blocking another's use is not bad faith but rather that, absent other facts suggesting economic use, such blocking is not bad faith intent to profit." A Metal Source, 2016 U.S.

Dist. LEXIS 7215 at *28.

At trial, ZP failed to carry its burden of establishing that, at the time that Defendants re-registered the subject domain names in May 2018, they had a bad faith *intent to profit*. The evidence at trial showed that, upon receiving Plaintiff's cease and desist letter in September 2016, Defendants parked the subject domain names with GoDaddy such that when internet users typed in one of the domain names, they were directed to a webpage with various links. The record is devoid of evidence that any of the links are affiliated with Defendants' business entities or services or that Defendants have derived any economic benefit from the parked domain names.

In an effort to show bad faith intent to profit, Plaintiff offered a letter from Defendant ILM Capital's attorney dated October 7, 2016. The letter was written in response ZP's letter demanding that Defendants cease using the "One Ten" domain name and transfer the "onetenstudentliving.com" domain name to ZP. As previously discussed, in the letter, Defendants' attorney denied that ILM Capital owned the "onetenstudentliving.com" domain name¹⁶ and stated that the unidentified "owner" would not

¹⁶ As stated, Defendant Wheeler is the manager, CEO, and sole member of ILM Capital, ILM Management, and WE Communities. (Doc. 166 at 196-97). Defendant Hawrylak is ILM Capital's chief operating officer. (*Id.* at 79). The domain names at issue in this case were purchased by Defendant Hawrylak, at Wheeler's direction, using Wheeler's GoDaddy account on behalf of ILM

transfer the domain name to ZP because it was being “reserved for *potential future use in business operations*.” (Doc. 166 at 117, 135; Doc. 168-2 at 41) (emphasis added). While this 2016 letter might provide historical evidence of bad faith on the part of Defendants, it fails to show that nearly two years later, Defendants acted with the intent to profit when they re-registered the parked domain names in May 2018. Accordingly, the Court cannot conclude that Defendants acted with the “bad faith intent to profit” required to establish an ACPA violation. Thus, the Court **FINDS** in favor of Defendants on ZP’s ACPA claim (Count IV).

B. Unfair Competition Under the Lanham Act (Count I).

Next, the Court considers Plaintiff’s claims for unfair competition under the Lanham Act (Count I). The Lanham Act, 15 U.S.C. § 1125(a), was intended to make “actionable the deceptive and misleading use of marks[,]” and “to protect persons engaged in . . . commerce against unfair competition.” 15 U.S.C. § 1127. The Act provides a cause of action for unfair competition by stating:

(1) Any person who, on or in connection with any goods or services, . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or

Capital. (Doc. 166 at 88-89, 159, 198-199, 241). Thus, the attorney’s statement that ILM Capital did not own the domain name blinks reality.

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 goods, 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.

15 U.S.C. § 1125(a)(1)(A). Actions brought under this section are commonly referred to as § 43(a) actions.

In order to prevail on this claim, Plaintiff must show (1) that it had prior rights to the mark at issue and (2) that the defendant had adopted a mark or name that was the same, or confusingly similar to its mark, such that consumers were likely to confuse the two. See Planetary Motion, Inc. v. Techsplosion, Inc., 261 F.3d 1188, 1193 (11th Cir. 2001). Under the Lanham Act, trademark rights are "appropriated only through actual prior use in commerce." Id. (quoting Tally-Ho, Inc. v. Coast Cmty. Coll. Dist., 889 F.2d 1018, 1022 (11th Cir. 1989)); accord General Healthcare Ltd. v. Qashat, 364 F.3d 332, 335 (1st Cir. 2004) ("Trademark rights may arise under either the Lanham Act or under common law, but in either circumstance, the right is conditioned upon use in commerce.") (citing United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918)).

In the present case, the Court previously found as a matter of law that the domain names at issue were confusingly similar to ZP's marks and that ZP had acquired secondary meaning (*i.e.*, had a protectible interest in the marks) after July 2017. (Doc. 130 at 43-44). Therefore, the only question that remained at trial was whether Defendants' use of the marks after July 2017 constituted "use in commerce."

With respect to the "use in commerce" element, the Eleventh Circuit stated in Planetary Motion that, "[b]ecause Congress's authority under the Commerce Clause extends to activity that 'substantially affects' interstate commerce . . . , the Lanham Act's definition of 'commerce' is concomitantly broad in scope: 'all commerce which may lawfully be regulated by Congress.'" Therefore, the Eleventh Circuit held that the distribution of software for end-users over the internet by posting the software on a website from which it could be downloaded for free satisfied the "use in commerce" jurisdictional predicate. Id., 261 F.3d at 1195 (citing Planned Parenthood Fed'n of Am., Inc. v. Bucci, 1997 U.S. Dist. LEXIS 3338, *10, 1997 WL 133313, *3 (S.D.N.Y. Mar. 24, 1997), *aff'd*, 152 F.3d 920 (2d Cir. 1998) ("internet users constitute a national, even international, audience, who must use interstate telephone lines to access defendant's web site on the Internet;" "[t]he nature of the Internet indicates that establishing a typical home page on the

Internet, for access to all users, would satisfy the Lanham Act's 'in commerce' requirement."); see also Avalere Health, LLC v. AVALERE.ORG, 2013 U.S. Dist. LEXIS 61246, *15, 2013 WL 1790137, *1 (E.D. Va. Apr. 10, 2013), *report and recommendation adopted*, 2013 WL 1789614 (E.D. Va. Apr. 26, 2013) (Defendant's use of Plaintiff's mark in domain names that directed consumers to "parked" webpages that offered links to related and unrelated commercial sites, constituted "use in commerce" under the Lanham Act); People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359, 365 (4th Cir. 2001) (holding that defendant need not sell goods or services on its website for the inclusion of the infringing marks in the domain name to constitute use in commerce so long as it prevented consumers from using the plaintiff's services or connected them to others' goods or services).

As previously discussed, the evidence in this case shows that, in May 2016, Defendant Hawrylak, on behalf of Defendants Wheeler and ILM Capital, registered the eight domain names at issue on the internet using Wheeler's GoDaddy.com account and an internet domain name registration service; Defendants then redirected internet users from five of the eight domain name sites to their own website from June to September 2016, for the purpose of increasing internet traffic to their Campus Quarters website; after receiving multiple demands from ZP to cease using

the "onetenstudentliving.com" domain and to transfer it to ZP, Defendants "parked"¹⁷ that domain name on September 20, 2016, along with seven others; on October 7, 2016, Defendant ILM Capital's attorney sent ZP a letter refusing to transfer the "onetenstudentliving.com" domain and stating that it was being reserved "for potential future use in business operations;" and in May 2018, with knowledge that ZP had obtained trademarks for "One Ten" and "One Ten Student Living" in 2017, Defendants re-registered the eight infringing domain names for themselves. (Doc. 166 at 83, 88-89, 132-135, 127, 155, 159, 168-69, 186-87, 198; Doc. 95 at 31; Doc. 168-2 at 36, 41, 62, 70; 147-2 at 6, 9; Doc. 168-5 at 2-9). Further, the evidence at trial showed that the "parked" domain name webpages prominently displayed one of the eight domain names at the top of the page, such as "liveonetemobile.com," "onetenliving.com," "onetenstudentliving.com," etc., but offered the visitor links to go to other commercial sites, such as: "search for domains similar to liveonetemobile.com . . . get started" (Doc. 168-5 at 2-9), or: "online colleges," "car insurance," "credit cards," "life insurance," "cheap flights," "dentist," "AARP," "flowers,"

¹⁷ At trial, ZP's expert testified that a parked page is different from a blank page, as a parked page typically has advertisements. (Doc. 167 at 38). Indeed, considering the content of the sites in the present case, the evidence shows that the parked pages at issue were not blank and, to the contrary, contained multiple links to others' goods and services. (Doc. 168-5 at 2-9).

"comcast," and the "internet," all without ZP's permission or authorization to use its trademarks. (Doc. 168-5 at 2-9).

Based on the foregoing, the Court finds that Defendants' use and re-registration of the eight infringing domain names after July 2017 (when ZP had obtained trademarks on "One Ten" and "One Ten Student Living"), which included "parking" eight infringing domain name webpages with ZP's marks prominently displayed at the top of the page, with click through links to various other vendors' goods and services, constituted use in commerce under common law and the Lanham Act.

Accordingly, the Court **FINDS** in favor of ZP on its § 43(a) Lanham Act unfair competition claims (Count I).

C. State Law Claims (Counts V, VI).

1. State Law Trademark Claims.

Next, the Court considers Plaintiff's claims for trademark infringement and unfair competition under Alabama Code § 8-12-1, *et seq.*, and Alabama common law. (Doc. 60 at 12-14). Under the Alabama Trademark Act, Ala. Code § 8-12-1, *et seq.*, any person who uses a registered mark "in connection with a business, or with the sale, offering for sale, or advertising of any goods or services" in a manner that is "likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services or the sponsorship of such business" is liable to

the owner of the registered mark for trademark infringement. Ala. Code § 8-12-16.

Likewise, Alabama courts recognize a common law cause of action for trademark infringement. Alfa Corp. v. Alfa Mortg. Inc., 560 F. Supp. 2d 1166, 1175 (M.D. Ala. 2008) (citing Fuqua v. Roberts, 269 Ala. 59, 110 So. 2d 886, 887 (1959)). To set forth this claim, a plaintiff must demonstrate that its "trade is in danger of harm from the use of its name by the '[defendant] in such a manner as it is likely to deceive the public into the belief that the [defendant's] affairs, in the respect complained of, are those of the [plaintiff]." Id.

The test for ZP's state-law infringement claims is the same as it is under the Lanham Act. Id.; see also Spire, Inc. v. Cellular South, Inc., 2017 U.S. Dist. LEXIS 146169, *15, 2017 WL 3995759, *6 (S.D. Ala. Sept. 11, 2017). Therefore, the courts may use an analysis of federal infringement claims as a "measuring stick" in evaluating the merits of state law claims of unfair competition. Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C., 931 F.2d 1519, 1521 (11th Cir.), *cert. denied*, 502 U.S. 1005 (1991); see also Planetary Motion, 261 F.3d at 1193 n.4.

The Court has previously found in this case that the eight domain names at issue are confusingly similar to ZP's marks and that ZP had a protectible interest in the marks under state law

after March 2017, when the marks were registered with the Alabama Secretary of State.¹⁸ (Doc. 130 at 33, 50). Therefore, as with ZP's Lanham Act claim, the only issue that remained for trial was whether Defendants' use of ZP's marks after ZP obtained a protectible interest therein (March 23, 2017) constituted "use" under the Alabama Trademark Act and state common law.

Ala. Code § 8-12-6 provides that "[a] mark shall be deemed to be used . . . [i]n connection with services when it is used or displayed in the sale or advertising of services and the services are rendered in this state; and . . . [i]n connection with a business when it identifies the business to persons in this state."); see also Alfa, 560 F. Supp. 2d at 1175 (to set forth a common law trademark infringement claim in Alabama, plaintiff must show that defendant used its name (or mark) "in such a manner as it is likely to deceive the public into the belief that the [defendant's] affairs . . . are those of the [plaintiff].").

For the same reasons that the Court found that Defendants' use of ZP's marks constituted "use in commerce" under the Lanham Act after ZP obtained a protectible interest therein, the Court

¹⁸ The Alabama Trademark Act, § 8-12-1, *et seq.*, extends coverage only to use of registered marks. See Teal v. Gibbs, 2011 WL 13229629, *6 (N.D. Ala. June 28, 2011). Therefore, ZP obtained a protectible interest in the marks after it registered them with the State of Alabama on March 23, 2017. (Doc. 168-4 at 27).

finds that Defendants' use of ZP's marks constitutes "use" under the Alabama Trademark Act and state common law after ZP obtained a protectible interest therein on March 23, 2017.¹⁹ See Spire, 2017 U.S. Dist. LEXIS 146169 at *15, 2017 WL 3995759 at *6 ("this Court's analysis of Cellular South's Alabama and Mississippi common law trademark infringement counterclaims is the same as the analysis for the claims under federal law."). Based on the foregoing, the Court finds that ZP has proved its trademark infringement claims under Alabama Code, § 8-12-1, et seq., and Alabama common law.

2. State Law Unfair Competition Claim.

Next, the Court turns to ZP's state law unfair competition claim. The Court observes that "Alabama law does not recognize a common-law tort of unfair competition." Alfa Corp., 560 F. Supp. 2d at 1175. However, a plaintiff may proceed with its claim if it has alleged "facts sufficient to establish a cause of action under the Alabama tort of interference with business relations." Id.; see also Midlothian Lab., LLC v. PamLab, LLC, 509 F. Supp. 2d 1065, 1083, *vacated in part on other grounds*, 509 F. Supp. 2d 1095 (M.D. Ala. 2007). To present an actionable tort of intentional interference with business relations, a

¹⁹ In its discussion of ZP's Lanham Act claims, *supra*, the Court addressed at length Defendants' use of ZP's marks after ZP obtained a protectible interest therein. In the interest of judicial economy, that discussion will not be repeated here.

plaintiff must show: "(1) the existence of a protectible business relationship; (2) of which the defendant knew; (3) to which the defendant was a stranger; (4) with which the defendant intentionally interfered; and (5) damage." White Sands Group, LLC v. PRS II, LLC, 32 So. 3d 5, 14 (Ala. 2009).

At trial, ZP failed to offer evidence sufficient to establish the existence of a protectible business relationship. Although a business relationship need not be formalized in a contract to warrant protection, see White Sands, 32 So. 3d at 15, a business does not have a legally protectible relationship with every potential participant in their local market. ZP did not identify a single customer or business lease it lost due to Defendants' re-registration of domain names that were identical or confusingly similar to its marks. In the absence of such evidence, the Court cannot assess whether legally protectible relationships existed between ZP and unidentified potential clients. Glennon v. Rosenblum 325 F. Supp. 3d 1255, 1267 (N.D. Ala. 2015) (Plaintiff's general reference to the local real estate market does not establish the requisite business relationship without additional evidence indicating that Plaintiff had a connection with particular persons or opportunities that Defendant damaged.). Thus, ZP's reliance on the college student housing market in the local real estate

market is not sufficient to establish the requisite business relationship that Defendants are alleged to have damaged.

Based on the foregoing, the Court **FINDS** in favor of ZP on its state law trademark infringement and unfair practices claims under Alabama Code, § 8-12-1, *et seq.* (Counts VI) and against ZP on its Alabama common law (intentional interference with business relations) claim (Count V).

D. Contributory and Vicarious Liability.

In this action, ZP asserts that each of the Defendants is vicariously and contributorily liable for use and promotion of the domain names, unfair competition, and trademark infringement under the Lanham Act, state common law and Alabama Code, § 8-12-1 *et. seq.* (Doc. 60). As previously noted, there is no evidence in this case that Defendants ILM Mobile Management LLC, WE Communities LLC, or Mobile CQ Student Housing LLC personally participated in any of the matters alleged in ZP's second amended complaint. Therefore, the Court **FINDS** in favor of Defendants ILM Mobile Management LLC, WE Communities LLC, and Mobile CQ Student Housing LLC on all claims asserted against them in the second amended complaint.

With respect to the remaining Defendants, ILM Capital, Wheeler, and Hawrylak, in order to establish "contributory liability" in a trademark infringement case, a plaintiff must show that the defendant either (1) "intentionally induce[d]

another to infringe" plaintiff's trademark;" (2) "continue[d] to supply its product to one whom it knows or ha[d] reason to know [was] engaging in trademark infringement," Inwood Labs, Inc. v. Ives Labs, Inc., 456 U.S. 844, 854 (1982); (3) or contributed to the infringement by knowingly and materially participating in it, Duty Free Americas, Inc. v. Estee Lauder Cos., 797 F.3d 1248, 1277 (11th Cir. 2015) (applied to Lanham Act unfair competition case). Accord Mini Maid Serv. Co. v. Maid Brigade Sys., Inc., 967 F. 2d 1516, 1522 (11th Cir. 1992) (a franchisor may be held contributorily accountable for the independent infringing acts of its franchisees "if it intentionally induced its franchisees to infringe another's trademark or if it knowingly participated in a scheme of trademark infringement carried out by its franchisees."). Also, because trademark infringement is a tort, a person who knowingly participates in furthering the infringement is liable as a "contributing party" and may be held responsible as a "joint tortfeasor." Bauer Lamp Co. v. Shaffer, 941 F.2d 1165, 1171 (11th Cir. 1991) (citing J. McCarthy, *Trademarks And Unfair Competition* § 25:3 (2d ed. 1984); accord BIC Corp. v. Fla. Distributors, Inc., 2018 U.S. Dist. LEXIS 175314, *12, 2018 WL 6807379, *5 (S.D. Fla. Oct. 10, 2018), *report and recommendation adopted*, 2019 WL 1115865 (S.D. Fla. Jan. 3, 2019).

Vicarious liability also lies in a trademark infringement

case through the application of agency principles. ADT LLC v. Alarm Prot. Tech. Fla., LLC, 646 Fed. Appx. 781, 787 (11th Cir. 2016) (an individual person “may be liable for trademark infringement under the Lanham Act if, as a business entity’s agent, an individual actively caused the infringement, as a moving, conscious force;” in such cases, the liability of the principal and the agent is coextensive) (internal quotation marks omitted).

In addition, individual or personal liability lies where “[a] corporate officer . . . directs, controls, ratifies, participates in, or is the moving force behind the infringing activity . . . without regard to piercing the corporate veil,” and “[a]n individual, including a corporate officer, who has the ability to supervise infringing activity and has a financial interest in that activity, or who personally participates in that activity is personally liable for the infringement.” Brand Ventures, Inc. v. TAC5, LLC, 2018 U.S. Dist. LEXIS 73883, *5, 2018 WL 2011112, *2 (M.D. Fla. Apr. 30, 2018) (Lanham Act case) (citations omitted).

In the present case, Defendants ILM Capital, Wheeler, and Hawrylak do not dispute the application of these principles to ZP’s federal and state law claims set forth in the second amended complaint. Rather, Defendants simply argue that there is no primary liability in this case on any of Plaintiff’s

claims; thus, there can be no contributory or vicarious liability.²⁰ (Doc. 171 at 23). To the contrary, the Court has found that ZP has proved its claims in Counts I, V and VI of its amended complaint.

In addition, as discussed at length, the evidence has established that each of these Defendants knowingly acted together to infringe on ZP's trademark rights and to engage in unfair competition and other tortious activity against ZP (as alleged in the second amended complaint). (Doc. 166 at 79, 88-89, 153, 159-60, 196-99, 241). Indeed, Defendants ILM Capital, Wheeler, and Hawrylak have referred to themselves in this litigation as the "ILM Defendants" and do not deny direct involvement in the registration, redirection, and re-registration of the domain names at issue. (Doc. 95 at 3; Doc. 147-5 at 2).

Without question, the evidence detailed herein proves that Defendants ILM Capital, Wheeler, and Hawrylak each had knowledge of the trademark infringement, unfair competition, and other tortious conduct involving ZP's trademarks and directly participated therein. The evidence detailed herein further shows that Defendant Wheeler, on behalf of himself and ILM

²⁰ Specifically, Defendants state: "Here, Defendants are entitled to judgment in their favor on ZP's claims for direct liability, so no secondary liability attaches to any Defendant." (Doc. 171 at 23). For the reasons discussed herein, Defendants' argument is without merit.

Capital, induced Hawrylak to participate in this conduct. Accordingly, Defendants ILM Capital, Wheeler, and Hawrylak are contributorily liable, as joint tortfeasors, with respect to the claims alleged in the second amended complaint.

In addition, the evidence shows that Wheeler and Hawrylak acted as ILM Capital's agents with respect to the matters alleged in the second amended complaint and that Hawrylak also acted as Wheeler's agent with respect to the matters alleged in the second amended complaint. Based on the evidence detailed herein, the Court finds that ZP has proved that Defendant ILM Capital is vicariously liable under principles of agency for the actions of Wheeler and Hawrylak (its agents) and that Defendant Wheeler is vicariously liable under principles of agency for the actions of Hawrylak (his agent) with respect to the claims set forth in the second amended complaint.

Accordingly, based on the foregoing, the Court **FINDS** in favor of ZP on its claims for contributory and vicarious liability against Defendants ILM Capital, Wheeler, and Hawrylak (Counts II, III) with respect to the claims alleged in the second amended complaint.

E. Injunctive Relief

In Alfa Corp. v. Alfa Mortg. Inc., 560 F. Supp. 2d 1166, 1177 (M.D. Ala. 2008), the court explained:

As discussed above, Plaintiff has established Defendant's trademark infringement. By virtue of Defendant's trademark infringement, Plaintiff has also established irreparable harm and no adequate remedy at law, as it is usually recognized in trademark infringement cases that there is no adequate remedy at law to redress infringement, and infringement by its nature causes irreparable harm. Levi Strauss & Co. v. Sunrise Int'l Trading, Inc., 51 F.3d 982 (11th Cir. 1995); GMC v. Phat Cat Carts, Inc., 504 F.2d 1278 (M.D. Fla. 2006). Thus, the undersigned finds that Plaintiff is entitled to the entry of a permanent injunction.

Accordingly, having found that Plaintiff has established Defendants' trademark infringement and unfair competition, in this case, the Court **FINDS** that ZP is entitled to injunctive relief.

IV. CONCLUSION

Based on the foregoing, the Court **FINDS** in favor of Plaintiff ZP and against Defendants ILM Capital, Wheeler, and Hawrylak on Counts I, II, III, and VI of the second amended complaint; and against Plaintiff ZP and in favor of Defendants ILM Capital, Wheeler, and Hawrylak on Counts IV and V. Final judgment in this cause will be entered by separate order once the proper amount of damages has been determined.

DONE this **30th** day of **September, 2019**.

/s/ SONJA F. BIVINS
UNITED STATES MAGISTRATE JUDGE